



Summary of Financial Statements for the Second Quarter of the Fiscal Year Ending March 2025 (Interim Period) [Japan GAAP]

November 11, 2024

Listed company name	SEIKOH GIKEN Co., Ltd.	Listed market: Tokyo Stock Exchange Standard market
Code number	6834	URL https://www.seikoh-giken.co.jp
Representative	(Title) President & CEO	(Name) Jun Ueno
Inquiries	(Title) Director & Department Manager	(Name) Yuji Saitoh
Due date of quarterly financial statements submission	November 11, 2024	Tel. +81-047-388-6401
Date of dividend payment	-	Date of dividend payment
		December 9, 2024

(All amounts rounded down to the nearest million yen)

1. Consolidated business results for the second quarter of fiscal 2025 (April 1, 2024 to September 30, 2024)

(1) Consolidated business performance (accumulated total) (Percentage figures show the changes from the previous Second quarter.)

	Net sales		Operating income		Ordinary income		Net income for the period attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2024	9,062	15.2	1,030	219.1	1,046	120.8	772	155.9
Six months ended September 30, 2023	7,864	(8.4)	322	(54.5)	473	(45.5)	301	(53.6)

	Net profit per share	Fully diluted net profit per share
	Yen	Yen
Six months ended September 30, 2024	84.58	—
Six months ended September 30, 2023	33.08	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Six months ended September 30, 2024	33,327	28,104	84.2
Fiscal year ended March 31, 2024	32,226	27,186	84.3

(Reference) Shareholders' equity Six months ended September 30, 2024 28,068 million yen Fiscal year ended March 31, 2024 27,158 million yen

2. Dividend status

	Dividend per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the year	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	0.00	—	55.00	55.00
Fiscal year ending March 31, 2025	—	30.00	—	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	30.00	60.00

Note: Revision to the forecast for the dividend during the current first quarter: None

3. Forecast of consolidated business performance for the year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentage figures for "Full year" show the changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income for the period attributable to shareholders of the parent company		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	18,000	14.0	2,000	90.0	2,050	61.5	1,500	97.1	164.25

Note: Revision to the forecast for the figures of consolidated business performance during the current first quarter: None

1. Summary of business results, etc.

(1) Business results in the interim period under review

The global economy generally showed signs of recovery during the interim consolidated period under review, although some regions and countries still face challenges. In the United States, the central bank has halted interest rate hikes, and the economy continues to remain stable as inflation eases. In Europe, there has been a strengthening economic recovery, as energy prices began to settle down and the employment environment and personal consumption began to improve. In China, the government has introduced new stimulus measures in an effort to increase domestic demand amid a slowdown in the economic growth rate as corporate earnings and the real estate market cooled due to a decline in investment from overseas. In Japan, the earnings environment in the manufacturing industry, especially for export-related companies, has been on a recovery trend. Increased inbound demand boosted business activity in the non-manufacturing industry, and this supported the economic recovery.

In the information and communication markets and electronics related-markets relevant to the Group, the spread of generative AI and 5G communications is accelerating and investment in data centers is on the rise. New services and applications utilizing generative AI are being successively released in the market, and they are beginning to contribute to the improvement of the business efficiency of companies and the provision of new value to customers. In the automotive-related market, although the shift to electric vehicles is accelerating in China, in the United States, sales of electric vehicles are sluggish due to concerns about driving range, and there are pressing needs for innovation in battery technology and the development of charging infrastructure. In addition, in Japan, quality fraud issues involving multiple vehicle manufacturers have come to light and production lines for some models have been shut down. This has shaken consumer confidence and compelled vehicle manufacturers to strengthen quality control.

In these circumstances, the Group has worked to implement the measures mandated under the current “Master Plan 2022” medium-term management plan, which calls for “Rejuvenating contact points with customers,” “Accelerating development of new products and new technologies,” “Improving manufacturing capabilities,” and “Reinforcing the management base.” As to rejuvenating contact points with customers, both the Precision Machinery Business and the Optical Products Business focused on creating numerous opportunities to encounter new customers through our website and by exhibiting at trade shows, and on increasing the number of business negotiations.

With regard to accelerating development of new products and new technologies, we have continued to hone our technological capabilities in order to become a business group capable of contributing to the progress of society in a wider range of areas.

To improve manufacturing capabilities, we worked to strengthen our production system, including automation, and strengthened relationships with suppliers and outsourcing companies to stably supply products that meet customer demands for quality and delivery schedules.

To reinforce the management base, the Sustainability Promotion Office led initiatives such as reducing emissions of greenhouse gases, transitioning to paperless business practices, and improving operational efficiency through digitalization. In addition, our longstanding efforts in childcare support activities were recognized, and we were awarded “Kurumin Certification” by

the Ministry of Health, Labour and Welfare as a company that supports child rearing.

As a result of these measures, net sales for the interim consolidated period under review posted 9,062,766 thousand yen (up 15.2% compared with the year-earlier period), the highest cumulative net sales for the interim consolidated period. Operating income rose to 1,030,194 thousand yen (up 219.1%) as a result of factors such as higher net sales of products with strong margins.

Ordinary income after recognition of non-operating income such as rental income from investment property rose to 1,046,199 thousand yen (up 120.8%), while net income attributable to shareholders of the parent company increased to 772,375 thousand yen (up 155.9%).

Segment performances developed as follows.

(1) Precision Machinery Business

The Precision Machinery Business provides customers with precision molded products for vehicles and electronic equipment, and high-quality molds for efficient mass production of molded products, and metal parts that require high dimensional accuracy. During the interim consolidated period under review, although sales by Japanese vehicle manufacturers in the Chinese market remained sluggish, net sales of inverter parts to be used on electric vehicles increased. On the other hand, net sales for metal pressed molded products for electronic devices decreased as demand for high-performance models of Chinese smartphones did not recover. As a result, net sales for the interim consolidated period under review at the Precision Machinery Business posted 4,337,331 thousand yen (up 0.8%). The cost of sales ratio deteriorated due to factors including rising material prices, and operating income fell to 189,331 thousand yen (down 9.5%) as a result.

(2) Optical Products Business

The Optical Products Business provides customers with products such as optical communications parts, as well as equipment and devices used in their manufacturing and inspection processes, and optical electric field sensors, optical transmission equipment, and micro resin lenses. During the interim consolidated period under review, the spread and expansion of generative AI and 5G communications drove a global boom in the construction of data centers, leading to increased demand for optical communications parts such as optical connectors. As a result, net sales of optical connector polishing machines and inspection and measurement devices used in manufacturing optical connectors increased significantly.

As a result of these factors, net sales in the Optical Products Business for the interim consolidated period under review posted 4,725,434 thousand yen (up 32.7%), the highest cumulative net sales for the interim period. Along with the increase in net sales for optical connector polishing machines and inspection and measurement devices, operating income was significantly improved to 840,863 thousand yen (up 639.4%).

(2) Financial status in the interim period under review

Total assets at the end of the interim consolidated period under review were 33,327,355 thousand yen, reflecting an increase of 1,101,081 thousand yen compared with the end of the previous fiscal year. Current assets marked 23,808,041 thousand yen, an increase of 1,069,599 thousand yen compared with the end of the previous fiscal year. This was mainly due to an increase in cash and deposits and notes and accounts receivable-trade. Non-current assets marked 9,519,313 thousand yen, an increase of 31,482 thousand yen compared with the end of the previous fiscal year. The main factor was an increase in equipment and fixtures such as molds.

Consolidated liabilities at the end of the interim consolidated period under review totaled 5,222,899 thousand yen, reflecting an increase of 182,711 thousand yen compared with the end of the previous fiscal year. The main factor was an increase in accounts payable - trade and income taxes payable.

Total net assets at the end of the interim consolidated period under review were 28,104,455 thousand yen, reflecting an increase of 918,370 thousand yen compared with the end of the previous fiscal year. This was mainly due to increases in retained earnings and foreign currency translation adjustment.

(3) Consolidated results projections and other forward-looking information

The consolidated business results projections for the fiscal year ending March 31, 2025, announced on May 13, 2024, have been revised. Details are stated in the “Notice Concerning Differences Between the Projections and Actual Results for the Interim Consolidated Results and Revisions to the Full-Year Consolidated Results Projections” released today.

2. Interim consolidated financial statements and key notes

(1) Interim consolidated balance sheet

(Unit: Thousands of yen)

	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2024)	Interim consolidated period under review (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	14,079,125	14,578,336
Notes and accounts receivable-trade	4,182,538	4,484,681
Electronically recorded monetary claims - operating	568,521	618,380
Merchandise and finished goods	725,143	659,906
Work in process	1,478,015	1,422,351
Raw materials and supplies	1,346,664	1,599,748
Income taxes receivable	70,929	4,552
Other	289,855	442,729
Allowance for doubtful accounts	(2,352)	(2,645)
Total current assets	22,738,442	23,808,041
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,694,282	7,913,093
Accumulated depreciation	(5,034,882)	(5,226,223)
Buildings and structures, net	2,659,399	2,686,870
Machinery, equipment and vehicles	7,393,245	7,458,907
Accumulated depreciation	(5,761,689)	(5,913,074)
Machinery, equipment and vehicles, net	1,631,556	1,545,833
Land	2,670,343	2,670,353
Construction in progress	45,861	82,508
Other	4,149,184	4,457,421
Accumulated depreciation	(3,353,652)	(3,587,459)
Other, net	795,532	869,962
Total property, plant and equipment	7,802,693	7,855,529
Intangible assets		
Goodwill	67,437	37,013
Other	17,594	14,181
Total intangible assets	85,032	51,195
Investments and other assets		
Investment securities	365,422	364,504
Real estate for investment, net	868,340	869,881
Other	366,342	378,204
Total investments and other assets	1,600,105	1,612,589
Total noncurrent assets	9,487,831	9,519,313
Total assets	32,226,273	33,327,355

(Unit: Thousands of yen)

	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2024)	Interim consolidated period under review (As of September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	1,554,403	1,756,547
Income taxes payable	215,299	270,112
Reserve for bonuses	114,050	111,011
Other	1,541,863	1,631,101
Total current liabilities	3,425,616	3,768,772
Noncurrent liabilities		
Retirement benefit liabilities	1,053,570	1,036,949
Provision for stock awards for corporate officers	188,588	155,854
Long-term accounts payable-other	144,870	44,330
Long-term lease deposited	19,037	19,037
Deferred tax liability	64,744	59,595
Other	143,761	138,361
Total noncurrent liabilities	1,614,571	1,454,126
Total liabilities	5,040,188	5,222,899
Net assets		
Shareholders' equity		
Capital stock	6,791,682	6,791,682
Capital surplus	10,607,500	10,607,629
Retained earnings	8,782,006	9,046,186
Treasury stock	(538,872)	(481,722)
Total Shareholders' equity	25,642,317	25,963,775
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,193	26,576
Foreign currency translation adjustment	1,489,946	2,075,246
Cumulative adjustment of retirement benefits	(3,006)	3,170
Total accumulated other comprehensive income	1,516,134	2,104,994
Subscription rights to shares	27,632	35,685
Total net assets	27,186,085	28,104,455
Total liabilities and net assets	32,226,273	33,327,355

SEIKOH GIKEN Co., Ltd. (6834):

Summary of Financial Statements for the Second Quarter of the Fiscal Year Ending March 2025 (Interim Period)

(2) Interim consolidated statement of income and interim consolidated statement of comprehensive income
(Interim consolidated statement of income)

(Unit: Thousands of yen)

	Previous interim consolidated period (from April 1, 2023 to September 30, 2023)	Interim consolidated period under review (from April 1, 2024 to September 30, 2024)
Sales amount	7,864,504	9,062,766
Cost of sales	5,719,504	5,913,264
Gross profit	2,144,999	3,149,501
Selling, general and administrative expenses	1,822,175	2,119,306
Operating income	322,824	1,030,194
Non-operating income		
Interest income	14,351	18,405
Dividends income	717	1,008
Income from subsidiaries	7,214	2,876
Subsidy income	700	-
Rent of real estate for investment	33,610	34,876
Equity in earnings of affiliates	140	129
Gains on foreign exchange	88,209	-
Other	14,637	10,054
Total non-operating income	159,580	67,351
Non-operating expenses		
Cost of real estate rent	7,208	8,064
Foreign exchange losses	-	42,371
Other	1,455	911
Total non-operating expenses	8,664	51,347
Ordinary income	473,740	1,046,199
Extraordinary income		
Gain on sales of noncurrent assets	1,899	2,979
Gain on sale of investment securities	1,747	-
Total extraordinary income	3,646	2,979
Extraordinary loss		
Loss on disposition of non-current assets	34	-
Total extraordinary losses	34	-
Net income before income taxes and minority interests	477,352	1,049,178
Income taxes-current	186,547	275,220
Income taxes-deferred	(11,667)	(5,301)
Total income taxes	174,880	269,919
Net income	302,472	779,259
Net income attributable to non-controlling interests	672	6,883
Net income attributable to shareholders of the parent company	301,800	772,375

(Interim consolidated statement of comprehensive income)

(Unit: Thousands of yen)

	Previous interim consolidated period (from April 1, 2023 to September 30, 2023)	Interim consolidated period under review (from April 1, 2024 to September 30, 2024)
Net income	302,472	779,259
Other comprehensive income		
Net unrealized holding gains on securities	3,958	(2,616)
Foreign currency translation adjustments	386,822	585,299
Cumulative adjustment of retirement benefits	7,103	6,176
Total other comprehensive income	397,883	588,859
Comprehensive income	700,356	1,368,118
(Items)		
Comprehensive income attributable to shareholders of the parent company	697,035	1,358,555
Comprehensive income attributable to non-controlling interests	3,321	9,563