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November 7, 2024

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

Company name: Eagle Industry Co., Ltd.
 Stock exchange listing: Tokyo
 Securities code: 6486
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 Scheduled date to file semi-annual securities report: November 13, 2024
 Scheduled date to commence dividend payments: December 3, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down, 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	82,951	1.0	4,265	38.2	5,751	(17.0)	2,713	(37.3)
September 30, 2023	82,117	7.7	3,085	(18.0)	6,930	10.5	4,328	22.4

Note: Comprehensive income For the six months ended September 30, 2024: ¥350 million [(97.2)%]
 For the six months ended September 30, 2023: ¥12,466 million [23.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	59.64	—
September 30, 2023	91.03	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	203,347	123,956	55.9	2,494.79
March 31, 2024	209,914	125,671	55.6	2,570.06

Reference: Equity
 As of September 30, 2024: ¥113,709 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	—	50.00			
Fiscal year ending March 31, 2025 (Forecast)			—	50.00	100.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

For revisions to the forecast of cash dividends, please see the “Notice Regarding Dividends from Surplus and Revised Forecast of Dividends from Surplus (Dividend Increase)” published today (November 7, 2024).

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	%	Yen
Fiscal year ending March 31, 2025	167,000	(0.0)	8,400	3.6	12,300	(10.9)	7,000	(6.6)	154.20

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

*** Notes**

- (1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No
- (2) Application of special accounting methods for preparing semi-annual consolidated financial statements: Yes

Note: For details, please refer to “(3) Notes to the semi-annual consolidated financial statements (Notes to special accounting methods for preparing semi-annual consolidated financial statements)” in “2. Semi-annual 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 semi-annual consolidated financial statements (Notes to changes in accounting policies)” in “2. Semi-annual 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 September 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 September 30, 2024	4,179,005 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)

Six months ended September 30, 2024	45,492,709 shares
Six months ended September 30, 2023	47,554,984 shares

* Semi-annual 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

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 six months ended September 30, 2024

During the six months ended September 30, 2024, low but firm growth prevailed in the global economy mainly driven by the expansion of domestic demand due to rising real wages in the U.S. economy and financial support measures and interest-rate cuts in Europe, despite burden of a slump in the real estate market in China. Nevertheless, the outlook remains uncertain mainly due to geopolitical risks and inflation remaining high.

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

As a result, net sales were 82,951 million yen (up 1.0% year on year), operating profit was 4,265 million yen (up 38.2% year on year), and foreign exchange gains which were recorded in the same period in the previous fiscal year turned into foreign exchange losses, resulting in ordinary profit of 5,751 million yen (down 17.0% year on year) and profit attributable to owners of parent of 2,713 million yen (down 37.3% year on year) for the six months ended September 30, 2024.

The following show the results in each segment.

[Automotive and Construction Machinery Industries]

Net sales in this segment were 44,364 million yen (up 0.2% year on year) as a result of increase in sales in the Americas and other factors. Operating profit was 674 million yen (operating loss of 141 million yen for the same period in the previous fiscal year) due to the impact of the product mix, etc.

[General Machinery Industry]

Net sales in this segment were 20,175 million yen (up 10.9% year on year) as a result of increase in sales of new plant projects and favorable conditions in demand for maintenance in India and the Asia-Pacific region. Operating profit was 2,657 million yen (up 216.5% year on year).

[Semiconductor Industry]

Net sales in this segment were 5,881 million yen (down 30.9% 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 2,115 million yen (operating profit of 461 million yen for the same period in the previous fiscal year).

[Marine Industry]

Net sales in this segment were 8,545 million yen (up 16.9% year on year) as a result of continuous favorable conditions in demand for repair. Operating profit was 2,620 million yen (up 68.1% year on year).

[Aerospace Industry]

Net sales in this segment were 3,985 million yen (up 4.3% year on year) as a result of increased sales of products to the aircraft industry. Operating profit was 431 million yen (up 21.8% year on year).

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

Assets

Assets as of September 30, 2024 were 203,347 million yen, down 6,566 million yen from the end of the fiscal year ended March 31, 2024. This was mainly due to decreases of cash and deposits by 5,246 million yen, and notes and accounts receivable - trade, and contract assets by 2,914 million yen.

Liabilities

Liabilities as of September 30, 2024 were 79,390 million yen, down 4,851 million yen from the end of the fiscal year ended March 31, 2024. This was mainly due to decreases of long-term borrowings by 2,821 million yen, and short-term borrowings by 1,438 million yen.

Net assets

Net assets as of September 30, 2024 were 123,956 million yen, down 1,714 million yen from the end of the fiscal year ended March 31, 2024. This was mainly due to a decrease of 2,104 million yen caused by dividends of surplus, and a decrease of foreign currency translation adjustment by 3,650 million yen, despite the recording of profit attributable to owners of parent of 2,713 million yen, and an increase of non-controlling interests by 1,337 million yen.

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

Based on the recent business environment and financial results for the six months ended September 30, 2024, revisions have been made to the consolidated financial results forecasts announced in the “Notice Regarding the Revision to Financial Results Forecasts” on July 23, 2024 as follows.

Although sales in the Marine Industry are expected to increase compared with the previous forecast backed by continued favorable operating performance, both net sales and profit are forecast to decrease as a whole due to a slowdown in the Automotive and Construction Machinery Industries and the Semiconductor Industry.

Revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2025
(from April 1, 2024 to March 31, 2025)

	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
Previous forecast (A)	169,000	9,500	13,300	8,000	175.72
Revised forecast (B)	167,000	8,400	12,300	7,000	154.20
Change (B-A)	(2,000)	(1,100)	(1,000)	(1,000)	—
Change (%)	(1.2)	(11.6)	(7.5)	(12.5)	—
(Reference) Results for the fiscal year ended March 31, 2024	167,042	8,107	13,799	7,491	160.84

2. Semi-annual consolidated financial statements and significant notes thereto

(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	32,536	27,289
Notes and accounts receivable - trade, and contract assets	34,576	31,661
Electronically recorded monetary claims - operating	6,429	5,719
Merchandise and finished goods	12,245	12,707
Work in process	9,003	9,763
Raw materials and supplies	14,522	15,105
Other	6,746	6,490
Allowance for doubtful accounts	(102)	(98)
Total current assets	115,956	108,638
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	25,268	24,535
Machinery, equipment and vehicles, net	21,297	19,848
Other, net	18,817	20,462
Total property, plant and equipment	65,383	64,847
Intangible assets		
Goodwill	426	320
Other	1,899	1,872
Total intangible assets	2,325	2,193
Investments and other assets		
Investment securities	18,257	18,197
Other	8,146	9,627
Allowance for doubtful accounts	(156)	(156)
Total investments and other assets	26,248	27,667
Total non-current assets	93,957	94,708
Total assets	209,914	203,347

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	9,134	8,876
Electronically recorded obligations - operating	2,742	2,762
Short-term borrowings	14,403	12,964
Income taxes payable	2,316	2,208
Provision for bonuses	2,931	3,901
Other provisions	802	817
Other	14,637	13,547
Total current liabilities	46,968	45,078
Non-current liabilities		
Long-term borrowings	24,735	21,914
Provisions	616	608
Retirement benefit liability	10,146	10,115
Other	1,775	1,673
Total non-current liabilities	37,273	34,311
Total liabilities	84,242	79,390
Net assets		
Shareholders' equity		
Share capital	10,490	10,490
Capital surplus	11,819	11,819
Retained earnings	79,415	80,020
Treasury shares	(6,769)	(6,598)
Total shareholders' equity	94,956	95,732
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	877	802
Foreign currency translation adjustment	16,359	12,709
Remeasurements of defined benefit plans	4,568	4,464
Total accumulated other comprehensive income	21,805	17,977
Non-controlling interests	8,909	10,247
Total net assets	125,671	123,956
Total liabilities and net assets	209,914	203,347

(2) Semi-annual consolidated statements of income and consolidated statements of comprehensive income

Semi-annual consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	82,117	82,951
Cost of sales	64,157	63,363
Gross profit	17,960	19,588
Selling, general and administrative expenses	14,875	15,323
Operating profit	3,085	4,265
Non-operating income		
Interest income	279	283
Dividend income	14	29
Share of profit of entities accounted for using equity method	1,842	1,482
Foreign exchange gains	1,621	–
Other	363	669
Total non-operating income	4,121	2,465
Non-operating expenses		
Interest expenses	245	245
Foreign exchange losses	–	693
Other	31	39
Total non-operating expenses	276	979
Ordinary profit	6,930	5,751
Extraordinary income		
Gain on sale of non-current assets	7	13
Gain on sale of investment securities	–	252
Total extraordinary income	7	266
Extraordinary losses		
Loss on sale of non-current assets	3	0
Loss on retirement of non-current assets	18	32
Total extraordinary losses	22	32
Profit before income taxes	6,915	5,984
Income taxes	1,951	1,476
Profit	4,964	4,508
Profit attributable to non-controlling interests	635	1,795
Profit attributable to owners of parent	4,328	2,713

Semi-annual consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	4,964	4,508
Other comprehensive income		
Valuation difference on available-for-sale securities	197	(76)
Foreign currency translation adjustment	5,649	(3,399)
Remeasurements of defined benefit plans, net of tax	101	(114)
Share of other comprehensive income of entities accounted for using equity method	1,553	(567)
Total other comprehensive income	7,502	(4,157)
Comprehensive income	12,466	350
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,253	(1,115)
Comprehensive income attributable to non-controlling interests	1,213	1,466

(3) Notes to the semi-annual consolidated financial statements

(Notes to going concern assumption)

Not applicable.

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

Not applicable.

(Notes to special accounting methods for preparing semi-annual 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 six months ended September 30, 2024, 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 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 six months ended September 30, 2024.

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 semi-annual 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 six months ended September 30, 2024. Changes in accounting policy have been applied retrospectively, and the semi-annual consolidated financial statements and consolidated financial statements for the six months ended September 30, 2023 and the fiscal year ended March 31, 2024 have been prepared on a retrospective basis. The change in accounting policy has no impact on either the semi-annual consolidated financial statements of the six months ended September 30, 2023 or the consolidated financial statements of the fiscal year ended March 31, 2024.

(Notes to segment information, etc.)

I For the six months ended September 30, 2023 (from April 1, 2023 to September 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 semi- annual consoli- dated statements of income
Net sales								
Net sales to external customers	44,275	18,192	8,516	7,311	3,822	82,117	–	82,117
Inter-segment sales or transfers	80	69	–	1	–	151	(151)	–
Total	44,355	18,262	8,516	7,313	3,822	82,269	(151)	82,117
Segment profit (loss)	(141)	839	461	1,558	353	3,072	12	3,085

Notes: 1. The segment profit/loss adjustment of 12 million yen is elimination of inter-segment transactions.
2. Segment profit/loss is adjusted based on operating profit on the semi-annual consolidated statements of income.

II For the six months ended September 30, 2024 (from April 1, 2024 to September 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 semi- annual consoli- dated statements of income
Net sales								
Net sales to external customers	44,364	20,175	5,881	8,545	3,985	82,951	–	82,951
Inter-segment sales or transfers	91	83	–	5	–	180	(180)	–
Total	44,455	20,258	5,881	8,550	3,985	83,131	(180)	82,951
Segment profit (loss)	674	2,657	(2,115)	2,620	431	4,267	(2)	4,265

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