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May 9, 2025

**Consolidated Financial Results
for the Second Quarter Ended March 31, 2025
(Interim Period) (Japanese GAAP)**

Company Name	Hosokawa Micron Corporation		
Stock Exchange Listing	Tokyo Stock Exchange		
Stock Code	6277	URL	https://www.hosokawamicron.co.jp
President	Kohei Hosokawa		
Contact	Tetsuya Inoue, Executive Vice President		
Telephone	+81-(0)72-855-2225		
Scheduled date of filing semi-annual securities report: May 9, 2025			
Scheduled date of dividend payments: June 13, 2025			
Preparation of supplementary material on financial results: Yes			
Holding of financial results briefing: Yes			

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results (Interim Period) from October 1, 2024, to March 31, 2025

(1) Consolidated Results of Operation (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim period ended Mar. 2025	38,477	(7.2)	3,573	(5.4)	3,938	(7.5)	2,691	10.5
Interim period ended Mar. 2024	41,477	11.5	3,779	18.0	4,259	26.5	2,434	(3.7)

(Reference) Comprehensive Income (million Yen)	Interim period ended Mar. 2025: 3,701 [(8.2)%]
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Interim period ended Mar. 2024: 4,030 [53.3%]

	Earnings per share	Diluted earnings per share
Interim period ended Mar. 2025	Yen 181.85	Yen 181.45
Interim period ended Mar. 2024	162.14	161.66

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Mar. 31, 2025	98,453	64,338	65.3
As of Sept. 30, 2024	98,071	61,623	62.8

(Reference) Shareholders' Equity (million Yen)	Mar. 2025: 64,294	Sept. 2024: 61,540
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2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Sept. 2024 (actual)	—	50.00	—	70.00	120.00
Year ended Sept. 2025 (actual)	—	60.00			
Year ended Sept. 2025 (forecast)			—	60.00	120.00

Note: Revisions of the forecast dividends since the latest announcement: None

3. Consolidated Forecasts for the Fiscal Year Ending September 30, 2025
(October 1, 2024 - September 30, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	83,000	(2.8)	6,500	(21.5)	6,900	(25.3)	5,100	(8.6)	344.96

Note: Revisions of the Consolidated forecast since the latest announcement: None

4. Others

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

(2) Adoption of simplified accounting treatment for interim closing: Yes

Note: For details, please refer to “Notes to Interim Consolidated Financial Statements” on page 9 of the attachment

(3) Changes in accounting treatment for interim consolidated financial statements:

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

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (incl. treasury stock)

As of March 31, 2025	15,730,538	shares
As of September 30, 2024	15,730,538	shares

2) Number of treasury stock at the end of the period

As of March 31, 2025	914,826	shares
As of September 30, 2024	946,096	shares

3) Average number of shares in the fiscal year

As of March 31, 2025	14,800,926	shares
As of September 30, 2024	15,017,884	shares

* Review of the Japanese-language original of the attached consolidated interim financial statement by certified public accounts or an audit firm: None

* Explanation regarding appropriate use of earnings forecasts and other special notes

Note: The forecasts above are based on currently available information at the time of announcement. Actual results may differ from these forecasts for a number of factors.

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Interim Consolidated Financial Statements and Major Notes

(1) Interim Consolidated Balance Sheets

(Millions of Yen)

	As of September 30, 2024	As of March 31, 2025
Assets		
Current Assets		
Cash and deposits	27,420	28,208
Notes and accounts receivable-trade, and contract assets	21,449	19,330
Electronically recorded monetary claims - operating	1,240	675
Securities	—	1,000
Finished goods	3,146	4,088
Work in process	4,933	4,816
Raw materials and supplies	4,853	3,880
Other	1,963	2,765
Allowance for doubtful accounts	(398)	(463)
Total Current Assets	64,608	64,302
Non-Current Assets		
Property, plant and equipment		
Buildings and structures	27,379	28,120
Machinery, equipment and vehicles	17,541	18,057
Land	7,150	7,214
Construction in progress	792	1,572
Other	3,953	4,127
Accumulated depreciation and impairment loss	(27,740)	(29,196)
Total property, plant and equipment	29,075	29,896
Intangible assets		
Goodwill	128	117
Other	669	629
Total intangible assets	798	747
Investments and other assets		
Investment securities	2,655	2,479
Deferred tax assets	812	904
Other	121	121
Total investments and other assets	3,589	3,506
Total Non-Current Assets	33,463	34,150
Total Assets	98,071	98,453

(Millions of Yen)

	As of September 30, 2024	As of March 31, 2025
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	8,706	6,633
Electronically recorded obligations - operating	1,649	1,158
Current portion of long-term loans payable	323	173
Accrued expenses	4,862	4,357
Income taxes payable	1,185	1,294
Contract liabilities	8,584	10,153
Provision for bonuses	721	353
Provision for directors' bonuses	82	53
Provision for product warranties	872	962
Provision for share awards	27	19
Other	2,653	2,526
Total Current Liabilities	29,669	27,685
Non-Current Liabilities		
Long-term loans payable	1,286	1,199
Provision for share awards	12	16
Net defined benefit liability	3,224	3,179
Deferred tax liabilities	1,243	1,207
Other	1,012	826
Total Non-Current Liabilities	6,778	6,429
Total Liabilities	36,447	34,114
Net Assets		
Shareholders' Equity		
Capital stock	14,496	14,496
Capital surplus	3,220	3,205
Retained earnings	42,128	43,783
Treasury stock	(2,877)	(2,773)
Total Shareholders' Equity	56,967	58,711
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	734	656
Deferred gains or losses on hedges	33	12
Foreign currency translation adjustment	4,174	5,266
Remeasurements of defined benefit plans	(369)	(352)
Total accumulated other comprehensive income	4,572	5,582
Subscription rights to shares	83	44
Total Net Assets	61,623	64,338
Total Liabilities and Net Assets	98,071	98,453

(2) Interim Consolidated Statements of Income and Comprehensive Income

Interim Consolidated Statement of Income

(Millions of Yen)

	Oct. 1, 2023 - Mar. 31, 2024	Oct. 1, 2024- Mar. 31, 2025
Net sales	41,477	38,477
Cost of sales	27,322	25,031
Gross profit	14,154	13,446
Selling, general and administrative expenses	10,374	9,872
Operating profit	3,779	3,573
Non-operating income		
Interest income	283	275
Dividend income	26	57
Equity in earnings of affiliates	112	30
Foreign exchange gains	1	22
Gain on valuation of derivatives	45	22
Other	28	51
Total non-operating Income	498	459
Non-operating expenses		
Interest expenses	10	8
Litigation expenses	—	68
Other	8	17
Total non-operating Expenses	18	94
Ordinary profit	4,259	3,938
Extraordinary income		
Gain on sales of non-current assets	3	1
Total extraordinary income	3	1
Extraordinary losses		
Loss on sales and retirement of non-current assets	2	1
Loss on development of system	783	—
Impairment losses	154	—
Business structure improvement expenses	—	201
Total extraordinary loss	939	202
Income before income taxes	3,323	3,737
Income taxes	888	1,046
Net income	2,434	2,691
Profit attributable to owners of parent	2,434	2,691

Interim Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Oct. 1, 2023 - Mar. 31, 2024	Oct. 1, 2024 - Mar. 31, 2025
Net income	2,434	2,691
Other comprehensive income		
Valuation difference on available-for-sale securities	413	(77)
Deferred gains or losses on hedges	(31)	(21)
Foreign currency translation adjustment	1,205	1,092
Remeasurements of defined benefit plans	8	16
Total other comprehensive income	1,595	1,010
Comprehensive income	4,030	3,701
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,030	3,701
Comprehensive income attributable to non-controlling interests	—	—

(3) Interim Consolidated Statements of Cash Flows

(Millions of Yen)

	Oct. 1, 2023 - Mar. 31, 2024	Oct. 1, 2024 - Mar. 31, 2025
Cash flows from operating activities;		
Income before income taxes	3,323	3,737
Depreciation and amortization	1,120	1,122
Impairment losses	154	—
Loss on development of system	783	—
Amortization of goodwill	12	12
Increase (decrease) in allowance for doubtful accounts	47	54
Increase (decrease) in provision for bonuses	(290)	(380)
Increase (decrease) in provision for directors' bonuses	(22)	(32)
Increase (decrease) in provision for product warranties	187	67
Increase (decrease) in net defined benefit liability	(0)	(68)
Increase (decrease) in provision for share awards	(11)	(3)
Interest and dividends income	(310)	(333)
Interest expenses	10	8
Equity in (earnings) losses of affiliates	(112)	(30)
Loss (gain) on valuation of derivatives	(45)	(22)
Loss (gain) on sales and retirement of non-current assets	(1)	0
Decrease (increase) in notes and accounts receivable-trade, and contract assets	1,601	3,186
Decrease (increase) in inventories	(637)	393
Increase (decrease) in notes and accounts payable-trade	(811)	(2,667)
Increase (decrease) in contract liabilities	11	1,386
Increase (decrease) in accrued expenses	(411)	(632)
Other	(470)	(748)
Sub total	4,124	5,048
Interests and dividends income received	410	433
Interest expenses paid	(10)	(8)
Income taxes paid	(1,504)	(1,238)
Net cash provided by (used in) operating activities	3,020	4,234
Cash flows from investing activities;		
Payments into time deposits	(335)	(762)
Proceeds from withdrawal of time deposits	235	375
Proceeds from redemption of securities	1,000	—
Purchase of securities	—	(1,000)
Purchase of property, plant and equipment	(1,309)	(1,663)
Purchase of intangible assets	(236)	(57)
Other	5	0
Net cash provided by (used in) investing activities	(640)	(3,107)
Cash flows from financing activities;		
Repayment of long-term loans payable	(62)	(236)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(753)	(1,038)
Repayments of lease liabilities	(41)	(44)
Net cash provided by (used in) financing activities	(857)	(1,320)
Effect of exchange rate change on cash and cash equivalents	576	604
Net increase (decrease) in cash and cash equivalents	2,098	410
Cash and cash equivalents at beginning of period	25,689	26,995
Cash and cash equivalents at end of period	27,787	27,406

(4) Notes to Interim Consolidated Financial Statements

(Matters related to the assumption of going concern)

There is no applicable information.

(Significant change in the amounts of shareholders' equity)

Hosokawa Micron Corporation (hereafter referred to as "the Company") resolved, at a meeting of the Board of Directors held on November 21, 2024 to file a proposal regarding reduction of capital surplus at the Annual General Meeting of Shareholders held on December 17, 2024, and the proposal was approved at its meeting. As the result of the transfer to other capital surplus, the legal capital surplus was reduced by ¥3,000 million on February 28, 2025.

(Significant change in the scope of consolidation)

There is no applicable information.

In addition, significant change in the scope of consolidation is not applicable as the follows;

The Company absorbed Hosokawa Micron Cosmetics Corporation on October 1, 2024, which resulted in exclusion of the scope of consolidation.

(Adoption of the special accounting methods on interim consolidated financial statements)

The company, its domestic consolidated subsidiaries, and certain foreign consolidated subsidiaries calculate the tax expense by multiplying the reasonably estimated tax rate by the income before income taxes.

However, the effective statutory tax rate is used when the reasonably estimated tax rate results in an unreasonable tax expense.

(Change in accounting policies)

Application of "Accounting Standard for Current Income Taxes", etc.

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022 and other relevant standards from the beginning of the first quarter of the current fiscal year.

With regard to revisions to categories for recording current income taxes (taxation on other comprehensive income), the Company complies with the transitional treatment stipulated in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment stipulated 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). These changes in the accounting policy do not affect the interim consolidated financial statements.

(Segment information and other)

I-1 Information about reported segment profit or loss (interim period from Oct. 1, 2023 to Mar. 31, 2024)

(Millions of yen)

	Reportable segment			Adjustments (*1)	Consolidated total (*2)
	Powder	Blown Film	Total		
Sales					
Outside customer	32,361	9,115	41,477	—	41,477
Intersegment	28	0	28	(28)	—
Total Sales	32,390	9,115	41,505	(28)	41,477
Segment profit (loss)	3,779	750	4,530	(750)	3,779

(*1) Adjustments to segment profit (loss) were ¥ (750) million and comprised mainly corporate expenses not allocated to reportable segments.

(*2) Segment profit (loss) was adjusted to conform with operating profit.

I-2 Information about impairment loss of non-current assets and goodwill by reportable segment.

(Powder related business)

The fixed assets that Hosokawa Solids solutions GmbH (HSS) holds have written down to the recoverable amounts due to the decision that the land and building should be sold. As a result, it recognized impairment loss of ¥ 154 million as extraordinary expense.

In all assets not allocated to reportable segments, the software in progress that the Company recorded have written down to the recoverable amounts due to consideration of introducing new enterprise resource systems. As a result, it recognized impairment loss of ¥568 million as extraordinary expense, which is included in loss on development of system.

II-1 Information about reported segment profit or loss (interim period from Oct. 1, 2024 to Mar. 31, 2025)

(Millions of yen)

	Reportable segment			Adjustments (*1)	Consolidated total (*2)
	Powder	Blown Film	Total		
Sales					
Outside customer	28,488	9,988	38,477	—	38,477
Intersegment	33	—	33	(33)	—
Total Sales	28,521	9,988	38,510	(33)	38,477
Segment profit (loss)	2,951	1,318	4,269	(696)	3,573

(*1) Adjustments to segment profit (loss) were ¥ (696) million and comprised mainly corporate expenses not allocated to reportable segments.

(*2) Segment profit (loss) was adjusted to conform with operating profit.

II-2 Information about impairment loss of non-current assets and goodwill by reportable segment

There is no applicable information.

(Business combination)

(Absorption-type merger with a wholly-owned subsidiary)

The Company resolved to merge with Hosokawa Micron Cosmetics Corporation, a wholly-owned consolidated subsidiary of the Company, at the Board of Directors meeting held on July 25, 2024, and entered into a merger agreement with Hosokawa Micron Cosmetics Corporation on the same date. The merger took place on October 1, 2024.

1. Overview of the merger

(1) Overview of the disappearing company and the business

Name: Hosokawa Micron Cosmetics Corporation

Business: Sales of hair growth agents, cosmetics, and oral care products.

(2) Date of the merger

October 1, 2024

(3) Method of the merger

Hosokawa Micron Corporation, the surviving company, absorbed Hosokawa Micron Cosmetics Corporation, which was dissolved as a result of the merger.

(4) Name after the merger

Hosokawa Micron Corporation

(5) Background and purpose of the merger

Hosokawa Micron Cosmetics Corporation operates a mail-order business of which the main products are hair-growth agents, cosmetics, and oral care products developed based on the Company's proprietary technology of encapsulating ingredients into functional nanoparticles (PLGA) effective for hair growth, beauty, and periodontal disease prevention. This merger is intended to optimize and speed up the processes for marketing, research/product development, manufacturing, and sales by integrating the Material Business Division, which is responsible for manufacturing and R&D of these products, and to further accelerate the growth of our material business by streamlining management and improving the efficiency of organizational operations.

2. The outline of the implemented accounting processes

Pursuant to the "Accounting Standard for Business Combinations"(ASBJ Statement No.21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"(ASBJ Guidance No.10, January 16, 2019), the accounting processes are treated as a transaction under common control.