Translation

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February 14, 2025

Consolidated Financial Results for the Six Months Ended December 31, 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 file Semi-annual Securities Report: February 14, 2025
Scheduled date to commence dividend payments: February 25, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended December 31, 2024 (from July 1, 2024 to December 31, 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	%
December 31, 2024	32,530	14.4	7,152	26.3	7,224	32.0	4,939	31.3
December 31, 2023	28,441	16.2	5,661	41.7	5,473	39.8	3,760	39.2

Note: Comprehensive income For the six months ended December 31, 2024: ¥4,730 million [45.4%]
For the six months ended December 31, 2023: ¥3,252 million [30.5%]

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 31, 2024	72.62	72.50
December 31, 2023	61.93	55.18

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	%
December 31, 2024	84,528	66,614	78.7
June 30, 2024	80,243	62,522	77.8

Reference: Equity
As of December 31, 2024: ¥66,549 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	–	12.00			
Fiscal year ending June 30, 2025 (Forecast)			–	12.00	24.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes
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 fiscal year ending June 30, 2025 and 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
Full year	62,000	11.0	12,000	11.8	12,000	6.8	8,400	5.3	123.45

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

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended December 31, 2024: None

(2) Adoption of accounting treatment specific to the preparation of 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 December 31, 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 December 31, 2024	15,732 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)

Six months ended December 31, 2024	68,023,551 shares	Six months ended December 31, 2023	60,731,044 shares

Note: Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. The "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.

* This financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* 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 5 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 six months ended December 31, 2024

During the six months ended December 31, 2024, the Japanese economy continued to recover gradually with signs of a pickup in consumer spending due to the recovery in inbound demand and improved employment and income environment, as well as steady capital investment by companies amid strong corporate performance. On the other hand, the outlook for the Japanese economy remains uncertain because of the many unstable factors in the global economy including the prolonged situation of Ukraine, trends in US trade policy, price rises in various countries as well as exchange rate fluctuations.

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 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 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	62,000	70,000
Operating profit	8,493	10,736	12,000	12,000
EBITDA	11,682	14,106	15,300	15,000
Profit attributable to owners of parent	5,258	7,979	8,400	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.

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 six months ended December 31, 2024 were ¥32,530 million (up 14.4% year on year). In terms of profits, operating profit was ¥7,152 million (up 26.3% year on year), ordinary profit was ¥7,224 million (up 32.0% year on year), and profit attributable to owners of parent was ¥4,939 million (up 31.3 % 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 also strong, resulting in strong sales and profits exceeding the same period of the previous year. In non-woven fabric business, sales and profits increased compared to 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 remained unchanged from the same period last 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. Additionally, 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 well as it was able to secure stable orders due to the expansion of its product range.

Net sales of this business were ¥18,770 million (up 7.5% year on year), and operating profit was ¥4,418 million (up 8.8% year on year).

(Industrial Infrastructure Business)

In the automobile wheel business, sales and profits were strong 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 steady sales both in Japan and overseas as well as BBS Japan’s German subsidiary BBS Motorsport GmbH, demonstrating steady growth in the business performance.

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, experienced strong sales and profits 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 ¥13,759 million (up 25.3% year on year), and operating profit was ¥3,399 million (up 61.3% year on year).

(2) Overview of financial position for the six months ended December 31, 2024

①Assets, Liabilities and Net assets

(Assets)

As of December 31, 2024, total assets amounted to ¥84,528 million, an increase of ¥4,284 million from the end of the previous fiscal year.

Current assets increased by ¥4,730 million from the end of the previous fiscal year. This was mainly due to increases of ¥3,106 million in electronically recorded monetary claims – operating and ¥2,172 million in cash and deposits, despite decreases of ¥353 million in notes and accounts receivable - trade, and contract assets and ¥223 million in work in process.

Non-current assets decreased by ¥445 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥499 million in property, plant and equipment.

(Liabilities)

As of December 31, 2024, total liabilities amounted to ¥17,913 million, an increase of ¥192 million from the end of the previous fiscal year.

Current liabilities increased by ¥572 million from the end of the previous fiscal year. This was mainly due to increases of ¥721 million in income taxes payable, ¥566 million in accounts payable-other, and ¥256 million in notes and accounts payable - trade, despite decreases of ¥768 million in provision for bonuses and ¥220 million in electronically recorded obligations - operating.

Non-current liabilities decreased by ¥379 million from the end of the previous fiscal year. This was mainly due to decreases of ¥333 million in lease liabilities and ¥191 million in long-term borrowings, despite an increase of ¥110 million in retirement benefit liability.

(Net assets)

As of December 31, 2024, total net assets amounted to ¥66,614 million, an increase of ¥4,092 million from the end of the previous fiscal year. This was mainly due to an increase of ¥4,191 million in retained earnings.

② Cash flows

At the end of the second quarter, cash and cash equivalents totaled ¥23,593 million, an increase of ¥2,172 million (up 10.1%) from the end of the previous fiscal year.

The status of each cash flow and their factors during the six months ended December 31, 2024 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥4,519 million (compared to net cash provided of ¥4,981 million for the same period last year). This was mainly due to inflows such as profit before income taxes of ¥7,224 million and depreciation of ¥1,648 million, and outflows such as an increase in trade receivables of ¥2,351 million and income taxes paid of ¥1,260 million.

(Cash flows from investing activities)

Net cash used by investing activities totaled ¥1,091 million (compared to net cash provided of ¥1,036 million for the same period last year). This was mainly due to inflows such as ¥319 million of proceeds from sale of property, plant and equipment, and outflows such as ¥819 million of the purchase of shares of subsidiaries resulting in change in scope of consolidation and ¥746 million of the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥1,255 million (compared to net cash used of ¥2,264 million for the same period last year). This was mainly due to outflows such as ¥747 million of dividends paid and ¥317 million of repayments of lease liabilities.

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

Based on our operating results for the six months ended December 31, 2024, we have revised the full year consolidated financial results forecast and year-end dividends forecast for the fiscal year ending June 30, 2025 announced on August 9, 2024.

In addition to strong sales of the Group's various mainstay civil engineering materials, mainly for public works, sales of industrial materials, such as forged automobile wheels, were also solid and the financial results for the first six months of the fiscal year ending June 30, 2025 have exceeded the initially planned figures. Accordingly, the Company has revised the full-year financial results forecast as shown below.

	Net sales	Operating profit	Ordinary Profit	Profit attributable to owners of parent	Earnings per share
Previous forecast (A)	Million of yen 60,000	Million of yen 11,200	Million of yen 11,200	Million of yen 7,700	yen 113.24
Revised forecast (B)	62,000	12,000	12,000	8,400	123.45
Change (B-A)	2,000	800	800	700	
Change (%)	3.3	7.1	7.1	9.1	
(Reference) Results for the fiscal year ended June 30, 2024	55,833	10,736	11,236	7,979	127.29

Note: Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. For the fiscal year ended June 30, 2024, the actual dividend amount before the stock split is shown.

After comprehensively taking into consideration these revisions of the full-year financial results forecast and the outlook for the future business environment, the Company has increased the interim dividend for the fiscal year ending June 30, 2025 by ¥1 from the previous forecast to ¥12 per share and also revised the dividends forecast for the fiscal year-end dividend to ¥12 per share, an increase of ¥1 from the previous forecast.

For details, please refer to the "Notice of Revisions of Full-year Consolidated Financial Results Forecast, Payment of Dividends of Surplus (Interim Dividend) and Revision of Dividends Forecast" announced today.

2. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of June 30, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	21,431	23,603
Notes and accounts receivable - trade, and contract assets	9,314	8,960
Electronically recorded monetary claims - operating	4,828	7,935
Merchandise and finished goods	6,882	6,945
Work in process	2,483	2,260
Raw materials and supplies	4,708	4,687
Current portion of long-term loans receivable from subsidiaries and associates	—	120
Other	794	659
Allowance for doubtful accounts	(58)	(56)
Total current assets	50,384	55,115
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,039	16,336
Accumulated depreciation	(6,475)	(6,804)
Buildings and structures, net	9,564	9,532
Machinery, equipment and vehicles	23,360	23,464
Accumulated depreciation	(15,806)	(16,614)
Machinery, equipment and vehicles, net	7,553	6,849
Land	4,334	4,643
Leased assets	5,014	5,014
Accumulated depreciation	(1,820)	(2,096)
Leased assets, net	3,194	2,918
Construction in progress	102	296
Other	4,163	4,228
Accumulated depreciation	(3,398)	(3,453)
Other, net	764	774
Total property, plant and equipment	25,513	25,014
Intangible assets		
Software	194	186
Software in progress	4	19
Trademark right	460	436
Other	764	958
Total intangible assets	1,425	1,600
Investments and other assets		
Investment securities	857	955
Long-term loans receivable from subsidiaries and associates	120	—
Deferred tax assets	998	816
Other	943	1,026
Total investments and other assets	2,919	2,798
Total non-current assets	29,858	29,412
Total assets	80,243	84,528

(Millions of yen)

	As of June 30, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,924	2,181
Electronically recorded obligations - operating	2,298	2,078
Current portion of long-term borrowings	399	559
Accounts payable - other	1,765	2,332
Lease liabilities	640	646
Income taxes payable	2,083	2,804
Provision for bonuses	1,032	264
Other	1,855	1,706
Total current liabilities	12,000	12,573
Non-current liabilities		
Long-term borrowings	635	444
Long-term accounts payable - other	612	612
Lease liabilities	3,226	2,892
Deferred tax liabilities	27	59
Provision for retirement benefits for directors (and other officers)	37	39
Retirement benefit liability	1,132	1,243
Other	46	46
Total non-current liabilities	5,719	5,339
Total liabilities	17,720	17,913
Net assets		
Shareholders' equity		
Share capital	6,422	6,422
Capital surplus	7,711	7,736
Retained earnings	46,711	50,903
Treasury shares	(107)	(20)
Total shareholders' equity	60,737	65,041
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	316	389
Foreign currency translation adjustment	1,338	1,061
Remeasurements of defined benefit plans	62	56
Total accumulated other comprehensive income	1,717	1,508
Share acquisition rights	68	64
Total net assets	62,522	66,614
Total liabilities and net assets	80,243	84,528

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Net sales	28,441	32,530
Cost of sales	17,977	19,995
Gross profit	10,464	12,534
Selling, general and administrative expenses	4,803	5,382
Operating profit	5,661	7,152
Non-operating income		
Interest income	11	35
Interest on securities	6	—
Dividend income	3	3
Insurance claim income	13	—
Compensation income	—	96
Gain on sale of non-current assets	36	193
Other	29	19
Total non-operating income	101	349
Non-operating expenses		
Interest expenses	99	44
Foreign exchange losses	117	171
Loss on retirement of non-current assets	44	30
Other	26	31
Total non-operating expenses	288	277
Ordinary profit	5,473	7,224
Extraordinary losses		
Loss on sale of investment securities	29	—
Total extraordinary losses	29	—
Profit before income taxes	5,444	7,224
Income taxes - current	1,124	1,999
Income taxes - deferred	559	284
Total income taxes	1,683	2,284
Profit	3,760	4,939
Profit attributable to owners of parent	3,760	4,939

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Profit	3,760	4,939
Other comprehensive income		
Valuation difference on available-for-sale securities	(408)	73
Foreign currency translation adjustment	(99)	(277)
Remeasurements of defined benefit plans, net of tax	(0)	(5)
Total other comprehensive income	(508)	(209)
Comprehensive income	3,252	4,730
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,252	4,730

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	5,444	7,224
Depreciation	1,572	1,648
Share-based payment expenses	31	41
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	2
Increase (decrease) in retirement benefit liability	(0)	15
Increase (decrease) in provision for bonuses	(695)	(771)
Interest and dividend income	(21)	(39)
Interest expenses	99	44
Foreign exchange losses (gains)	33	(32)
Loss (gain) on sale of investment securities	29	—
Insurance claim income	(13)	—
Compensation income	—	(96)
Decrease (increase) in trade receivables	(1,140)	(2,351)
Decrease (increase) in inventories	118	13
Increase (decrease) in trade payables	633	(31)
Other, net	855	21
Subtotal	6,947	5,688
Interest and dividends received	15	39
Interest paid	(101)	(44)
Proceeds from insurance income	13	—
Proceeds from compensation	—	96
Income taxes paid	(1,894)	(1,260)
Net cash provided by (used in) operating activities	4,981	4,519
Cash flows from investing activities		
Payments into time deposits	(10)	(10)
Proceeds from withdrawal of time deposits	10	10
Purchase of property, plant and equipment	(1,442)	(746)
Proceeds from sale of property, plant and equipment	332	319
Purchase of intangible assets	(7)	(26)
Proceeds from sale of intangible assets	—	191
Purchase of investment securities	(9)	(2)
Proceeds from sale of investment securities	2,150	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(819)
Other, net	13	(8)
Net cash provided by (used in) investing activities	1,036	(1,091)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,343)	—
Repayments of long-term borrowings	(185)	(190)
Repayments of lease liabilities	(310)	(317)
Dividends paid	(424)	(747)
Other, net	—	(0)
Net cash provided by (used in) financing activities	(2,264)	(1,255)
Effect of exchange rate change on cash and cash equivalents	(58)	(0)
Net increase (decrease) in cash and cash equivalents	3,695	2,172
Cash and cash equivalents at beginning of period	14,566	21,421
Cash and cash equivalents at end of period	18,261	23,593

(4) Notes to consolidated financial statements

(Notes on segment information, etc.)

I. For the six months ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Adjustments (Note 1)	Amount reported on the consolidated statements of income (Note 2)
	Social Infrastructure Business	Industrial Infrastructure Business	Total		
Net sales					
Sales from external customers	17,458	10,983	28,441	–	28,441
Inter-segment sales and transfers	3	1	5	(5)	–
Total	17,461	10,985	28,447	(5)	28,441
Segment income	4,059	2,106	6,166	(505)	5,661

Notes: 1. Adjustments for segment income of ¥ (505) 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 consolidated statements of income.

II. For the six months ended December 31, 2024 (from July 1, 2024 to December 31, 2024)
Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Adjustments (Note 1)	Amount reported on the consolidated statements of income (Note 2)
	Social Infrastructure Business	Industrial Infrastructure Business	Total		
Net sales					
Sales from external customers	18,770	13,759	32,530	–	32,530
Inter-segment sales and transfers	5	1	6	(6)	–
Total	18,776	13,760	32,536	(6)	32,530
Segment income	4,418	3,399	7,818	(665)	7,152

Notes: 1. Adjustments for segment income of ¥ (665) 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 this 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.