

DISCLAIMER: This translation may be used for reference purposes only. This English version is not an official translation of the original Japanese document. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. This translation is subject to change without notice.

## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 <under Japanese GAAP>



October 30, 2023

Company name : CHUGAI RO CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 1964  
 URL: <https://chugai.co.jp/en>  
 Representative: Akira Ozaki, President  
 Inquiries: Shigeki Negoro, Director, GM of Business Administration Div.  
 TEL: +81-6-6221-1251  
 Scheduled date to commence dividend payments: —  
 Scheduled date to file quarterly securities report: November 14, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results presentation meeting: Yes

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

### 1. Consolidated financial results for the Six Months Ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2023	12,609	31.5	(250)	—	(105)	—	747	—
September 30, 2022	9,585	(2.5)	(692)	—	(566)	—	(272)	—

(Note) Comprehensive income: Fiscal year ended September 30, 2023 1,548 million yen [—%]  
 Fiscal year ended September 30, 2022 (527)million yen [—%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2023	99.37	—
September 30, 2022	(35.79)	—

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
September 30, 2023	47,895	24,760	51.3
March 31, 2023	41,178	24,041	57.9

(Reference) Equity: As of September 30, 2023 24,591million 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 ending 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)

Full year	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
	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 September 30, 2023	7,800,000 shares	As of March 31, 2023	7,800,000 shares
As of September 30, 2023	366,066 shares	As of March 31, 2023	217,533 shares
For the fiscal year ended September 30, 2023	7,517,587 shares	For the fiscal year ended September 30, 2022	7,609,764 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 September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	7,884	9,688
Notes and accounts receivable–trade, and contract assets	20,693	23,707
Costs on construction contracts in progress	1,560	1,820
Other	81	228
Allowance for doubtful accounts	(4)	(5)
Total current assets	30,214	35,439
Non-current assets		
Property, plant and equipment	4,124	4,846
Intangible assets	291	268
Investments and other assets		
Investment securities	6,121	6,893
Other	441	463
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	6,547	7,341
Total non-current assets	10,963	12,456
Total assets	41,178	47,895
<b>Liabilities</b>		
Current liabilities		
Electronically recorded obligations–operating	1,495	1,723
Accounts payable–trade	7,860	6,207
Short-term loans borrowings	2,800	8,900
Provision	77	230
Other	2,305	2,990
Total current liabilities	14,538	20,052
Non-current liabilities		
Long-term borrowings	1,188	1,380
Retirement benefit liability	127	139
Other	1,282	1,562
Total non-current liabilities	2,598	3,082
Total liabilities	17,136	23,134

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	6,176	6,176
Capital surplus	1,544	1,544
Retained earnings	13,775	13,993
Treasury shares	(408)	(709)
Total shareholders' equity	21,087	21,004
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,664	3,393
Deferred gains or losses on hedges	1	23
Foreign currency translation adjustment	125	184
Remeasurements of defined benefit plans	(18)	(15)
Total accumulated other comprehensive income	2,772	3,586
Non-controlling interests	181	169
Total net assets	24,041	24,760
Total liabilities and net assets	41,178	47,895

**(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 September 30, 2022)	Fiscal year ending March 31, 2024 (From April 1, 2023 to September 30, 2023)
Net sales	9,585	12,609
Cost of sales	8,098	10,579
Gross profit	1,486	2,030
Selling, general and administrative expenses	2,179	2,280
Operating loss	(692)	(250)
Non-operating income		
Dividend income	106	133
Miscellaneous income	45	53
Total non-operating income	151	187
Non-operating expenses		
Interest expenses	18	27
Other	6	15
Total non-operating expenses	25	43
Ordinary loss	(566)	(105)
Extraordinary income		
Gain on sale of securities	52	1,143
Gain on sale of investment securities	75	—
Total extraordinary income	128	1,143
Profit before income taxes / Loss before income taxes	(438)	1,037
Total income taxes	(146)	313
Profit / Loss	(291)	724
Loss attributable to non-controlling interests	(19)	(22)
Profit attributable to owners of parent / Loss attributable to owners of parent	(272)	747

**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to September 30, 2022)	Fiscal year ending March 31, 2024 (From April 1, 2023 to September 30, 2023)
Profit / Loss	(291)	724
Other comprehensive income		
Valuation difference on available-for-sale securities	(358)	729
Deferred gains or losses on hedges	11	22
Foreign currency translation adjustment	98	69
Remeasurements of defined benefit plans, net of tax	12	2
Total other comprehensive income	(236)	824
Comprehensive income	(527)	1,548
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(526)	1,560
Comprehensive income attributable to non-controlling interests	(0)	(12)

**(3) Consolidated statement of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to September 30, 2022)	Fiscal year ending March 31, 2024 (From April 1, 2023 to September 30, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes / Loss before income taxes	(438)	1,037
Depreciation	184	193
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in retirement benefit liability and asset	15	(8)
Increase (decrease) in provision for loss on construction contracts	(2)	3
Interest and dividend income	(107)	(134)
Interest expenses	18	27
Loss (gain) on valuation of investment securities	(52)	(1,143)
Loss (gain) on sales of property, plant and equipment	(75)	—
Decrease (increase) in trade receivables and contract assets	988	(2,939)
Decrease (increase) in costs on construction contracts in progress	(686)	(203)
Increase (decrease) in trade payables	(1,208)	(1,525)
Increase (decrease) in contract liabilities	(40)	843
Other, net	(319)	(390)
Subtotal	(1,725)	(4,238)
Interest and dividend income received	107	134
Interest paid	(12)	(25)
Income taxes paid	(217)	(258)
Net cash provided by (used in) operating activities	(1,848)	(4,388)
<b>Cash flows from investing activities</b>		
Proceeds from sales of property, plant and equipment	130	—
Purchase of property, plant and equipment	(56)	(697)
Purchase of intangible assets	(28)	(23)
Purchase of investment securities	(3)	(3)
Proceeds from sale of investment securities	55	1,383
Other, net	(20)	4
Net cash provided by (used in) investing activities	77	663
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	—	6,100
Proceeds from long-term borrowings	400	400
Repayments of long-term borrowings	(208)	(208)
Dividends paid	(537)	(530)
Purchase of treasury shares	(150)	(300)
Net cash provided by (used in) financing activities	(496)	5,460
Effect of exchange rate change on cash and cash equivalents	86	65
Net increase (decrease) in cash and cash equivalents	(2,180)	1,801
Cash and cash equivalents at beginning of period	11,092	7,845
Cash and cash equivalents at end of period	8,912	9,646

**Others****Status of orders received and sales**

## (i) Net sales

(Millions of yen)

Segment	Fiscal year ended March 31, 2023 April 2022 to September 2022		Fiscal year ending March 31, 2024 April 2023 to September 2023		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Furnace	5,390	56.2	5,142	40.8	(248)
Plant	3,195	33.4	6,144	48.7	2,949
Development	323	3.4	384	3.1	61
Others	1,643	17.1	2,294	18.2	651
Intersegment elimination	(967)	(10.1)	(1,356)	(10.8)	(389)
Total	9,585	100.0	12,609	100.0	3,024
[Overseas]	[2,470]	[25.8]	[1,704]	[13.5]	[(766)]

## (ii) Orders received

(Millions of yen)

Segment	Fiscal year ended March 31, 2023 April 2022 to September 2022		Fiscal year ending March 31, 2024 April 2023 to September 2023		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Furnace	7,264	53.6	7,515	44.5	251
Plant	5,324	39.3	6,873	40.8	1,549
Development	311	2.3	2,240	13.3	1,929
Others	1,935	14.3	2,601	15.4	666
Intersegment elimination	(1,289)	(9.5)	(2,357)	(14.0)	(1,068)
Total	13,546	100.0	16,872	100.0	3,326
[Overseas]	[3,648]	[26.9]	[4,702]	[27.9]	[1,054]

## (iii) Backorder

(Millions of yen)

Segment	Fiscal year ended March 31, 2023 April 2022 to September 2022		Fiscal year ending March 31, 2024 April 2023 to September 2023		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Furnace	8,910	36.9	12,069	41.5	3,159
Plant	12,549	51.9	10,610	36.5	(1,939)
Development	1,010	4.2	3,463	11.9	2,453
Others	2,786	11.5	4,648	16.0	1,862
Intersegment elimination	(1,086)	(4.5)	(1,724)	(5.9)	(638)
Total	24,170	100.0	29,067	100.0	4,897
[Overseas]	[5,075]	[21.0]	[8,361]	[28.8]	[3,276]