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November 8, 2024

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

Company name: Techno Smart Corp.
 Listing: Tokyo Stock Exchange
 Securities code: 6246
 URL: <https://www.technosmart.co.jp>
 Representative: Haruhiro Iida, President
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 Scheduled date to file semi-annual securities report: November 11, 2024
 Scheduled date to commence dividend payments: December 5, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

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

(1) Non-consolidated Operating Results (cumulative) (Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|--------------------|-----------------|--------|------------------|-------|-----------------|-------|-----------------|-------|
| Six months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| September 30, 2024 | 7,533 | (21.9) | 1,462 | (8.6) | 1,489 | (8.0) | 992 | (9.5) |
| September 30, 2023 | 9,641 | (10.0) | 1,599 | 26.7 | 1,619 | 26.1 | 1,097 | 25.1 |

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Six months ended | Yen | Yen |
| September 30, 2024 | 83.45 | — |
| September 30, 2023 | 89.23 | — |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity-to-asset ratio |
|--------------------|-----------------|-----------------|-----------------------|
| As of | Millions of yen | Millions of yen | % |
| September 30, 2024 | 27,608 | 18,571 | 67.3 |
| March 31, 2024 | 29,948 | 19,707 | 65.8 |

Reference: Equity

As of September 30, 2024: ¥18,571 million
 As of March 31, 2024: ¥19,707 million

2. Cash dividends

| | Annual dividends per share | | | | |
|--|----------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2024 | — | 38.00 | — | 41.00 | 79.00 |
| Fiscal year ending March 31, 2025 | — | 41.00 | | | |
| Fiscal year ending March 31, 2025 (Forecast) | | | — | 41.00 | 82.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

Breakdown of the year-end dividend for the fiscal year ended March 31, 2024 Ordinary dividend 38.00 yen
Special dividend 3.00 yen

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

(Percentages indicates year-on-year change)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | | Basic earnings per share |
|-----------|-----------------|------|------------------|------|-----------------|------|-----------------|------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 21,700 | 12.8 | 3,100 | 19.8 | 3,100 | 17.9 | 2,100 | 16.4 | 183.12 |

Note: Revisions to earnings forecast published most recently: None

*** Notes**

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

Note: Please see page 8, "1. Semi-annual Non-consolidated Financial Statements and Main Notes:(4) Notes to Semi-annual Non-consolidated Financial Statements (Adoption of accounting treatment specific to the preparation of semi-annual non-consolidated financial statements)" for details.

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

- (3) Number of issued shares (common shares)

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

| | |
|--------------------------|-------------------|
| As of September 30, 2024 | 12,401,720 shares |
| As of March 31, 2024 | 12,401,720 shares |

- (ii) Number of treasury shares at the end of the period

| | |
|--------------------------|----------------|
| As of September 30, 2024 | 934,265 shares |
| As of March 31, 2024 | 84,265 shares |

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|-------------------------------------|-------------------|
| Six months ended September 30, 2024 | 11,892,455 shares |
| Six months ended September 30, 2023 | 12,294,820 shares |

- * Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

- * Proper use of earnings forecasts, and other special matters

The above forecasts are based on information available as of the date of publication of this document. The achievement of such forecasts is not guaranteed by the Company.

Actual results may vary significantly from such forecasts due to a variety of factors.

1. Semi-annual Non-consolidated Financial Statements and Main Notes

(1) Semi-annual Non-consolidated Balance Sheet

(Thousands of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,711,442 | 7,072,099 |
| Notes and accounts receivable - trade, and contract assets | 10,650,023 | 9,805,654 |
| Electronically recorded monetary claims - operating | 1,606,607 | 2,149,014 |
| Work in process | 607,959 | 1,073,903 |
| Raw materials and supplies | 234,476 | 231,137 |
| Other | 328,961 | 116,741 |
| Allowance for doubtful accounts | (100,008) | (100,008) |
| Total current assets | 23,039,462 | 20,348,543 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 2,050,310 | 1,991,431 |
| Machinery and equipment, net | 168,607 | 155,973 |
| Land | 2,001,209 | 2,001,209 |
| Other, net | 372,685 | 984,791 |
| Total property, plant and equipment | 4,592,813 | 5,133,407 |
| Intangible assets | 39,772 | 33,659 |
| Investments and other assets | | |
| Investment securities | 2,002,702 | 1,744,300 |
| Other | 274,026 | 348,629 |
| Total investments and other assets | 2,276,728 | 2,092,929 |
| Total non-current assets | 6,909,315 | 7,259,996 |
| Total assets | 29,948,777 | 27,608,540 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 1,058,737 | 1,109,370 |
| Electronically recorded obligations - operating | 3,299,225 | 2,420,998 |
| Income taxes payable | 550,649 | 532,119 |
| Advances received | 3,005,574 | 2,677,621 |
| Provision for bonuses | 221,406 | 224,704 |
| Provision for bonuses for directors (and other officers) | 127,669 | 80,348 |
| Other | 499,663 | 490,957 |
| Total current liabilities | 8,762,926 | 7,536,119 |
| Non-current liabilities | | |
| Provision for retirement benefits | 975,135 | 991,418 |
| Provision for share-based payments | 13,125 | 20,111 |
| Asset retirement obligations | 6,412 | 6,412 |
| Other | 483,283 | 483,283 |
| Total non-current liabilities | 1,477,955 | 1,501,224 |
| Total liabilities | 10,240,882 | 9,037,344 |

(Thousands of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|---|----------------------|--------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,953,930 | 1,953,930 |
| Capital surplus | 1,693,830 | 1,693,830 |
| Retained earnings | 14,110,850 | 14,598,308 |
| Treasury shares | (111,500) | (1,548,000) |
| Total shareholders' equity | 17,647,110 | 16,698,068 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 959,015 | 775,643 |
| Deferred gains or losses on hedges | 4,661 | 375 |
| Revaluation reserve for land | 1,097,107 | 1,097,107 |
| Total valuation and translation adjustments | 2,060,784 | 1,873,126 |
| Total net assets | 19,707,895 | 18,571,195 |
| Total liabilities and net assets | 29,948,777 | 27,608,540 |

(2) Semi-annual Non-consolidated Statement of Income

(Thousands of yen)

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|--|--|--|
| Net sales | 9,641,913 | 7,533,241 |
| Cost of sales | 7,576,139 | 5,499,855 |
| Gross profit | 2,065,774 | 2,033,386 |
| Selling, general and administrative expenses | 466,494 | 571,130 |
| Operating profit | 1,599,279 | 1,462,255 |
| Non-operating income | | |
| Interest income | 26 | 74 |
| Dividend income | 29,402 | 30,598 |
| Other | 3,048 | 9,404 |
| Total non-operating income | 32,477 | 40,077 |
| Non-operating expenses | | |
| Interest expenses | - | 12 |
| Guarantee commission | 11,032 | 12,237 |
| Other | 1,198 | 846 |
| Total non-operating expenses | 12,231 | 13,097 |
| Ordinary profit | 1,619,526 | 1,489,236 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 111 | 55 |
| Gain on sale of investment securities | - | 49 |
| Total extraordinary income | 111 | 104 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 0 |
| Loss on sale of non-current assets | - | 8 |
| Total extraordinary losses | 0 | 8 |
| Profit before income taxes | 1,619,637 | 1,489,332 |
| Income taxes | 522,467 | 496,858 |
| Profit | 1,097,170 | 992,474 |

(3) Semi-annual Statement of Cash Flows

(Thousands of yen)

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,619,637 | 1,489,332 |
| Depreciation | 105,553 | 112,649 |
| Increase (decrease) in allowance for doubtful accounts | (599) | - |
| Interest and dividend income | (29,428) | (30,673) |
| Interest expenses | - | 12 |
| Decrease (increase) in trade receivables | 996,298 | 301,962 |
| Decrease (increase) in inventories | (36,668) | (462,605) |
| Increase (decrease) in trade payables | 676,980 | (827,594) |
| Increase (decrease) in advances received | (371,979) | (327,952) |
| Other, net | (140,215) | 36,421 |
| Subtotal | 2,819,578 | 291,552 |
| Interest and dividends received | 29,428 | 30,673 |
| Interest paid | - | (12) |
| Income taxes paid | (444,610) | (517,174) |
| Net cash provided by (used in) operating activities | 2,404,397 | (194,960) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (171,676) | (505,768) |
| Proceeds from sale of property, plant and equipment | 111 | 0 |
| Purchase of investment securities | (836) | (50) |
| Proceeds from sale of investment securities | - | 185 |
| Purchase of intangible assets | (4,788) | (1,474) |
| Proceeds from withdrawal of time deposits | - | 100,000 |
| Other, net | (4,777) | 102 |
| Net cash provided by (used in) investing activities | (181,968) | (407,004) |
| Cash flows from financing activities | | |
| Dividends paid | (673,371) | (502,812) |
| Purchase of treasury shares | (137) | (1,436,500) |
| Net cash provided by (used in) financing activities | (673,508) | (1,939,312) |
| Effect of exchange rate change on cash and cash equivalents | - | 1,934 |
| Net increase (decrease) in cash and cash equivalents | 1,548,920 | (2,539,343) |
| Cash and cash equivalents at beginning of period | 9,483,051 | 9,611,442 |
| Cash and cash equivalents at end of period | 11,031,971 | 7,072,099 |

(4) Notes to Semi-annual Non-consolidated Financial Statements

[Notes on going concern assumption]

Not applicable.

[Notes on significant changes in the amount of shareholders' equity]

Based on the resolution of the Board of Directors meeting held on June 27, 2024, the Company purchased 850,000 shares of its own stock on July 2, 2024 through the Tokyo Stock Exchange's Off-Auction Own Share Repurchase Transaction (ToSTNeT-3). As a result, treasury stock increased by ¥1,436,500 thousand in the first half of the current fiscal year, and amounted to ¥1,548,000 thousand at the end of the second quarter of the current fiscal year.

[Notes to Semi-annual Statements of Cash Flows]

* Relation of Cash and cash equivalents at the end of the period to the amounts of items listed in Semi-annual Non-consolidated Balance Sheet is as follows

| | (Thousands of yen) | |
|---|--|--|
| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
| Cash and deposits | 11,131,971 | 7,072,099 |
| Time deposits with a maturity of three month or longer | (100,000) | — |
| Cash and cash equivalents | 11,031,971 | 7,072,099 |

[Notes on segment and related information]

(Segment information)

The description of this section has been omitted as the Company has a single segment of Machinery and equipment manufacturing.

[Adoption of accounting treatment specific to the preparation of semi-annual non-consolidated financial statements]

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year that includes the six months ended September 30, 2024 and by multiplying the profit before income taxes by the estimated effective tax rate. However, in cases where the calculation of tax expenses using the estimated effective tax rate results in a significant lack of rationality, tax expenses are calculated using the statutory effective tax rate.

2. Supplementary Information

Net Sales, Orders and Order Backlog by Product Segment

(Thousands of yen, %)

| Product Segment | Six months ended September 30, 2023 | | Six months ended September 30, 2024 | | (Reference) Full year (April 1, 2023-March 31, 2024) | |
|--------------------------------------|--|----------------------|--|----------------------|--|----------------------|
| | Amount of money | Composition ratio(%) | Amount of money | Composition ratio(%) | Amount of money | Composition ratio(%) |
| Net sales | | | | | | |
| Display-Related Coater | 3,919,056 | 40.6 | 1,616,543 | 21.5 | 6,348,526 | 33.0 |
| Functional Film-Related Coater | 1,785,707 | 18.5 | 2,704,206 | 35.9 | 4,388,007 | 22.8 |
| Electronic Components-Related Coater | 1,137,044 | 11.8 | 191,082 | 2.5 | 1,998,959 | 10.4 |
| Energy-Related Coater | 2,012,731 | 20.9 | 2,587,384 | 34.3 | 5,206,388 | 27.1 |
| Chemical engineering machinery | 14,600 | 0.2 | 12,972 | 0.2 | 24,628 | 0.1 |
| Others | 772,773 | 8.0 | 421,052 | 5.6 | 1,275,896 | 6.6 |
| Total | 9,641,913 | 100.0 | 7,533,241 | 100.0 | 19,242,406 | 100.0 |
| Exports | 6,935,834 | 71.9 | 3,706,267 | 49.2 | 12,154,175 | 63.2 |
| Orders | | | | | | |
| Display-Related Coater | 2,261,451 | 32.2 | 1,823,016 | 31.3 | 14,661,913 | 60.4 |
| Functional Film-Related Coater | 653,300 | 9.3 | 2,705,400 | 46.5 | 1,835,350 | 7.6 |
| Electronic Components-Related Coater | 912,680 | 13.0 | 87,380 | 1.5 | 936,812 | 3.9 |
| Energy-Related Coater | 2,690,484 | 38.3 | 701,350 | 12.0 | 5,963,024 | 24.5 |
| Chemical engineering machinery | 37,600 | 0.5 | - | - | 37,600 | 0.1 |
| Others | 461,519 | 6.7 | 504,389 | 8.7 | 853,315 | 3.5 |
| Total | 7,017,035 | 100.0 | 5,821,536 | 100.0 | 24,288,015 | 100.0 |
| Exports | 2,264,826 | 32.3 | 3,788,033 | 65.1 | 13,718,267 | 56.5 |
| Orders Backlog | | | | | | |
| Display-Related Coater | 5,371,990 | 22.2 | 15,549,455 | 51.6 | 15,342,982 | 48.2 |
| Functional Film-Related Coater | 8,513,243 | 35.2 | 7,094,187 | 23.5 | 7,092,994 | 22.3 |
| Electronic Components-Related Coater | 1,897,006 | 7.8 | 955,521 | 3.2 | 1,059,223 | 3.3 |
| Energy-Related Coater | 7,804,421 | 32.3 | 5,997,269 | 19.9 | 7,883,304 | 24.8 |
| Chemical engineering machinery | 23,000 | 0.1 | - | - | 12,972 | 0.0 |
| Others | 569,087 | 2.4 | 541,096 | 1.8 | 457,759 | 1.4 |
| Total | 24,178,748 | 100.0 | 30,137,531 | 100.0 | 31,849,236 | 100.0 |
| Exports | 11,203,692 | 46.3 | 17,520,558 | 58.1 | 17,438,791 | 54.8 |