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Summary of Consolidated Financial Results for the Three Month Ended June 30, 2023 <under Japanese GAAP>



July 28, 2023

Company name : CHUGAI RO CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 1964
 URL: <https://chugai.co.jp/en>
 Representative: Akira Ozaki, President
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 Scheduled date to commence dividend payments: —
 Scheduled date to file quarterly securities report: August 14, 2023
 Preparation of supplementary material on financial results: No
 Holding of financial results presentation meeting: No

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results

(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, 2023	4,741	28.4	(626)	—	(491)	—	(283)	—
June 30, 2022	3,692	(18.2)	(733)	—	(614)	—	(393)	—

(Note) Comprehensive income: Fiscal year ended June 30, 2023 896 million yen [—%]
 Fiscal year ended June 30, 2022 (621)million yen [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended June 30, 2023	(37.49)	—
June 30, 2022	(51.52)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	44,558	24,308	54.2
March 31, 2023	41,178	24,041	57.9

(Reference) Equity: As of June 30, 2023 24,131million yen
 As of March 31, 2023 23,860million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2023	—	—	—	70.00	70.00
Fiscal year ended March 31, 2024	—	—	—	—	—
Fiscal year ending March 31, 2024 (Forecast)	—	—	—	80.00	80.00

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	34,000	21.5	1,900	45.1	2,000	27.0	2,160	75.5	285.85

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) 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

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of June 30, 2023	7,800,000 shares	As of March 31, 2023	7,800,000 shares
As of June 30, 2023	269,839 shares	As of March 31, 2023	217,533 shares
For the fiscal year ended June 30, 2023	7,556,286 shares	For the fiscal year ended June 30, 2022	7,629,662 shares

* Financial results reports are exempt from audit 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. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to “(4) Future outlook” in “1. Overview of operating results, etc.” on page 3 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	7,884	9,165
Notes and accounts receivable–trade, and contract assets	20,693	20,930
Costs on construction contracts in progress	1,560	1,581
Other	81	192
Allowance for doubtful accounts	(4)	(5)
Total current assets	30,214	31,864
Non-current assets		
Property, plant and equipment	4,124	4,263
Intangible assets	291	287
Investments and other assets		
Investment securities	6,121	7,698
Other	441	459
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	6,547	8,142
Total non-current assets	10,963	12,693
Total assets	41,178	44,558
Liabilities		
Current liabilities		
Electronically recorded obligations–operating	1,495	2,076
Accounts payable–trade	7,860	5,798
Short-term loans borrowings	2,800	7,088
Provision	77	261
Other	2,305	2,179
Total current liabilities	14,538	17,404
Non-current liabilities		
Long-term borrowings	1,188	1,096
Retirement benefit liability	127	131
Other	1,282	1,617
Total non-current liabilities	2,598	2,845
Total liabilities	17,136	20,249

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	6,176	6,176
Capital surplus	1,544	1,544
Retained earnings	13,775	12,962
Treasury shares	(408)	(508)
Total shareholders' equity	21,087	20,174
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,664	3,819
Deferred gains or losses on hedges	1	11
Foreign currency translation adjustment	125	142
Remeasurements of defined benefit plans	(18)	(17)
Total accumulated other comprehensive income	2,772	3,956
Non-controlling interests	181	177
Total net assets	24,041	24,308
Total liabilities and net assets	41,178	44,558

(2) Consolidated statement of income and consolidated statement of comprehensive income**Consolidated statement of income**

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to June 30, 2022)	Fiscal year ended March 31, 2024 (From April 1, 2023 to June 30, 2023)
Net sales	3,692	4,741
Cost of sales	3,347	4,292
Gross profit	334	448
Selling, general and administrative expenses	1,078	1,075
Operating loss	(733)	(626)
Non-operating income		
Dividend income	104	130
Miscellaneous income	28	30
Total non-operating income	132	161
Non-operating expenses		
Interest expenses	9	14
Foreign exchange losses	1	8
Other	2	4
Total non-operating expenses	13	27
Ordinary loss	(614)	(491)
Extraordinary income		
Gain on sale of investment securities	—	51
Total extraordinary income	—	51
Loss before income taxes	(614)	(440)
Total income taxes	(207)	(148)
Loss	(406)	(291)
Loss attributable to non-controlling interests	(13)	(8)
Loss attributable to owners of parent	(393)	(283)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to June 30, 2022)	Fiscal year ended March 31, 2024 (From April 1, 2023 to June 30, 2023)
Loss	(406)	(291)
Other comprehensive income		
Valuation difference on available-for-sale securities	(281)	1,154
Deferred gains or losses on hedges	16	9
Foreign currency translation adjustment	44	21
Remeasurements of defined benefit plans, net of tax	6	1
Total other comprehensive income	(214)	1,187
Comprehensive income	(621)	896
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(617)	900
Comprehensive income attributable to non-controlling interests	(3)	(4)

Others**Status of orders received and sales**

(i) Net sales

(Millions of yen)

Segment	Fiscal year ended March 31, 2023 April 2022 to June 2022		Fiscal year ended March 31, 2024 April 2023 to June 2023		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Furnace	2,434	65.9	2,121	44.8	(313)
Plant	1,115	30.2	1,967	41.5	852
Development	94	2.6	99	2.1	5
Others	491	13.3	1,266	26.7	775
Intersegment elimination	(443)	(12.0)	(714)	(15.1)	(271)
Total	3,692	100.0	4,741	100.0	1,049
[Overseas]	[628]	[17.0]	[857]	[18.1]	[229]

(ii) Orders received

(Millions of yen)

Segment	Fiscal year ended March 31, 2023 April 2022 to June 2022		Fiscal year ended March 31, 2024 April 2023 to June 2023		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Furnace	2,947	46.5	3,635	63.7	688
Plant	3,081	48.6	1,827	32.0	(1,254)
Development	82	1.3	343	6.0	261
Others	1,036	16.4	886	15.5	(150)
Intersegment elimination	(812)	(12.8)	(980)	(17.2)	(168)
Total	6,335	100.0	5,712	100.0	(623)
[Overseas]	[1,780]	[28.1]	[734]	[12.8]	[(1,046)]

(iii) Backorder

(Millions of yen)

Segment	Fiscal year ended March 31, 2023 April 2022 to June 2022		Fiscal year ended March 31, 2024 April 2023 to June 2023		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Furnace	7,549	33.2	11,210	43.7	3,661
Plant	12,386	54.5	9,741	37.9	(2,645)
Development	1,010	4.5	1,852	7.2	842
Others	2,898	12.7	3,853	15.0	955
Intersegment elimination	(1,107)	(4.9)	(978)	(3.8)	129
Total	22,737	100.0	25,679	100.0	2,942
[Overseas]	[4,934]	[21.7]	[5,143]	[20.0]	[209]