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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 7, 2025

Company name: TENMA CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 7958

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

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Scheduled date of commencing dividend payments: –

Availability of supplementary briefing material on financial results: None

Schedule of financial results briefing session: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 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	%
Nine months ended								
December 31, 2024	76,051	7.4	1,597	28.3	2,045	(33.0)	2,670	19.9
December 31, 2023	70,796	(4.0)	1,244	(28.7)	3,053	20.8	2,228	38.3

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥4,463 million [(36.7)%]

Nine months ended December 31, 2023: ¥7,055 million [(33.0)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	130.73	–
December 31, 2023	104.06	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2024	104,650	79,953	76.4	4,001.01
March 31, 2024	101,921	81,063	79.5	3,871.02

(Reference) Equity: As of December 31, 2024: ¥79,953 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	172.32

(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. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly 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 quarterly consolidated financial statements: Yes

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Notes to accounting treatment specific to the preparation of quarterly 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. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly 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):

December 31, 2024: 22,313,026 shares
March 31, 2024: 24,313,026 shares

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

December 31, 2024: 2,329,853 shares
March 31, 2024: 3,371,945 shares

3) Average number of shares during the period:

Nine months ended December 31, 2024: 20,424,754 shares
Nine months ended December 31, 2023: 21,405,254 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.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or audit firms: None

* 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) Overview of Business Results for the Period Under Review

The world economy during the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024), trended toward recovery on the back of strong personal consumption in Europe and the U.S., an increase in real income due to easing inflationary pressure, and other factors, but remained uncertain due to the impact of sluggish domestic demand in the Chinese economy and future policy trends in the U.S., among other factors.

In the Japanese economy, although there was an expansion in inbound demand and improvements in the employment and income environments, further signs of heightening cost-consciousness have been apparent amid the continuing 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 76,051 million yen (up 7.4% year on year), operating profit amounted to 1,597 million yen (up 28.3% year on year), ordinary profit amounted to 2,045 million yen (down 33.0% year on year), and profit attributable to owners of parent amounted to 2,670 million yen (up 19.9% year on year) amid factors that include gain on liquidation of subsidiaries and associates of 1,080 million yen and gain on sale of non-current assets attributable to transfer of land and buildings of the Hirosaki Factory of 431 million yen.

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 15,672 million yen (up 3.5% year on year), and segment profit (operating profit) amounted to 568 million yen (up 28.7% 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 increased slightly by strengthening EC sales although 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 14,635 million yen (down 8.9% year on year), and segment profit (operating profit) amounted to 250 million yen (down 62.4% year on year).

(Southeast Asia)

In the field of industrial synthetic resin products, 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 in the fields related to OA and household electrical appliances in Vietnam and Thailand and the increase in the yen-converted amount as a result of the depreciation of the yen.

Profits greatly exceeded those in the same period of the previous fiscal year due to increased profits from higher sales and efforts to reduce costs by streamlining production and staffing adjustments.

As a result, net sales for this segment amounted to 44,068 million yen (up 13.0% year on year), and segment profit (operating profit) amounted to 1,801 million yen (up 56.7% 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 included them in the scope of consolidation from the third quarter of the previous fiscal year. In North America, the Group mainly manufactures and sells safety-related automobile parts. Net sales for this segment amounted to 1,676 million yen.

In terms of profit, the segment loss (operating loss) was 111 million yen due to increased costs caused by wage increases and other factors.

(2) Overview of Financial Position for the Period Under Review

(Assets)

The total assets at the end of this third quarter increased by 2,729 million yen compared to the end of the previous fiscal year to 104,650 million yen. This was mainly due to a decrease in machinery, equipment, and vehicles, net by 1,116 million yen and an increase in notes and accounts receivable - trade by 3,110 million yen.

(Liabilities)

The total liabilities at the end of this third quarter increased by 3,839 million yen compared to the end of the previous fiscal year to 24,697 million yen. This was mainly due to increases in notes and accounts payable - trade by 2,647 million yen and other current liabilities by 705 million yen.

(Net assets)

The total net assets at the end of this third quarter decreased by 1,110 million yen compared to the end of the previous fiscal year to 79,953 million yen. This was due mainly to an increase of 922 million yen in retained earnings, and a decrease in treasury shares, a deduction item, of 1,698 million yen, despite a decrease of 4,256 million yen in capital surplus due to cancellation of treasury shares.

(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. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	29,839,839	29,636,398
Notes and accounts receivable - trade	17,353,495	20,463,614
Merchandise and finished goods	3,516,965	3,086,376
Work in process	696,186	754,734
Raw materials and supplies	4,738,130	4,705,995
Other	1,746,516	2,079,571
Allowance for doubtful accounts	(9,229)	(9,420)
Total current assets	57,881,901	60,717,268
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,521,560	14,344,912
Machinery, equipment and vehicles, net	9,586,821	8,470,545
Right-of-use assets, net	2,874,400	2,890,362
Other, net	4,753,528	5,379,163
Total property, plant and equipment	31,736,309	31,084,982
Intangible assets		
Goodwill	-	251,072
Other	3,415,789	3,753,907
Total intangible assets	3,415,789	4,004,979
Investments and other assets		
Investment securities	4,029,795	4,152,668
Retirement benefit asset	3,666,542	3,693,435
Deferred tax assets	370,794	374,710
Other	827,896	624,878
Allowance for doubtful accounts	(7,575)	(2,700)
Total investments and other assets	8,887,452	8,842,992
Total non-current assets	44,039,550	43,932,953
Total assets	101,921,451	104,650,221
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,901,655	11,548,838
Income taxes payable	348,194	489,232
Provision for bonuses	853,963	1,042,811
Provision for taxes related expenses	5,119	5,436
Other	4,187,092	4,891,779
Total current liabilities	14,296,023	17,978,096
Non-current liabilities		
Long-term accounts payable - other	2,615	2,615
Provision for share awards for directors (and other officers)	131,778	174,898
Provision for share awards for employees	4,264	7,107
Retirement benefit liability	493,377	569,660
Lease liabilities	2,862,949	2,799,302
Asset retirement obligations	711,614	731,635
Deferred tax liabilities	2,290,912	2,370,254
Provision for business restructuring	64,584	63,586
Total non-current liabilities	6,562,093	6,719,058
Total liabilities	20,858,116	24,697,154

(Thousand yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	19,225,350	19,225,350
Capital surplus	12,984,521	8,728,498
Retained earnings	41,897,599	42,819,555
Treasury shares	(6,713,659)	(5,015,444)
Total shareholders' equity	67,393,811	65,757,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,384,245	1,776,294
Foreign currency translation adjustment	10,826,530	11,101,996
Remeasurements of defined benefit plans	1,458,657	1,316,721
Total accumulated other comprehensive income	13,669,431	14,195,012
Non-controlling interests	94	96
Total net assets	81,063,335	79,953,067
Total liabilities and net assets	101,921,451	104,650,221

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine months ended December 31

(Thousand yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	70,795,502	76,051,289
Cost of sales	60,834,225	65,525,367
Gross profit	9,961,277	10,525,922
Selling, general and administrative expenses	8,716,818	8,929,091
Operating profit	1,244,459	1,596,831
Non-operating income		
Interest income	355,302	272,026
Dividend income	146,401	84,132
Share of profit of entities accounted for using equity method	87,827	75,498
Foreign exchange gains	287,812	80,904
Gain on sale of investment securities	943,372	–
Other	143,045	144,814
Total non-operating income	1,963,759	657,375
Non-operating expenses		
Interest expenses	89,293	106,836
Other	66,041	102,406
Total non-operating expenses	155,334	209,242
Ordinary profit	3,052,885	2,044,964
Extraordinary income		
Gain on sale of non-current assets	82,006	430,551
Gain on bargain purchase	136,876	–
Gain on liquidation of subsidiaries and associates	–	1,079,665
Total extraordinary income	218,882	1,510,216
Extraordinary losses		
Loss on sale of non-current assets	1,775	7,047
Loss on retirement of non-current assets	125,965	8,961
Provision for loss on business liquidation	2,700	–
Loss on liquidation of business	4,300	–
Litigation settlement	30,000	–
Employee housing reserve contribution	199,091	–
Total extraordinary losses	363,831	16,008
Profit before income taxes	2,907,937	3,539,172
Income taxes - current	982,840	895,492
Income taxes - deferred	(302,433)	(26,446)
Total income taxes	680,407	869,046
Profit	2,227,529	2,670,126
Profit (loss) attributable to non-controlling interests	3	(1)
Profit attributable to owners of parent	2,227,526	2,670,127

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended December 31

(Thousand yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	2,227,529	2,670,126
Other comprehensive income		
Valuation difference on available-for-sale securities	136,563	392,050
Foreign currency translation adjustment	4,734,590	1,520,833
Remeasurements of defined benefit plans, net of tax	(119,342)	(141,936)
Share of other comprehensive income of entities accounted for using equity method	75,842	21,839
Total other comprehensive income	4,827,654	1,792,786
Comprehensive income	7,055,183	4,462,912
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,055,170	4,462,910
Comprehensive income attributable to non-controlling interests	14	2

(3) Notes to Quarterly 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 957,600 shares of its common stock for a total amount of 2,557 million yen during the nine months ended December 31, 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 4,256 million yen and treasury shares decreased by 1,698 million yen during the nine months ended December 31, 2024. Consequently, at the end of the nine months ended December 31, 2024, capital surplus amounted to 8,728 million yen and treasury shares amounted to 5,015 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 first quarter ended June 30, 2024.

(Notes to accounting treatment specific to the preparation of quarterly 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 this third quarter, and multiplying the profit before income taxes for the nine months ended December 31, 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 first quarter of the fiscal year ending March 31, 2025.

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 quarterly 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 first quarter of the current fiscal year. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. The change in the accounting policy has no impact on the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year.

(Notes to quarterly consolidated statement of cash flows)

Quarterly consolidated statements of cash flows for the nine months ended December 31, 2024 is not prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31, 2023 and 2024 are as follows.

	(Thousand yen)	
	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	3,495,770	3,352,028
Amortization of goodwill	–	10,043

(Significant subsequent events)

(Transfer of non-current assets)

The Company resolved at the Board of Directors meeting held on November 19, 2024, to transfer non-current assets held by Cibitung Factory belonging to PT TENMA INDONESIA, a consolidated subsidiary, following the closure of Cibitung Factory, and the delivery to the transferee was completed on December 16, 2024.

1. Reasons for transfer

In order to improve asset efficiency and production efficiency in Indonesia.

2. Details of the assets to be transferred

Overview of assets: Land (total area of 31,765 m²) and building (building area of 17,789 m²)
Location: Bekasi, Indonesia
Use before transfer: Own factory

3. Schedule of transfer

Date of resolution at the Board of Directors meeting: November 19, 2024
Date of conclusion of transfer agreement: November 29, 2024
Property handover date: December 16, 2024

4. Outline of the transferee

PT NEO PLATECH INDONESIA

There are no capital, personnel or business relationships between the Company and the transferee, and the transferee is not a related party of the Company.

5. Impact on financial results

As a result of this transfer of non-current assets, the Company plans to record a gain on sale of non-current assets of 793 million yen under extraordinary income in the fourth quarter ending March 31, 2025.

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

For the nine months ended December 31, 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	15,143,140	16,069,556	39,011,378	571,428	70,795,502
Inter-segment net sales or transfers	143,561	239,058	83,694	–	466,313
Total	15,286,701	16,308,614	39,095,072	571,428	71,261,815
Segment profit (loss)	441,536	666,054	1,149,493	(51,636)	2,205,447

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

(Thousand yen)

Profit	For the nine months ended December 31, 2023
Total reportable segment	2,205,447
Inter-segment eliminations	11,565
Corporate expenses*	(972,552)
Operating profit in Quarterly Consolidated Statements of Income	1,244,459

* 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

With the inclusion of Tenma America Corporation and TENMA PLASTIC MEXICO, S.A. DE C.V. in the scope of consolidation from the first quarter ended June 30, 2023, starting in this third quarter, 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."

For the nine months ended December 31, 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	15,671,724	14,634,878	44,068,245	1,676,443	76,051,289
Inter-segment net sales or transfers	253,600	216,854	58,321	–	528,775
Total	15,925,323	14,851,732	44,126,566	1,676,443	76,580,064
Segment profit (loss)	568,060	250,122	1,801,434	(110,860)	2,508,756

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

(Thousand yen)

Profit	For the nine months ended December 31, 2024
Total reportable segment	2,508,756
Inter-segment eliminations	28,780
Corporate expenses*	(940,705)
Operating profit in Quarterly Consolidated Statements of Income	1,596,831

* 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 first quarter ended June 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
Not applicable.

(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 manufacturer 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 fulfills its social responsibilities. 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 capability 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 quarterly consolidated statements of income

January 1, 2024 to September 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