

Translation

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Consolidated Financial Results for the Year Ended June 30, 2024 (Based on Japanese GAAP)

August 9, 2024

Company name: MAEDAKOSEN CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7821 URL <https://www.maedakosen.jp>
 Representative: President and COO Takahiro Maeda
 Inquiries: Director, Managing Executive Officer Yasuo Saito TEL 0776-51-3535
 Scheduled date of ordinary general meeting of shareholders: September 26, 2024
 Scheduled date to file Securities Report: September 26, 2024
 Scheduled date to commence dividend payments: September 27, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended June 30, 2024	55,833	11.2	10,736	26.4	11,236	29.3	7,979	51.8
Fiscal year ended June 30, 2023	50,204	—	8,493	—	8,690	—	5,258	—

Note: Comprehensive income For the fiscal year ended June 30, 2024: ¥ 8,066 million [38.8%]
 For the fiscal year ended June 30, 2023: ¥ 5,810 million [—%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Fiscal year ended June 30, 2024	127.29	117.08	15.1	14.5	19.2
Fiscal year ended June 30, 2023	84.73	75.67	12.4	12.1	16.9

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended June 30, 2024: ¥ 0 million
 For the fiscal year ended June 30, 2023: ¥ (100) million

Note: The Company has changed the fiscal year-end from September 20 to the end of June from the fiscal year ended June 30, 2022. In line with this change, as this is a transitional period for the change in the accounting period, the fiscal year ended June 2022 was 9 months and 10 days from September 21, 2021 to June 30, 2022. Thus, the year-on-year changes are not shown.

Note: Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. "Earnings per share" and "Diluted earnings per share" are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2024	80,243	62,522	77.8	918.48
As of June 30, 2023	74,821	43,430	58.0	715.27

Reference: Equity

As of June 30, 2024: ¥ 62,454 million
 As of June 30, 2023: ¥ 43,361 million

Note: Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. "Net assets per share" is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of June 30, 2024	12,024	(423)	(5,196)	21,421
As of June 30, 2023	8,131	(4,375)	(2,308)	14,566

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June 30, 2023	–	14.00	–	14.00	28.00	866	16.5	2.0
Fiscal year ended June 30, 2024	–	20.00	–	22.00	42.00	1,355	16.5	2.6
Fiscal year ending June 30, 2025 (Forecast)	–	11.00	–	11.00	22.0		19.4	

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

Please refer to the "Announcement concerning year-end dividends forecast for the fiscal year ended June 30, 2024" for revisions to the forecast of cash dividends released on August 9, 2024.

Note: Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. For the fiscal years ended June 30, 2023 and June 30, 2024, the actual dividend amount before the stock split is shown. The forecast for the fiscal year ending June 30, 2025 takes into account the effect of this stock split.

3. Forecast of consolidated financial results for the fiscal year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes)

	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
2nd quarter	31,000	9.0	6,000	6.0	6,000	9.6	4,200	11.7	61.77
Full year	60,000	7.5	11,200	4.3	11,200	(0.3)	7,700	(3.5)	113.24

Note: Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. The average number of shares during the period, which is the basis for calculating "earnings per share," uses the number of issued shares (excluding treasury shares) as of June 30, 2024, taking into account the stock split.

4. Notes

(1) Changes in significant subsidiaries during the fiscal year ended June 30, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

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

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of June 30, 2024	68,080,612 shares	As of June 30, 2023	64,520,400 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	82,686 shares	As of June 30, 2023	3,802,298 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Fiscal year ended June 30, 2024	62,693,500 shares	Fiscal year ended June 30, 2023	62,058,896 shares
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Note: Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. The "number of issued shares at the end of the period," "number of treasury shares at the end of the period," and "average number of shares during the period" are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Consolidated 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

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to "(2) Future outlook" of "1. Overview of operating results" on page 6 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

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1. Overview of operating results

(1) Overview of operating results and financial position for the current fiscal year

During the fiscal year under review, the Japanese economy continued its gradual recovery as economic and social activities began to normalize, and corporate earnings improved due to a recovery in consumer spending and inbound demand. Meanwhile, the Japanese economy remained unstable amid sharp exchange rate fluctuations and price hikes due to global monetary tightening, including rising raw material and energy prices associated with geopolitical risks in Ukraine and the Middle East and the Fed's interest rate hike associated with inflation in the United States.

Operating under these conditions, the Group has been operating under the corporate message of “MAEDAKOSEN is a company that can be creating ‘Mixing’” since our 100th anniversary in 2018. Embedded in this corporate message is the Group's strong commitment to achieving sustainable growth. We believe that our efforts to “mix” all of the Group's management resources will serve as the driving force for taking active steps to achieve our growth strategies of “M&A,” “Overseas Business,” and “Human Resource Development.”

In our M&A strategy, we will create new products and technologies not confined to the textile and resin processing technologies that the Group has cultivated to date by “mixing” the various technologies and know-how possessed by different fields. In our overseas business, we aim to expand the market for the Group's products. To achieve this, we will enhance and expand our production capacity at overseas bases and leverage our domestic and overseas technologies and sales networks through business alliances with foreign companies.

In human resource development, we will build an innovative organizational culture by making all of the Group's employees a powerful workforce, while recruiting and fostering diverse personnel, and “mixing” the human resources born from those abilities and experiences. In addition, based on the idea that “the health of our employees determines the future of the company,” the Group resolved to be deeply involved in promoting the mental and physical health of all employees and made a “Health Declaration.” Going forward, we will continue to take various measures to create a healthy and rewarding workplace.

Please refer to the Company website for information on the Group's human resource development policies.
<https://www.maedakosen.jp/sustainability/esh/>

Aiming to translate the above growth strategies into concrete measures, the Group has developed the next medium-term business plan as “PART II” (for fiscal years 2024 to 2027) of the GLOBAL VISION ∞.

(Millions of yen)

	Fiscal year ended June 30, 2023 (Actual)	Fiscal year ended June 30, 2024 (Actual)	Fiscal year ending June 30, 2025 (Planned)	Fiscal year ending June 30, 2027 (Planned)
Net sales	50,204	55,833	60,000	70,000
Operating profit	8,493	10,736	11,200	12,000
EBITDA	11,682	14,106	14,500	15,000
Profit attributable to owners of parent	5,258	7,979	7,700	8,000

In the PART II, facility investments amounting to approximately ¥15 billion over the four years are planned as the investments to growing areas in the Group's businesses. We will work to boost our production capability to meet robust demand while promoting automation and labor-saving measures for the production lines. Additionally, we have set an M&A investment budget amounting to approximately ¥20 billion over the four years and plan to accelerate the growth of the Group, targeting projects aimed at synergy with existing businesses and expansion of business domains.

Further, as part of the global development of the Group's businesses, we have made it a goal to increase the overseas sales ratio of the Group up to 30% in the fiscal year ending June 30, 2027.

For details on the growth strategies (use of M&A, expansion of global network) in the medium-term management plan, see “1. Overview of operating results (2) Future outlook ‘GLOBAL VISION ∞.’”

Net sales for fiscal year ended June 30, 2024 were ¥55,833 million (up 11.2% year on year). In terms of profits, operating profit was ¥10,736 million (up 26.4% year on year), ordinary profit was ¥11,236 million (up 29.3% year on year), and profit attributable to owners of parent was ¥7,979 million (up 51.8% year on year).

Operating results by segment are as follows.

(Social Infrastructure Business)

In our public works business, despite delays in the delivery of some projects for embankment reinforcement materials, sales of riverbank protection materials, ocean civil engineering products, slope greening products, and materials for repairing and reinforcing concrete structures remained strong. Profits remained strong due to progress in reducing manufacturing costs and steadily passing on higher raw material prices to selling prices in response to increased raw material prices. Sales and profits of non-woven fabric products returned poor results compared to the plan due to stagnant sales of spunbond (continuous, long fiber non-woven fabric) for automotive and other industrial materials as well as decreased orders for medical and health materials (e.g., masks).

Sales and profits remained weak at MIRAI no Agri CO., LTD., which is our subsidiary dealing with harmful animal control products, horticultural greenhouses, and agricultural supplies. This was the result of stagnant orders of horticultural greenhouses and agricultural supplies such as dairy farming products, despite strong orders for harmful animal control products. MIRAI TECHNO CO., LTD., which is our subsidiary dealing with awnings and canvas products, showed strong results due to a steady recovery in sales of products for the Japan Ministry of Defense as well as orders for some large scale projects and expanded sales of ocean civil engineering products. Profits grew steadily to plan at overseas subsidiary MAEDA KOSEN VIETNAM CO., LTD., due to the effect of manufacturing cost reductions, despite a decrease in product sales volume in the second half of the fiscal year.

Net sales of this business were ¥31,687 million, and operating profit was ¥6,755 million.

(Industrial Infrastructure Business)

In the automobile wheel business, sales increased and profits were significantly higher compared with the same period last year as a result of BBS Japan Co., Ltd., our subsidiary that manufactures and sells forged automobile wheels, enjoying strong results from the supply of OEM products to automobile manufacturers and sales of aftermarket products, as well as due to significant growth in the business performance of BBS Japan's German subsidiary BBS Motorsport GmbH.

MIRAI KOSEN CO., LTD., which is our subsidiary that manufactures, processes, and sells wiping cloth products used in precision equipment manufacturing and circular-knit products for apparel and various industrial materials, sales and profits remained steady due to the recovery trend of the sales of wiping cloth for precision equipment, despite the negative effect of an increase in costs related to the higher electricity rates and purchasing costs.

Net sales of this business were ¥24,145 million, and operating profit was ¥5,101 million.

② Assets, Liabilities and Net assets

(Assets)

As of June 30, 2024, total assets amounted to ¥80,243 million, an increase of ¥5,421 million from the end of the previous fiscal year.

Current assets increased by ¥8,026 million from the end of the previous fiscal year. This was mainly due to increases of ¥6,854 million in cash and deposits, ¥1,002 million in merchandise and finished goods, and ¥827 million in electronically recorded monetary claims - operating, despite a decrease of ¥778 million in raw materials and supplies.

Non-current assets decreased by ¥2,604 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥2,840 million in investments and other assets, despite an increase of ¥234 million in property, plant and equipment.

(Liabilities)

As of June 30, 2024, total liabilities amounted to ¥17,720 million, a decrease of ¥13,671 million from the end of the previous fiscal year.

Current liabilities decreased by ¥12,987 million from the end of the previous fiscal year. This was mainly due to decreases of ¥12,010 million in current portion of bonds with share acquisition rights and ¥2,379 million in short-term borrowings, despite an increase of ¥1,106 million in other current liabilities.

Non-current liabilities decreased by ¥683 million from the end of the previous fiscal year. This was mainly due to decreases of ¥308 million in long-term borrowings and ¥306 million in lease obligations.

(Net assets)

As of June 30, 2024, total net assets amounted to ¥62,522 million, an increase of ¥19,092 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥4,858 million in treasury shares upon exercise of the share acquisition rights of , convertible bonds with share acquisition rights, increases of ¥2,950 million in share capital, ¥4,250 million in capital surplus, and ¥6,947 million in retained earnings, as a result of the exercise of share acquisition rights.

③ Overview of cash flows for the current fiscal year

At the end of the current fiscal year, cash and cash equivalents totaled ¥21,421 million, an increase of ¥6,854 million (up 47.1%) from the end of the previous fiscal year.

The status of each cash flow and their factors during the current fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥12,024 million. This was mainly due to inflows such as profit before income taxes of ¥11,207 million and depreciation of ¥3,370 million, and outflows such as income taxes paid of ¥3,204 million.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥423 million. This was mainly due to inflows such as ¥2,150 million of proceeds from sale of investment securities, and outflows such as ¥2,789 million of the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥5,196 million. This was mainly due to outflows such as ¥2,379 million of net decrease in short-term borrowings, ¥1,163 million of repayments of lease liabilities, ¥1,032 million of dividends paid, and ¥624 million of repayments of lease liabilities.

(2) Future outlook

In the next fiscal year, the Japanese economy is expected to continue its gradual recovery, supported by continued inbound demand, an improved employment and income environment due to wage increases and other factors, and increased capital investment backed by strong corporate earnings.

Meanwhile, in the area of social infrastructure handled in our Social Infrastructure Business, a budgetary measure for public works, amounting to approximately ¥15 trillion, was placed as the “Five-year Plan to Accelerate Measures for Disaster Prevention, Disaster Mitigation, and National Resilience” in 2020. Also, three NEXCO companies (expressway operators) started, in 2015, a 15-year extensive repair and replacement project with a project cost of approximately ¥3 trillion. It is expected that more public works investment will be made mainly for promotion of the disaster prevention, disaster mitigation, and national resilience as well as measures against aged and deteriorated infrastructures.

Various types of natural disasters have occurred in the past few years, and there is an urgent need for not only urgent public works including restoration work for banks and roads damaged by a disaster, but also measures for disaster prevention and mitigation toward creation of a land resilient to natural disasters. Further, buildings, bridges, roads, and other structures built during the period of rapid economic growth in the '50s to '70s are more and more aged and deteriorated, and repairing and reinforcing them is also a pressing issue.

Under these circumstances, MAEDAKOSEN and our subsidiary OKINAWA KOSEN CO., LTD. will strive to increase profits through providing market-competitive and differentiated products that meet the needs for disaster prevention, safety, and security. In the area of our core products - embankment reinforcement, we aim to increase the market share of "ADEAM Wall®" which features a double wall structure. In the river and ocean business area, we are focusing on expanding the sales of "Silt Fence" which prevents spread of polluted water released during civil engineering, bag products including "Bottle Unit®" used for foot protection for river revetments and other purposes, and "Tekto Seal" which is an impermeable sheet effective for contaminated water from a disposal site. In the area of slope disaster prevention and forest preservation, we will promote the high functionality of our product lineup that includes the "Guard Rain Sheet®" for prevention of soil flowage and the "Fulvic Series" greening materials containing fulvic acid. Besides, in the area of structural maintenance and landscape materials, we are working on moving into new products to create a new market, thereby, achieving a larger market share of the products.

MIRAI no Agri CO., LTD., which belongs to the Social Infrastructure Business area, is expanding its business in the agricultural industry through enhancement of its sales network for harmful animal control products, horticultural greenhouses, agricultural supplies, and dairy farming products. In addition, MIRAI TECHNO CO., LTD. is seeking new clients while maintaining favorable relationships with existing ones. In particular, taking advantages of the synergies with MAEDAKOSEN in the area of fences for prevention of port and river pollution, MIRAI TECHNO can develop stronger sales forces and greater production capacity. Seven Chemical Inc. will seek for diversification of its product portfolio, utilizing the synergies with our repair and reinforcement technologies. Kushiro High-Meal Co., Ltd. ensure stable supplies to reliable buyers, with its strength in stable purchase routes and the production technology for high-quality fish meal.

Next, in the industrial infrastructure business, sales and production by automobile manufacturers are expected to remain strong in the next fiscal year, and demand for forged aluminum wheels at BBS Japan Ltd., is also expected to increase going forward. The company will meet the demands from automobile manufacturers by further improving production efficiency and quality. The company is also enhancing its sales system to capture demand for high-end, high-quality, and individualized products, while utilizing the brand recognition of "BBS" in the aftermarket business. MIRAI KOSEN CO., LTD. will continue developing new wiping cloth products in order to promote the provision of high value-added and high-end products to industries other than the hard-disk industry. In addition, cost competitiveness is enhanced utilizing the coherent development of thread and circular-knit products, so as to differentiate the products from those of competitors.

<Outlook of consolidated operating results for the next fiscal year>

For the next fiscal year, we forecast consolidated net sales of ¥60,000 million(up 7.5% year on year), operating profit of ¥ 11,200 million(up 4.3% year on year), ordinary profit of ¥11,200 million(up 0.3% year on year), and profit attributable to owners of parent of ¥7,700 million((down 3.5% year on year). The forecasted net sales for each segment are as follows.

Segment	Net sales		Operating profit	
	Current fiscal year	Next fiscal year outlook	Current fiscal year	Next fiscal year outlook
Social infrastructure business	31,687	34,500	6,755	6,900
Industry infrastructure business	24,145	25,500	5,101	5,500
Common	—	—	(1,120)	(1,200)
Total	55,833	60,000	10,736	11,200

<Business strategy>

The Group's growth strategy features three pillars: M&A, overseas business development, and human resource development. In the M&A, it will positively implement mergers with and acquisitions of companies having unique technologies and know-hows in Japan and overseas. The group has successfully integrated two different technical fields "fiber" and "civil engineering," and freely used the "unique wisdom and technology" which is the fundamental identity of the company since its establishment, and produced a wide variety of high value-added products. We are planning to not only further improve and refine existing products but also seek "innovation," the essence of manufacturing, by combining various manufactured products from its different business fields to create new markets.

Next, in the Overseas Business, MAEDA KOSEN VIETNAM CO., LTD., one of our subsidiaries, has enhanced its production system including establishment of additional production facility, seeking for expanding businesses in the ASEAN and surrounding regions. Further, we are planning to expand our overseas sales network through more active business collaboration with foreign companies.

Finally, with regard to human resource development, we aim both to revitalize the organization and make all employees a powerful workforce. In addition to enhancing the education and training system as venues for human resource development, the Group operates a personnel system based on ability and performance. Further, in terms of human resource acquisition, we will try to recruit global talent so that the company will be capable of responding to the expanded business fields acquired through the practice of M&A and to the progress in overseas businesses, thereby, further improving the performance of the organization.

< GLOBAL VISION ∞ "PART II">

As concrete measures for the above growth strategy, the group published its medium term business plan, "GLOBAL VISION ∞" on November 1, 2019. The measures to achieve these goals are "(1) Strengthen existing businesses and launching new businesses," "(2) Expanding areas of business through M&A," "(3) Expansion of global network," and "(4) ESG+H (*New from FY2024)." To implement the measures, we make active facility investments for the purpose of expanding R&D (research and development) and enhancing the production capacity in order to provide high value-added products and techniques, in the existing business. Further, in order to go forward into new business fields, irrespective of the existing ones, the group will continue practicing M&A and also promote business for fostering investments with the purpose of creating business synergies, while utilizing the results and know-hows achieved through the past merges and acquisitions. Besides, we aim to expand market shares of the group products by taking advantages of the technologies and sales networks in Japan and overseas and developing our businesses on a global basis.

In the "PART I" (FY 2018–FY2022), or the first step of the "GLOBAL VISION ∞," as a result of focusing on the above-mentioned measure "(1) Strengthen existing businesses and launching new businesses," we achieved sales of ¥50.2 billion and operating profit of ¥8.4 billion, exceeding the sales plan of ¥50 billion and operating profit plan of ¥8 billion for the fiscal year ended June 2023, which is the last year of the four-year plan.

As the second step to follow, the Group has formulated Global Vision ∞ "PART II" (FY2023-FY2026). It is expected that the group will achieve the sales of ¥70 billion and operating profit of ¥12 billion in the fiscal year ending June 2027, which is the last year off the term of the PART II.

More specifically, in the PART II, facility investments amounting to ¥15 billion over the four years are planned as the investments to growing areas in the group businesses. The facility investments are intended for not only enhancing the production capacity but also increasing production efficiency through automation of product lines and labor savings, which are expected to contribute to our business performance in turn.

In PART II, we have positioned "(2) Expanding areas of business through M&A" as a priority measure, and have set a total of ¥20 billion for M&A investment budget over four years, with the aim of accelerating growth through M&A.

Under "(3) Expansion of global network," we have made it a goal to increase the overseas sales ratio of the group up to 30% in the fiscal year ending June 2027.

In addition, as of PART II, the Group is actively addressing "(4) ESG + H," positioning not only ESG (Environment, Social, Governance) but also H (Human, Health) as an important perspective related to all corporate activities. In particular, for initiatives related to human capital, the Group will strengthen investment in human capital, such as by continuously raising wages as well as by reviewing the internal training system in order to provide opportunities to learn and an environment in which employees can achieve self-growth.

For details on the implementation of the medium term business plan, please refer to the “Announcement concerning the development of the medium term business plan” released on August 10, 2023. In addition, for the progress of the medium term business plan, please refer to the “Presentation Materials of Financial Results FY2023” released on August 9, 2024.

The above forecasts are based on information available as of the date of publication of this document, and actual results may differ from the forecasts due to various factors.

(3) Basic policy regarding the distribution of profit and dividends for the current fiscal year and the next fiscal year

The Company understands that returning our profits to shareholders is one of important business issues. We distribute consecutive dividends, taking account of the financial outlook for the current fiscal year, mid- to long-term outlook, and future business development. We plan to use the internal reserve effectively in facility investments and R&D to improve future profitability of the Group through maintaining or enhancing its competitiveness, as well as in M&A leading to increased business fields and improved business performance.

The interim dividend for the period ended in June 2024 was distributed as an ordinary dividend of ¥20 per share. We plan to distribute the year-end dividend as an ordinary dividend of ¥22 per share. Thus, the annual dividend for the current fiscal year will be ¥42 per share (entirely ordinary dividend), up by ¥14 from the previous fiscal year (¥14 of interim dividend and ¥14 of year-end dividend).

For the fiscal year ending in June 2025, the interim and year-end dividends are planned to be each ¥11 per share, which means the annual dividend will be ¥22 per share (entirely ordinary dividend).

(Note) Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. For the fiscal years ending June 30, 2023 and June 30, 2024, the actual dividend amount before the stock split is shown. The forecast for the fiscal year ending June 30, 2025 takes into account the effect of this stock split.

2. Basic policy on adoption of accounting standards

For the time being, the Group’s policy is to prepare consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of consolidated financial statements from period to period and the comparability among companies.

As for the application of International Financial Reporting Standards, we will take appropriate measures in consideration of various circumstances in Japan and overseas in the future.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of June 30, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	14,576	21,431
Notes and accounts receivable - trade, and contract assets	9,389	9,314
Electronically recorded monetary claims - operating	4,000	4,828
Merchandise and finished goods	5,880	6,882
Work in process	2,295	2,483
Raw materials and supplies	5,486	4,708
Current portion of long-term loans receivable from subsidiaries and associates	120	—
Other	640	794
Allowance for doubtful accounts	(31)	(58)
Total current assets	42,358	50,384
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,071	16,039
Accumulated depreciation	(6,054)	(6,475)
Buildings and structures, net	9,016	9,564
Machinery, equipment and vehicles	20,975	23,360
Accumulated depreciation	(13,964)	(15,806)
Machinery, equipment and vehicles, net	7,011	7,553
Land	4,405	4,334
Leased assets	4,692	5,014
Accumulated depreciation	(1,277)	(1,820)
Leased assets, net	3,414	3,194
Construction in progress	719	102
Other	3,997	4,163
Accumulated depreciation	(3,285)	(3,398)
Other, net	711	764
Total property, plant and equipment	25,278	25,513
Intangible assets		
Software	89	194
Software in progress	37	4
Trademark right	509	460
Asset of technology	15	—
Other	771	764
Total intangible assets	1,423	1,425
Investments and other assets		
Investment securities	4,205	857
Long-term loans receivable from subsidiaries and associates	—	120
Deferred tax assets	997	998
Other	558	943
Total investments and other assets	5,760	2,919
Total non-current assets	32,463	29,858
Total assets	74,821	80,243

(Millions of yen)

	As of June 30, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,835	1,924
Electronically recorded obligations - operating	1,762	2,298
Short-term borrowings	2,379	—
Current portion of long-term borrowings	1,152	399
Current portion of bonds with share acquisition rights	12,010	—
Accounts payable - other	1,365	1,765
Lease liabilities	578	640
Income taxes payable	2,178	2,083
Provision for bonuses	975	1,032
Other	748	1,855
Total current liabilities	24,988	12,000
Non-current liabilities		
Long-term borrowings	944	635
Long-term accounts payable - other	613	612
Lease liabilities	3,532	3,226
Deferred tax liabilities	27	27
Provision for retirement benefits for directors (and other officers)	34	37
Retirement benefit liability	1,205	1,132
Other	46	46
Total non-current liabilities	6,403	5,719
Total liabilities	31,391	17,720
Net assets		
Shareholders' equity		
Share capital	3,472	6,422
Capital surplus	3,461	7,711
Retained earnings	39,763	46,711
Treasury shares	(4,966)	(107)
Total shareholders' equity	41,731	60,737
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	759	316
Foreign currency translation adjustment	872	1,338
Remeasurements of defined benefit plans	(1)	62
Total accumulated other comprehensive income	1,630	1,717
Share acquisition rights	68	68
Total net assets	43,430	62,522
Total liabilities and net assets	74,821	80,243

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Net sales	50,204	55,833
Cost of sales	32,128	35,110
Gross profit	18,075	20,723
Selling, general and administrative expenses		
Packing and transportation expenses	1,918	1,763
Design consignment expenses	138	123
Directors Compensations	371	485
Salaries and allowances	2,203	2,353
Provision for bonuses	561	528
Retirement benefit expenses	102	108
Provision for directors retirement benefits	4	4
Legal welfare expenses	481	512
Traveling and transportation expenses	246	287
Commission fee	257	409
Depreciation	226	225
Other	3,069	3,184
Total selling, general and administrative expenses	9,581	9,986
Operating profit	8,493	10,736
Non-operating income		
Interest income	1	35
Interest on securities	12	10
Dividend income	8	10
Foreign exchange gains	330	512
Insurance income	6	19
Subsidy income	126	70
Insurance premiums refunded cancellation	2	55
Gain on sale of non-current assets	5	36
Other	47	66
Total non-operating income	540	818
Non-operating expenses		
Interest expenses	150	163
Equity in losses of affiliates	100	0
Stock issuance cost	—	44
Loss on retirement of non-current assets	30	78
Commission for purchase of treasury shares	30	—
Repair expenses	2	—
Other	29	31
Total non-operating expenses	343	317
Ordinary profit	8,690	11,236
Extraordinary loss		
Loss on sales of investment securities	—	29
Loss on valuation of investment securities	1,041	—
Total extraordinary loss	1,041	29
Profit before income taxes	7,648	11,207
Income taxes - current	2,772	3,030
Income taxes - deferred	(381)	196
Total income taxes	2,390	3,227
Profit	5,258	7,979
Profit attributable to owners of parent	5,258	7,979

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Profit	5,258	7,979
Other comprehensive income		
Valuation difference on available-for-sale securities	157	(443)
Foreign currency translation adjustment	393	465
Remeasurements of defined benefit plans, net of tax	1	63
Total other comprehensive income	552	86
Comprehensive income	5,810	8,066
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,810	8,066

(3) Consolidated statement of changes in equity

Fiscal year ended June 30, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,472	3,447	35,357	△1,778	40,497
Changes during period					
Dividends of surplus			△851		△851
Profit attributable to owners of parent			5,258		5,258
Purchase of treasury shares				△3,241	△3,241
Disposal of treasury shares		14		53	68
Net changes in items other than shareholders' equity					
Total changes during period	—	14	4,406	△3,187	1,233
Balance at end of period	3,472	3,461	39,763	△4,966	41,731

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	602	479	△3	1,078	68	41,644
Changes during period						
Dividends of surplus						△851
Profit attributable to owners of parent						5,258
Purchase of treasury shares						△3,241
Disposal of treasury shares						68
Net changes in items other than shareholders' equity	157	393	1	552	—	552
Total changes during period	157	393	1	552	—	1,785
Balance at end of period	759	872	△1	1,630	68	43,430

Fiscal year ended June 30, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,472	3,461	39,763	(4,966)	41,731
Changes during period					
Issuance of new shares	2,950	2,950			5,900
Dividends of surplus			(1,032)		(1,032)
Profit attributable to owners of parent			7,979		7,979
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1,300		4,858	6,159
Net changes in items other than shareholders' equity					
Total changes during period	2,950	4,250	6,947	4,858	19,006
Balance at end of period	6,422	7,711	46,711	(107)	60,737

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	759	872	(1)	1,630	68	43,430
Changes during period						
Issuance of new shares						5,900
Dividends of surplus						(1,032)
Profit attributable to owners of parent						7,979
Purchase of treasury shares						(0)
Disposal of treasury shares						6,159
Net changes in items other than shareholders' equity	(443)	465	63	86	—	86
Total changes during period	(443)	465	63	86	—	19,092
Balance at end of period	316	1,338	62	1,717	68	62,522

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	7,648	11,207
Depreciation	3,188	3,370
Share-based payment expenses	84	60
Increase(decrease) in allowance for doubtful accounts	26	22
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(7)	3
Increase (decrease) in retirement benefit liability	62	19
Increase (decrease) in provision for bonuses	129	57
Interest and dividend income	(21)	(56)
Interest expenses	150	163
Commission for purchase of treasury shares	30	—
Foreign exchange losses (gains)	(271)	(405)
Share of loss(profit) of entities accounted for using equity method	100	0
Loss(gain) on valuation of investment securities	1,041	—
Loss (gain) on sale of investment securities	—	29
Insurance claim income	(6)	(19)
Subsidy income	(126)	(70)
Surrender value of insurance policies	(2)	(55)
Repair expenses	2	—
Decrease (increase) in trade receivables	(2,286)	(643)
Decrease (increase) in inventories	(949)	0
Increase (decrease) in trade payables	(3)	545
Other, net	178	1,122
Subtotal	8,968	15,350
Interest and dividends received	9	46
Interest paid	(128)	(186)
Proceeds from insurance income	177	19
Payments for repair	(2)	—
Income taxes paid	(893)	(3,204)
Net cash provided by (used in) operating activities	8,131	12,024

(Millions of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Cash flows from investing activities		
Payments into time deposits	(20)	(20)
Proceeds from withdrawal of time deposits	20	20
Purchase of property, plant and equipment	(4,231)	(2,789)
Payments for retirement of property, plant and equipment	(11)	(29)
Proceeds from sale of property, plant and equipment	60	184
Purchase of intangible assets	(308)	(134)
Subsidies received	126	70
Purchase of investment securities	(8)	(12)
Proceeds from sale of investment securities	—	2,150
Purchase of insurance funds	(7)	(5)
Proceeds from cancellation of insurance funds	5	122
Other, net	0	20
Net cash provided by (used in) investing activities	(4,375)	(423)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,395	(2,379)
Proceeds from long-term borrowings	84	3
Repayments of long-term borrowings	(339)	(1,163)
Repayments of lease liabilities	(456)	(624)
Proceeds from sale and leaseback transactions	1,132	—
Purchase of treasury shares	(3,271)	(0)
Dividends paid	(852)	(1,032)
Net cash provided by (used in) financing activities	(2,308)	(5,196)
Effect of exchange rate change on cash and cash equivalents	320	450
Net increase (decrease) in cash and cash equivalents	1,767	6,854
Cash and cash equivalents at beginning of period	12,798	14,566
Cash and cash equivalents at end of period	14,566	21,421

(5) Notes to consolidated financial statements

(Notes on going concern assumptions)

Not applicable.

(Additional information)

(Acquisition of shares)

The Company has resolved to acquire all shares of Mitsui Chemicals Industrial Products, Ltd. from its parent Mitsui Chemicals Inc. by resolution passed on June 26, 2024 pursuant to the provisions of Article 370 of the Companies Act and Article 25, paragraph (2) of the Company's Articles of Incorporation (the "Share Acquisition"), and concluded a share transfer agreement.

The execution of this acquisition of shares is subject to the satisfaction of regulatory approvals under the Antimonopoly Act and other closing conditions.

(1) Outline of the business combination

(i) Name of the acquired company and its business

Name: Mitsui Chemicals Industrial Products, Ltd.

Description of business: Manufacture, processing, and sales of synthetic resin products, civil engineering materials, construction materials, and piping materials

(ii) Main reasons for the business combination

In its medium-term management plan (FY2024-FY2027), the Group is working to strengthen existing businesses and expand its fields of business by executing capital investments and M&A.

Established in 1964, Mitsui Chemicals Industrial Products Ltd., has a broad product lineup and advanced technological capabilities related to industrial materials that support Japan's infrastructure.

This company has established a solid position as a manufacturer of industrial materials, and its products for construction and civil engineering materials and piping materials have a high market share. We believe that there is a high affinity between the business of Mitsui Chemicals Industrial Products Ltd., and our social infrastructure business, as both businesses are involved in infrastructure development and maintenance.

Acquisition of the shares will enable the Company to strengthen its existing business by expanding its product lineup in the civil engineering materials field and scale of business. In addition to acquiring new products such as studded tiles in the construction materials field, we will be able to expand our fields of business by entering the piping materials field as a new business area. Furthermore, Mitsui Chemicals Industrial Products Ltd. possesses advanced resin processing technology, and we believe that synergies with our fiber and resin processing technology will create new value and further enhance the corporate value of our group.

(iii) Date of business combination

April 1, 2025 (scheduled)

(iv) Legal form of business combination

Share acquisition in consideration for cash

(v) Name of company after combination

Not confirmed at this time.

(vi) Percentage of voting rights to be acquired

100%

(vii) Main basis for determining the acquiring company

The Company is the acquiring company as it acquired the shares in consideration for cash.

(2) Cost of acquisition of the acquired company and breakdown by consideration

Not confirmed at this time.

(3) Details of major acquisition-related expenses and breakdown by consideration

Not confirmed at this time.

(4) Amount, reason for incurrence, amortization method, and amortization period for the goodwill to be incurred

Not confirmed at this time.

(5) Amount of assets to be accepted and liabilities to be assumed on the date of business combination and their breakdown

Not confirmed at this time.

(Consolidated statement of cash flows)

* Reconciliation of cash and cash equivalents at end of period with cash items on consolidated balance sheet

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Cash and deposits	¥14,576 million	¥21,431 million
Time deposits due over three months	¥(10) million	¥(10) million
Cash and cash equivalents	¥14,566 million	¥21,421 million

(Segment information)

1. Overview of reportable segment

The reporting segments of the group are components of the company for which separate financial information is available and which are periodically reviewed by the board meeting to make decisions in allocation of business resources and evaluate its business performance.

The group is constituted of business segments, which are determined based on the products and services it offers and taking its economic characteristics and some other elements into consideration. Two of the business segments, namely, “Social Infrastructure Business”, and “Industrial Infrastructure Business” were selected as the reporting segments on the basis of aggregation and quantitative criteria.

In our “Social Infrastructure Business”, embankment reinforcement materials, geotextiles used in civil engineering, riverbank protection materials, slope disaster prevention products, adhesive anchors, polluted water diffusion prevention boom, plastic wood, drainage materials, polymer cement mortar, vegetation products, thinned wood products, non-woven fabric products, etc. are manufactured and sold. MIRAI no Agri CO., LTD., which is a consolidated subsidiary of MAEDAKOSEN, manufactures and sells harmful animal control products and agricultural supplies, designs, builds, and sells horticultural greenhouses and cultivation systems, and sells dairy farming products.

Besides, MIRAI TECHNO CO., LTD. manufactures and sells tents and canvas products and ocean civil engineering items, etc.; OKINAWA KOSEN CO., LTD. manufactures, sells, and rents civil engineering materials; Seven Chemical Inc. manufactures and sells waterproofing, protective, and finishing materials for exterior walls; and Kushiro High-Meal Co., Ltd. manufactures and sells fish meal and fish oil.

In our “Industrial Infrastructure Business”, BBS Japan Co., Ltd., which is our consolidated subsidiary, manufactures and sells light alloy forged wheels for automobiles. MIRAI KOSEN CO., LTD., manufactures, processes, and sells flat display panels used in a clean room and wiping cloth for precision equipment, as well as name ribbons, narrow woven and knit fabric secondary products including various industrial fibers, circular-knit products for apparel and various industrial materials, etc.

2. Calculation of net sales, profit or loss, assets and other items by reportable segment

The accounting method of business segments that are reported is in accordance with the accounting policies adopted to prepare the consolidated financial statements. Profits of reportable segments are based on operating profit.

Intersegment income and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets and other items by reportable segment and income breakdown information.

Fiscal year ended June 30, 2023

(Millions of yen)

	Reportable segments			Adjustments (Note 1)	Amount reported on the consolidated financial statements (Note 2)
	Social Infrastructure Business	Industrial Infrastructure Business	Total		
Net sales					
Income from contracts with customers	30,152	20,051	50,204	—	50,204
Sales from external customers	30,152	20,051	50,204	—	50,204
Inter-segment sales and transfers	9	13	22	△22	—
Total	30,161	20,064	50,226	△22	50,204
Segment income	6,438	3,098	9,537	△1,043	8,493
Segment assets	28,513	33,446	61,959	12,862	74,821
Other Items					
Depreciation	876	2,260	3,137	51	3,188
Increase of property, plant and equipment and intangible assets	1,994	2,659	4,653	61	4,714

Notes: 1. Details of adjustments are as follows.

- (1) Adjustments for segment income of ¥(1,043) million are corporate expenses not allocated to an individual reportable segment. Corporate expenses primarily consist of expenses related to the administrative departments of the Company.
 - (2) Adjustments for segment assets of ¥12,862 million are corporate assets not allocated to an individual reportable segment. Corporate assets primarily consist of the Company's surplus operating funds (cash and deposits) and assets related to administrative operations.
2. Segment income is adjusted to the operating profit recorded on the consolidated statements of income.

Fiscal year ended June 30, 2024

(Millions of yen)

	Reportable segments			Adjustments (Note 1)	Amount reported on the consolidated financial statements (Note 2)
	Social Infrastructure Business	Industrial Infrastructure Business	Total		
Net sales					
Income from contracts with customers	31,687	24,145	55,833	—	55,833
Sales from external customers	31,687	24,145	55,833	—	55,833
Inter-segment sales and transfers	9	3	12	△12	—
Total	31,697	24,148	55,846	△12	55,833
Segment income	6,755	5,101	11,857	△1,120	10,736
Segment assets	29,019	31,780	60,799	19,443	80,243
Other Items					
Depreciation	953	2,352	3,305	64	3,370
Increase of property, plant and equipment and intangible assets	1,440	1,724	3,165	194	3,359

Notes: 1. Details of adjustments are as follows.

- (1) Adjustments for segment income of ¥(1,120) million are corporate expenses not allocated to an individual reportable segment. Corporate expenses primarily consist of expenses related to the administrative departments of the Company.
 - (2) Adjustments for segment assets of ¥19,443 million are corporate assets not allocated to an individual reportable segment. Corporate assets primarily consist of the Company's surplus operating funds (cash and deposits) and assets related to administrative operations.
2. Segment income is adjusted to the operating profit recorded on the consolidated statements of income.

(Per share information)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Net assets per share	¥715.27	¥918.48
Earnings per share	¥84.73	¥127.29
Diluted earnings per share	¥75.67	¥117.08

Notes 1. The Company conducted a 2-for-1 stock split of shares of common stock on July 1, 2024. “Net assets per share,” “Earnings per share” and “Diluted earnings per share” are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

2. The basis for calculating earnings per share and diluted earnings per share is as follows.

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Earnings per share		
Profit attributable to owners of parent (millions of yen)	5,258	7,979
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent pertaining to common shares (millions of yen)	5,258	7,979
Average number of common shares during the period (shares)	62,058,896	62,693,500
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (millions of yen)	△8	△6
Amortization of bond discount (tax equivalent (millions of yen))	(△8)	(△6)
Increase in common share (shares)	7,326,552	5,405,830
(Share acquisition rights (shares))	(114,364)	(114,364)
(Bonds with share acquisition rights (shares))	(7,212,188)	(5,291,466)
Summary of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	—————	—————

(Significant subsequent events)

(Stock Split and Partial Amendments to the Articles of Incorporation due to Stock Split)

By resolution of the meeting of the Board of Directors held on May 15, 2024, the Company conducted a 2-for-1 stock split of shares of common stock on July 1, 2024 and partially amended its Articles of Incorporation in connection with the stock split.

1. Purpose of the stock split

The purpose of the stock split is to improve the liquidity of the Company's shares and to broaden the investor base.

2. Outline of the stock split

(1) Method of the stock split

With Sunday, June 30, 2024 (effectively Friday, June 28, 2024 due to Sunday being a day off for the shareholder registry agent) as the record date, the Company conducted a 2-for-1 stock split for shares of its common stock held by shareholders of listed or record as of the end of that day.

(2) Number of shares to be increased by the split

(i) Total number of shares issued and outstanding before the stock split	34,040,306 shares
(ii) Number of shares to be increased by this stock split	34,040,306 shares
(iii) Total number of shares issued and outstanding after the stock split	68,080,612 shares
(iv) Total number of shares authorized to be issued after the stock split	155,000,000 shares

(3) Schedule of the stock split

(i) Date of public notice of record date	Thursday, June 13, 2024
(ii) Record date	Sunday, June 30, 2024
(iii) Effective date	Monday, July 1, 2024

3. Amendment to the Articles of Incorporation

(1) Reason for amendment of the Articles of Incorporation

In connection with this stock split, by resolution of the Board of Directors pursuant to the provisions of Article 184, paragraph (2) of the Companies Act, the total number of shares authorized to be issued as stipulated in Article 6 of the Company's Articles of Incorporation was changed as follows, effective July 1, 2024.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed amendments
(Total number of shares authorized to be issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>77,500,000</u> shares.	(Total number of shares authorized to be issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>155,000,000</u> shares.

(2) Schedule of amendment to the Articles of Incorporation

Effective date: July 1, 2024

4. Effects on per share information

The effects of the stock split are stated in (Per share information).

5. Other

There will be no change in the amount of share capital as a result of this share split.