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August 2, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

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 Stock exchange listing: Tokyo
 Securities code: 6486
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 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	%
June 30, 2024	41,819	4.5	2,624	75.5	4,775	20.4	2,221	(9.2)
June 30, 2023	40,008	9.3	1,495	(23.1)	3,965	9.0	2,445	50.7

Note: Comprehensive income For the three months ended June 30, 2024: ¥7,515 million [(19.8)%]
 For the three months ended June 30, 2023: ¥9,376 million [36.8%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	48.87	—
June 30, 2023	50.79	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2024	213,450	131,030	56.5	2,649.31
March 31, 2024	209,914	125,671	55.6	2,570.06

Reference: Equity
 As of June 30, 2024: ¥120,544 million
 As of March 31, 2024: ¥116,762 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 March 31, 2024	—	35.00	—	45.00	80.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		45.00	—	45.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: No

3. Forecast of consolidated financial results for the fiscal year ending 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	%	
Six months ending September 30, 2024	82,000	(0.1)	3,500	13.4	6,300	(9.1)	3,300	(23.8)	72.56
Fiscal year ending March 31, 2025	169,000	1.2	9,500	17.2	13,300	(3.6)	8,000	6.8	175.72

Note: Revisions to the forecast of financial results most recently announced: No

*** Notes**

(1) Significant changes in scope of consolidation during the three months ended June 30, 2024: No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “(3) Notes to the quarterly consolidated financial statements (Notes to special accounting methods for preparing quarterly consolidated financial statements)” in “2. Quarterly consolidated financial statements and significant notes thereto” on page 7 of the attached materials.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement of prior period financial statements: No

Note: For details, please refer to “(3) Notes to the quarterly consolidated financial statements (Notes to changes in accounting policies)” in “2. Quarterly consolidated financial statements and significant notes thereto” on page 7 of the attached materials.

(4) Number of issued shares (common shares)

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

As of June 30, 2024	49,757,821 shares
As of March 31, 2024	49,757,821 shares

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

As of June 30, 2024	4,257,440 shares
As of March 31, 2024	4,326,163 shares

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

Three months ended June 30, 2024	45,446,205 shares
Three months ended June 30, 2023	48,147,029 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

Forward-looking statements in this material, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed reasonable. These statements do not purport that the Company pledges to realize such statements. In addition, actual results may differ due to various factors. For matters relating to the forecast, please refer to “(3) Explanation of consolidated financial results forecast and other forward-looking statements” in “1. Overview of operating results, etc.” on page 2 of the attached materials.

1. Overview of operating results, etc.

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

During the three months ended June 30, 2024, low but firm growth prevailed in the global economy driven by the strong U.S. economy along with signs of recovery in Europe as inflationary pressures eased, despite an economic slowdown in China due to a prolonged slump in the real estate market.

Nevertheless, downside risks persist, including geopolitical risks and delays in monetary easing due to inflation remaining high, and the outlook remains uncertain.

In such a business environment, outside the semiconductor industry, the Group achieved generally higher sales than it had in the same period of the previous year.

As a result, net sales were 41,819 million yen (up 4.5% year on year), operating profit was 2,624 million yen (up 75.5% year on year), share of profit of entities accounted for using equity method was 824 million yen, and foreign exchange gains were 777 million yen, resulting in ordinary profit of 4,775 million yen (up 20.4% year on year) and profit attributable to owners of parent of 2,221 million yen (down 9.2% year on year) for the three months ended June 30, 2024.

The following show the results in each segment.

[Automotive and Construction Machinery Industries]

Net sales in this segment were 22,560 million yen (up 8.4% year on year) as a result of an increase of the global automotive production. Operating profit was 448 million yen (operating loss of 459 million yen for the same period in the previous fiscal year).

[General Machinery Industry]

Net sales in this segment were 10,113 million yen (up 12.4% year on year) as a result of favorable conditions in demand for maintenance in India, the Asia-Pacific region, and Japan. Operating profit was 1,239 million yen (up 151.2% year on year).

[Semiconductor Industry]

Net sales in this segment were 2,845 million yen (down 38.3% year on year) as a result of the continuous impact by the postponement of investment caused by the delayed recovery in the semiconductor industry, particularly with memory. Operating loss was 877 million yen (operating profit of 361 million yen for the same period in the previous fiscal year).

[Marine Industry]

Net sales in this segment were 4,393 million yen (up 22.1% year on year) as a result of continuous favorable conditions in demand for repair. Operating profit was 1,619 million yen (up 93.0% year on year).

[Aerospace Industry]

Net sales in this segment were 1,906 million yen (down 4.5% year on year) as a result of a decrease in sales of purchased goods for satellites. Operating profit was 202 million yen (down 19.9% year on year).

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

Assets

Assets as of June 30, 2024 were 213,450 million yen, up 3,536 million yen from the end of the fiscal year ended March 31, 2024. This was mainly due to increases of inventories by 1,619 million yen, other under investments and other assets by 1,394 million yen, investment securities by 1,223 million yen, and buildings and structures by 747 million yen, despite a decrease of notes and accounts receivable - trade, and contract assets by 1,676 million yen.

Liabilities

Liabilities as of June 30, 2024 were 82,420 million yen, down 1,821 million yen from the end of the fiscal year ended March 31, 2024. This was mainly due to decreases of long-term borrowings by 2,499 million yen, and provision for bonuses by 721 million yen, despite an increase of short-term borrowings by 1,337 million yen.

Net assets

Net assets as of June 30, 2024 were 131,030 million yen, up 5,358 million yen from the end of the fiscal year ended March 31, 2024. This was mainly due to the recording of profit attributable to owners of parent of 2,221 million yen, and increases of foreign currency translation adjustment by 3,605 million yen, and non-controlling interests by 1,575 million yen, despite a decrease of 2,104 million yen caused by dividends of surplus.

(3) Explanation of consolidated financial results forecast and other forward-looking statements

No changes have been made to the consolidated earnings forecasts for the first half and full year announced in the “Notice Regarding the Revision to Financial Results Forecasts” on July 23, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	32,536	31,750
Notes and accounts receivable - trade, and contract assets	34,576	32,900
Electronically recorded monetary claims - operating	6,429	6,297
Merchandise and finished goods	12,245	13,002
Work in process	9,003	9,165
Raw materials and supplies	14,522	15,221
Other	6,746	7,737
Allowance for doubtful accounts	(102)	(106)
Total current assets	115,956	115,969
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	25,268	26,016
Machinery, equipment and vehicles, net	21,297	21,211
Other, net	18,817	19,131
Total property, plant and equipment	65,383	66,359
Intangible assets		
Goodwill	426	373
Other	1,899	1,882
Total intangible assets	2,325	2,255
Investments and other assets		
Investment securities	18,257	19,481
Other	8,146	9,541
Allowance for doubtful accounts	(156)	(156)
Total investments and other assets	26,248	28,865
Total non-current assets	93,957	97,481
Total assets	209,914	213,450

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	9,134	8,598
Electronically recorded obligations - operating	2,742	2,697
Short-term borrowings	14,403	15,740
Income taxes payable	2,316	3,009
Provision for bonuses	2,931	2,209
Other provisions	802	836
Other	14,637	14,469
Total current liabilities	46,968	47,561
Non-current liabilities		
Long-term borrowings	24,735	22,235
Provisions	616	609
Retirement benefit liability	10,146	10,207
Other	1,775	1,805
Total non-current liabilities	37,273	34,859
Total liabilities	84,242	82,420
Net assets		
Shareholders' equity		
Share capital	10,490	10,490
Capital surplus	11,819	11,819
Retained earnings	79,415	79,527
Treasury shares	(6,769)	(6,689)
Total shareholders' equity	94,956	95,148
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	877	934
Foreign currency translation adjustment	16,359	19,964
Remeasurements of defined benefit plans	4,568	4,496
Total accumulated other comprehensive income	21,805	25,395
Non-controlling interests	8,909	10,485
Total net assets	125,671	131,030
Total liabilities and net assets	209,914	213,450

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	40,008	41,819
Cost of sales	31,043	31,574
Gross profit	8,964	10,245
Selling, general and administrative expenses	7,468	7,620
Operating profit	1,495	2,624
Non-operating income		
Interest income	118	145
Dividend income	11	14
Share of profit of entities accounted for using equity method	926	824
Foreign exchange gains	1,340	777
Other	197	530
Total non-operating income	2,595	2,291
Non-operating expenses		
Interest expenses	114	119
Other	10	21
Total non-operating expenses	124	141
Ordinary profit	3,965	4,775
Extraordinary income		
Gain on sale of non-current assets	4	7
Total extraordinary income	4	7
Extraordinary losses		
Loss on sale of non-current assets	3	—
Loss on retirement of non-current assets	10	23
Total extraordinary losses	14	23
Profit before income taxes	3,955	4,759
Income taxes	1,125	1,216
Profit	2,830	3,542
Profit attributable to non-controlling interests	384	1,321
Profit attributable to owners of parent	2,445	2,221

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	2,830	3,542
Other comprehensive income		
Valuation difference on available-for-sale securities	129	56
Foreign currency translation adjustment	5,052	2,839
Remeasurements of defined benefit plans, net of tax	47	(61)
Share of other comprehensive income of entities accounted for using equity method	1,316	1,138
Total other comprehensive income	6,546	3,972
Comprehensive income	9,376	7,515
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,508	5,811
Comprehensive income attributable to non-controlling interests	867	1,704

(3) Notes to the quarterly consolidated financial statements

(Notes to going concern assumption)

Not applicable.

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

Not applicable.

(Notes to 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, the "2022 revised accounting standard") from the beginning of the first quarter of the fiscal year under review.

The revisions regarding the classification of corporate taxes (tax on other comprehensive income) follow the transitional treatment stipulated in the proviso to section 20-3 of the 2022 revised accounting standard and the transitional treatment stipulated in the proviso to section 65-2 paragraph (2) "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter "the 2022 revised implementation guidance"). The change in accounting policy has no impact on the quarterly consolidated financial statements.

In addition, the Company has applied the 2022 revised implementation guidance with regard to the amendments related to the revision of the treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries and other securities between consolidated companies from the beginning of the first quarter of the fiscal year under review. Changes in accounting policy have been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the previous fiscal year have been prepared on a retrospective basis. The change in accounting policy has no impact on either the quarterly consolidated financial statements of the previous quarter or the consolidated financial statements of the previous fiscal year.

(Notes to special accounting methods for preparing quarterly consolidated financial statements)

(Calculation of tax expense)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the first quarter of the fiscal year under review, and multiplying profit before income taxes by the estimated effective tax rate.

However, if the calculation of tax expenses using an estimated effective tax rate produces significantly unreasonable results, the effective statutory tax rate is used.

(Notes to quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the three months ended June 30, 2024 are not prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 are as follows.

	(Millions of yen)	
	For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)
Depreciation	2,561	2,660
Amortization of goodwill	96	50

(Notes to segment information, etc.)**I For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)**

Information on the amounts of net sales and profit/loss for each reporting segment

(Millions of yen)

	Auto- motive and Construc- tion Machinery Industries	General Machinery Industry	Semi- conductor Industry	Marine Industry	Aerospace Industry	Total	Adjust- ments	Amount recorded on the quarterly consoli- dated statements of income
Net sales								
Net sales to external customers	20,807	8,994	4,610	3,598	1,997	40,008	—	40,008
Inter-segment sales or transfers	43	37	—	0	—	82	(82)	—
Total	20,850	9,032	4,610	3,599	1,997	40,090	(82)	40,008
Segment profit (loss)	(459)	493	361	839	253	1,488	7	1,495

Notes: 1. The segment profit/loss adjustment of 7 million yen is elimination of inter-segment transactions.
2. Segment profit/loss is adjusted based on operating profit on the quarterly consolidated statements of income.

II For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

Information on the amounts of net sales and profit/loss for each reporting segment

(Millions of yen)

	Auto- motive and Construc- tion Machinery Industries	General Machinery Industry	Semi- conductor Industry	Marine Industry	Aerospace Industry	Total	Adjust- ments	Amount recorded on the quarterly consoli- dated statements of income
Net sales								
Net sales to external customers	22,560	10,113	2,845	4,393	1,906	41,819	—	41,819
Inter-segment sales or transfers	48	16	—	0	—	65	(65)	—
Total	22,609	10,130	2,845	4,393	1,906	41,885	(65)	41,819
Segment profit (loss)	448	1,239	(877)	1,619	202	2,632	(7)	2,624

Notes: 1. The segment profit/loss adjustment of negative 7 million yen is elimination of inter-segment transactions.
2. Segment profit/loss is adjusted based on operating profit on the quarterly consolidated statements of income.