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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]



November 8, 2024

Company name: TENMA CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 7958

URL: <https://www.tenmacorp.co.jp>

Representative: Hirohiko Hirono, President and Representative Director

Contact: Takashi Sudo, Corporate Officer and General Manager of Finance & Accounts Department

Phone: +81-3-3598-5515

Scheduled date of filing semi-annual securities report: November 8, 2024

Scheduled date of commencing dividend payments: December 10, 2024

Availability of supplementary briefing material on financial results: None

Schedule of financial results briefing session: Yes (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded off.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
September 30, 2024	48,419	2.4	621	(33.6)	1,101	(36.8)	894	(35.3)
September 30, 2023	47,286	5.0	936	69.5	1,742	63.8	1,382	241.0

(Note) Comprehensive income: Six months ended September 30, 2024: ¥5,402 million [(12.2)%]

Six months ended September 30, 2023: ¥6,152 million [(13.7)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2024	43.42	—
September 30, 2023	64.08	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
September 30, 2024	107,627	83,727	77.8	4,135.19
March 31, 2024	101,921	81,063	79.5	3,871.02

(Reference) Equity: As of September 30, 2024: ¥83,727 million

As of March 31, 2024: ¥81,063 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen —	Yen 40.00	Yen —	Yen 42.00	Yen 82.00
Fiscal year ending March 31, 2025	—	40.00			
Fiscal year ending March 31, 2025 (Forecast)			—	42.00	82.00

(Note) Revision of dividend forecast from recently announced figures: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	100,000	7.6	2,200	61.6	2,800	(29.7)	3,500	13.2	172.39

(Note) Revision of results forecast from recently announced figures: None

In accordance with the resolution at the Board of Directors meeting held on May 10, 2024, the Company acquired its treasury shares. The impact of the acquisition of treasury shares has been taken into account in calculating “Basic earnings per share” of the revisions to consolidated financial results forecasts for the fiscal year ending March 31, 2025. Please refer to “2. Semi-annual Consolidated Financial Statements and Primary Notes, (3) Notes to Semi-annual Consolidated Financial Statements, (Notes in the event of significant changes in the amount of shareholders’ equity) (Acquisition of treasury shares)” on page 8 of the Attachments for the acquisition of treasury shares.

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(Note) For details, please refer to “2. Semi-annual Consolidated Financial Statements and Primary Notes, (3) Notes to Semi-annual Consolidated Financial Statements, (Notes to accounting treatment specific to the preparation of semi-annual consolidated financial statements)” on page 8 of the Attachments.

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(Note) For details, please refer to “2. Semi-annual Consolidated Financial Statements and Primary Notes, (3) Notes to Semi-annual Consolidated Financial Statements, (Notes to changes in accounting policies)” on page 8 of the Attachments.

(4) Total number of issued shares (common shares)

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

September 30, 2024: 22,313,026 shares
March 31, 2024: 24,313,026 shares

2) Total number of treasury shares at the end of the period:

September 30, 2024: 2,065,553 shares
March 31, 2024: 3,371,945 shares

3) Average number of shares during the period:

Six months ended September 30, 2024: 20,596,911 shares
Six months ended September 30, 2023: 21,566,267 shares

(Note) The Company's shares owned by the stock granting trust for Officers and employees are included in the treasury shares to be deducted in the calculation of total number of treasury shares at the end of the period.

* Semi-annual consolidated financial results are outside the scope of review by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to "1. Overview of Business Results, etc., (3) Consolidated Financial Results Forecast and Other Forward-Looking Information" on page 3 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

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1. Overview of Business Results, etc.

(1) Explanation of Operating Results for the Period Under Review

The world economy during the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024), remained uncertain due to the protracted situation in Ukraine, mounting geopolitical risk attributable to growing tensions in the Middle East, exchange rate volatility due to monetary policy in Europe and the U.S., and concerns regarding a slowdown in the Chinese economy, although personal consumption in Europe and the U.S. remained strong due to factors such as recovery in real income underpinned by easing inflationary pressure.

In the Japanese economy, although there was a trend of gradual recovery due to factors that include an improving income environment and expanding inbound demand, further signs of heightening cost-consciousness have been apparent amid an increasing impact of escalating resource prices and price hikes on personal consumption.

Under these circumstances, the Group has been proceeding with the implementation of three major measures ((1) Promotion of various measures to materiality, (2) Change of business portfolio, and (3) Reconstruction of unprofitable business domain) under the basic policy of “Increasing enterprise value by promoting sustainable management,” based on its “Fourth Medium-Term Management Plan” for the three-year period ending March 31, 2027, underpinned by its purpose of “Delivering essential life values for people.”

As a result, net sales amounted to 48,419 million yen (up 2.4% year on year), operating profit amounted to 621 million yen (down 33.6% year on year), ordinary profit amounted to 1,101 million yen (down 36.8% year on year), and profit attributable to owners of parent amounted to 894 million yen (down 35.3% year on year) amid factors that include gain on sale of non-current assets attributable to transfer of land and buildings of the Hirosaki Factory.

Operating results by segment are as follows.

(Japan)

In the field of household synthetic resin products and related products, while the impact of price hikes on personal consumption increased, sales increased due to efforts to expand sales of new products and strengthen EC sales measures. In the field of industrial synthetic resin products, sales also increased due to robust orders for electrical and electronics-related and vehicle-related products.

Profits improved significantly due to increased sales and efforts to improve procurement activities and production efficiency, as well as efforts to optimize logistics.

As a result, net sales for this segment amounted to 9,962 million yen (up 3.1% year on year), and segment profit (operating profit) amounted to 267 million yen (up 51.3% year on year).

(China)

In the field of industrial synthetic resin products, sales decreased significantly due to factors that include the effects of a shift in production to Southeast Asia and manufacturing adjustments by business partners. In the field of household synthetic resin products and related products, sales inclined slightly by strengthening EC sales as personal consumption remained sluggish.

Profits fell below those in the same period of the previous fiscal year due to the significant impact of declining sales, despite continued efforts to improve production efficiency in part by revamping the personnel structure and adopting automation.

As a result, net sales for this segment amounted to 9,708 million yen (down 10.8% year on year), and segment profit (operating profit) amounted to 211 million yen (down 59.2% year on year).

(Southeast Asia)

In the field of industrial synthetic resin products, although there was a decrease in vehicle-related sales due to the stagnant automobile market in Indonesia, there has been movement toward a recovery from the production adjustments of customers that have continued from around the middle of the previous fiscal year, and sales increased due to increased sales mainly of products related to household electrical appliances in the Vietnam region and the increase in the yen-converted amount as a result of the depreciation of the yen.

Profits fell below those in the same period of the previous fiscal year due to the impact on profits from lower sales in the Indonesia region, despite the increase in profits from higher sales in the Vietnam region and the effects of cost reductions through streamlining production and staffing adjustments.

As a result, net sales for this segment amounted to 27,628 million yen (up 3.3% year on year), and segment profit (operating profit) amounted to 874 million yen (down 2.6% year on year).

(North America)

In May 2023, we newly acquired shares in TENMA PLASTIC MEXICO, S.A. DE C.V., which manufactures automobile parts in Mexico, as well as in its parent company Tenma America Corporation, which sells automobile parts in the United States of America, and were included in the scope of consolidation from the second half of the fiscal year ended March 31, 2024. In North America, the Group mainly manufactures and sells safety-related automobile parts. Net sales for this segment amounted to 1,121 million yen.

In terms of profit, the segment loss (operating loss) was 114 million yen due to increased costs caused by wage increases and other factors.

(2) Explanation on Financial Position for the Period Under Review

(Assets)

The total assets as of September 30, 2024 increased by 5,705 million yen compared to the end of the previous fiscal year to 107,627 million yen. This was mainly due to increases in cash and deposits by 2,563 million yen and notes and accounts receivable - trade by 1,699 million yen.

(Liabilities)

The total liabilities as of September 30, 2024 increased by 3,041 million yen compared to the end of the previous fiscal year to 23,900 million yen. This was mainly due to increases in notes and accounts payable - trade by 1,894 million yen and other current liabilities by 923 million yen.

(Net assets)

The total net assets as of September 30, 2024 increased by 2,664 million yen compared to the end of the previous fiscal year to 83,727 million yen. This was due mainly to an increase of 4,577 million yen in foreign currency translation adjustment, despite a decrease of 4,148 million yen in capital surplus due to cancellation of treasury shares and a decrease in treasury shares, a deduction item, of 2,359 million yen.

(3) Consolidated Financial Results Forecast and Other Forward-Looking Information

Regarding the financial results forecast for the fiscal year ending March 31, 2025, please refer to the “Announcement concerning Revisions to consolidated financial results forecasts for the second quarter and full year ending March 31, 2025” announced on August 9, 2024.

2. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	29,839,839	32,402,600
Notes and accounts receivable - trade	17,353,495	19,052,735
Merchandise and finished goods	3,516,965	3,555,816
Work in process	696,186	1,021,124
Raw materials and supplies	4,738,130	4,568,749
Other	1,746,516	2,379,590
Allowance for doubtful accounts	(9,229)	(9,959)
Total current assets	57,881,901	62,970,656
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,521,560	14,189,247
Machinery, equipment and vehicles, net	9,586,821	9,444,328
Right-of-use assets, net	2,874,400	2,798,274
Other, net	4,753,528	5,673,096
Total property, plant and equipment	31,736,309	32,104,944
Intangible assets		
Goodwill	-	262,454
Other	3,415,789	4,023,036
Total intangible assets	3,415,789	4,285,490
Investments and other assets		
Investment securities	4,029,795	3,613,543
Retirement benefit asset	3,666,542	3,684,728
Deferred tax assets	370,794	357,704
Other	827,896	617,798
Allowance for doubtful accounts	(7,575)	(7,995)
Total investments and other assets	8,887,452	8,265,779
Total non-current assets	44,039,550	44,656,212
Total assets	101,921,451	107,626,868
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,901,655	10,795,411
Income taxes payable	348,194	496,089
Provision for bonuses	853,963	1,000,871
Provision for taxes related expenses	5,119	5,812
Other	4,187,092	5,110,130
Total current liabilities	14,296,023	17,408,312
Non-current liabilities		
Long-term accounts payable - other	2,615	2,615
Provision for share awards for directors (and other officers)	131,778	145,947
Provision for share awards for employees	4,264	4,264
Retirement benefit liability	493,377	573,594
Lease liabilities	2,862,949	2,684,909
Asset retirement obligations	711,614	801,990
Deferred tax liabilities	2,290,912	2,213,724
Provision for business restructuring	64,584	64,252
Total non-current liabilities	6,562,093	6,491,296
Total liabilities	20,858,116	23,899,608

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	19,225,350	19,225,350
Capital surplus	12,984,521	8,836,482
Retained earnings	41,897,599	41,863,688
Treasury shares	(6,713,659)	(4,355,012)
Total shareholders' equity	67,393,811	65,570,507
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,384,245	1,388,884
Foreign currency translation adjustment	10,826,530	15,403,738
Remeasurements of defined benefit plans	1,458,657	1,364,031
Total accumulated other comprehensive income	13,669,431	18,156,653
Non-controlling interests	94	100
Total net assets	81,063,335	83,727,260
Total liabilities and net assets	101,921,451	107,626,868

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

Six months ended September 30

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	47,285,925	48,418,682
Cost of sales	40,668,840	41,915,628
Gross profit	6,617,085	6,503,055
Selling, general and administrative expenses	5,680,911	5,881,803
Operating profit	936,174	621,252
Non-operating income		
Interest income	229,217	182,526
Dividend income	72,475	39,997
Share of profit of entities accounted for using equity method	53,351	46,045
Foreign exchange gains	386,407	289,110
Gain on sale of investment securities	73,052	–
Other	81,466	76,726
Total non-operating income	895,968	634,403
Non-operating expenses		
Interest expenses	59,335	67,985
Other	30,900	86,599
Total non-operating expenses	90,235	154,584
Ordinary profit	1,741,906	1,101,071
Extraordinary income		
Gain on sale of non-current assets	66,112	424,730
Gain on bargain purchase	136,876	–
Total extraordinary income	202,989	424,730
Extraordinary losses		
Loss on sale of non-current assets	1,764	986
Loss on retirement of non-current assets	12,751	2,662
Provision for loss on business liquidation	2,700	–
Loss on liquidation of business	4,300	–
Litigation settlement	30,000	–
Total extraordinary losses	51,515	3,648
Profit before income taxes	1,893,380	1,522,153
Income taxes - current	656,870	647,307
Income taxes - deferred	(145,539)	(19,495)
Total income taxes	511,331	627,813
Profit	1,382,049	894,340
Profit (loss) attributable to non-controlling interests	1	(1)
Profit attributable to owners of parent	1,382,048	894,340

Semi-annual Consolidated Statements of Comprehensive Income

Six months ended September 30

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	1,382,049	894,340
Other comprehensive income		
Valuation difference on available-for-sale securities	846,747	4,639
Foreign currency translation adjustment	3,927,436	4,552,471
Remeasurements of defined benefit plans, net of tax	(79,562)	(94,626)
Share of other comprehensive income of entities accounted for using equity method	75,580	45,132
Total other comprehensive income	4,770,201	4,507,617
Comprehensive income	6,152,250	5,401,957
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,152,238	5,401,951
Comprehensive income attributable to non-controlling interests	12	6

(3) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

(Acquisition of treasury shares)

In accordance with the resolution at the Board of Directors meeting held on May 10, 2024, the Company acquired 693,400 shares of its common stock for a total amount of 1,789 million yen during the six months ended September 30, 2024 as a result of the acquisition of treasury shares on the market based on the provisions of Article 156 of the Companies Act as applied by replacing the terms and phrases pursuant to the provisions of Article 165, Paragraph 3 of the same act, resulting in an increase in treasury shares of the same amount.

(Cancellation of treasury shares)

Based on the resolution at the Board of Directors meeting held on May 10, 2024, the Company cancelled 2,000,000 shares of treasury shares on May 31, 2024.

As a result of the above, capital surplus decreased by 4,148 million yen and treasury shares increased by 2,359 million yen during the six months ended September 30, 2024. Consequently, at the end of the six months ended September 30, 2024, capital surplus amounted to 8,836 million yen and treasury shares amounted to 4,355 million yen.

(Significant changes in the scope of consolidation during the period)

Not applicable.

PT HYUK JIN INDONESIA was included in the scope of consolidation in the six months ended September 30, 2024.

(Notes to accounting treatment specific to the preparation of semi-annual consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the current fiscal year, including the six months ended September 30, 2024, and multiplying the profit before income taxes for the six months ended September 30, 2024 by the estimated effective tax rate.

(Notes to changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes" and other relevant ASBJ regulations)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the six months ended September 30, 2024.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Implementation Guidance of 2022"). The change in the accounting policy has no impact on the semi-annual consolidated financial statements.

In addition, the Revised Implementation Guidance of 2022 on the amendment revising the treatment of the deferral for tax purposes of gains or losses arising from the sale of shares in subsidiaries between consolidated companies has been applied from the beginning of the six months ended September 30, 2024. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year. The change in the accounting policy has no impact on the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Significant subsequent events)

(Dissolution and liquidation of consolidated subsidiaries)

The Company has completed liquidation of its consolidated subsidiary, PRINCIA CO., LTD. (“PRINCIA”), previously undergoing liquidation.

(1) Completion date of liquidation
October 10, 2024

(2) Name, Description of business, and Ownership of the subsidiary

(i) Name	PRINCIA CO., LTD.
(ii) Description of business	Trade and loans to Group companies
(iii) Ownership	The Company 100%

(3) Impact on financial results
In the fiscal year ending March 31, 2025, the Company plans to record gain on liquidation of subsidiaries of 1,080 million yen as extraordinary income.
The consolidated subsidiary will be removed from the scope of consolidation upon completion of the liquidation.

(Notes to segment information, etc.)
[Segment information]

For the six months ended September 30, 2023

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Total
	Japan	China	Southeast Asia	North America	
Net sales					
Net sales to outside customers	9,665,909	10,880,426	26,739,591	–	47,285,925
Inter-segment net sales or transfers	94,436	172,758	58,996	–	326,190
Total	9,760,345	11,053,183	26,798,587	–	47,612,115
Segment profit	176,313	516,776	897,266	–	1,590,355

2. Difference between the total reportable segment and the amount recorded in semi-annual consolidated statements of income, and description of said difference (comparability adjustment)

(Thousand yen)

Profit	For the six months ended September 30, 2024
Total reportable segment	1,590,355
Inter-segment eliminations	8,787
Corporate expenses*	(662,968)
Operating profit in Semi-annual Consolidated Statements of Income	936,174

* Corporate expenses are mainly the expenses of the head office's management department which does not belong to a reportable segment.

3. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

(Significant gain on bargain purchase)

In North America, a gain on bargain purchase was recognized as Tenma America Corporation and TENMA PLASTIC MEXICO, S.A. DE C.V. became consolidated subsidiaries due to the acquisition of their shares. The amount of gain on bargain purchase recorded due to this matter is 136,876 thousand yen. Since the gain on bargain purchase is recorded in extraordinary income, it is not included in the segment profit above.

4. Information regarding changes, etc. to reportable segments

Not applicable.

For the six months ended September 30, 2024

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Total
	Japan	China	Southeast Asia	North America	
Net sales					
Net sales to outside customers	9,961,978	9,707,704	27,627,630	1,121,370	48,418,682
Inter-segment net sales or transfers	171,029	163,103	43,591	–	377,723
Total	10,133,008	9,870,806	27,671,221	1,121,370	48,796,405
Segment profit (loss)	266,701	210,948	874,276	(113,501)	1,238,424

2. Difference between the total reportable segment and the amount recorded in semi-annual consolidated statements of income, and description of said difference (comparability adjustment)

(Thousand yen)

Profit	For the six months ended September 30, 2024
Total reportable segment	1,238,424
Inter-segment eliminations	10,891
Corporate expenses*	(628,063)
Operating profit in Semi-annual Consolidated Statements of Income	621,252

* Corporate expenses are mainly the expenses of the head office's management department which does not belong to a reportable segment.

3. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment
(Significant changes in amount of goodwill)

In Southeast Asia, goodwill arose as a result of PT HYUK JIN INDONESIA becoming a consolidated subsidiary in the six months ended September 30, 2024. The increase in the amount of goodwill caused by this event was 270,629 thousand yen.

4. Information regarding changes, etc. to reportable segments

With the inclusion of Tenma America Corporation and TENMA PLASTIC MEXICO, S.A. DE C.V. in the scope of consolidation from the six months ended September 30, 2023, starting in the second half of the fiscal year ended March 31, 2024, the segment classifications were changed from the previous three classifications of "Japan," "China," and "Southeast Asia" to the four classifications of "Japan," "China," "Southeast Asia," and "North America."

Furthermore, segment information for the six months ended September 30, 2023 has been created and disclosed according to the reportable segments following the changes.

(Business combinations)

The Company resolved at its Board of Directors meeting held on March 3, 2023 to acquire all the shares of PT HYUK JIN INDONESIA (hereinafter referred to as “HJI Co”), a manufacturer of die molds in Indonesia, and to turn it into a subsidiary, and entered into a share purchase agreement (hereinafter referred to as “the Agreement”). The Company concluded the acquisition of the shares of the said company on April 19, 2023 pursuant to the Agreement.

1. Overview of business combinations

(1) Reason for acquisition of shares

As a plastic molding and processing manufacturer, the Company manufactures high quality products in in-house product business and contract-manufactured product business. “Expansion of business areas” was one business strategy in our Third Medium-term Management Plan, formulated in May 2021, and we have proceeded with developing the die mold business as a concrete measure, which has been continued in the Fourth Medium-term Management Plan.

To accelerate the realization of this strategy, we decided that it would be effective to incorporate a die mold manufacturer into the Group, and decided to acquire the shares.

HJI Co is a well-respected die mold manufacture inside and outside Indonesia and it has provided high quality die molds for industries including automobiles and electronic equipment. The company also contributes to community development and is socially responsible. Through this acquisition, the Company will be able to incorporate the skills of die mold manufacturing and manufacturing know-how possessed by HJI Co, as well as human resource development and capacity into the Group, and increase our competitiveness as a plastic molding and processing manufacturer.

(2) Name, Business Activities, and Capital of company to be transferred

Name	PT HYUK JIN INDONESIA
Business Activities	Die mold industry (printing press) and domestic marketing of its output
Capital	IDR 7,680,000,000

(3) Counterparty for the acquisition of shares

Hyuk Jin Co., Ltd. and two individual shareholders

(4) Number of shares to be acquired

Number of shares acquired	4,000 shares
Ratio of equity interest after acquisition	100%

(5) Schedule

Date of conclusion of share purchase agreement	March 3, 2023
Effective date of share transfer	April 19, 2023

(6) Amount of acquisition cost

The acquisition cost remains undisclosed following discussions with the other party.

2. Period of earnings of the acquiree included in the semi-annual consolidated statements of income

January 1, 2024 to June 30, 2024

3. Amount of goodwill recognized

(1) Amount of goodwill recognized

270,629 thousand yen

(2) Reason for recognition

The difference is recorded as goodwill, mainly because the fair value of net asset of the acquiree at the time of the business combination was less than the acquisition cost.

(3) Method and period of amortization

Straight-line method over twenty years