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Summary of Consolidated Financial Results for the Three Month Ended June 30, 2024 <under Japanese GAAP>



July 26, 2024

Company name : CHUGAI RO CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 1964
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 Scheduled date to commence dividend payments: —
 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 three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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	%
Three months ended								
June 30, 2024	5,280	11.4	(682)	—	(541)	—	(12)	—
June 30, 2023	4,741	28.4	(626)	—	(491)	—	(283)	—

(Note) Comprehensive income: Three months ended June 30, 2024 ¥ (481) million [—%]
 Three months ended June 30, 2023 ¥ 896 million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2024	(1.67)	—
June 30, 2023	(37.49)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2024	43,463	26,382	60.2
March 31, 2024	48,863	27,768	56.4

(Reference) Equity: As of June 30, 2024 ¥ 26,178 million
 As of March 31, 2024 ¥ 25,570 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	—	—	—	80.00	80.00
Fiscal year ending March 31, 2025	—	—	—	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	100.00	100.00

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	37,600	28.4	2,570	74.0	2,670	55.7	2,300	4.7	312.68

*** 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 : Yes
 - (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, 2024	7,800,000 shares	As of March 31, 2024	7,800,000 shares
As of June 30, 2024	458,246 shares	As of March 31, 2024	366,803 shares
Three months ended June 30, 2024	7,387,461 shares	Three months ended June 30, 2023	7,556,286 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.

Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	10,061	6,097
Notes and accounts receivable-trade, and contract assets	21,960	20,332
Costs on construction contracts in progress	2,105	2,721
Other	125	353
Allowance for doubtful accounts	(0)	(0)
Total current assets	34,252	29,505
Non-current assets		
Property, plant and equipment	4,845	5,011
Intangible assets	256	242
Investments and other assets		
Investment securities	8,648	7,819
Other	877	906
Allowance for doubtful accounts	(17)	(21)
Total investments and other assets	9,509	8,704
Total non-current assets	14,611	13,958
Total assets	48,863	43,463
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	1,443	1,413
Accounts payable-trade	6,791	4,339
Short-term borrowings	6,100	5,113
Provision	117	280
Other	3,065	2,667
Total current liabilities	17,517	13,814
Non-current liabilities		
Long-term borrowings	1,188	1,096
Retirement benefit liability	154	157
Other	2,234	2,012
Total non-current liabilities	3,577	3,266
Total liabilities	21,094	17,081

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	6,176	6,176
Capital surplus	1,544	1,544
Retained earnings	15,441	14,834
Treasury shares	(711)	(1,021)
Total shareholders' equity	22,451	21,534
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,676	4,144
Deferred gains or losses on hedges	31	76
Foreign currency translation adjustment	181	211
Remeasurements of defined benefit plans	228	211
Total accumulated other comprehensive income	5,119	4,643
Non-controlling interests	198	204
Total net assets	27,768	26,382
Total liabilities and net assets	48,863	43,463

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

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	4,741	5,280
Cost of sales	4,292	4,759
Gross profit	448	521
Selling, general and administrative expenses	1,075	1,203
Operating loss	(626)	(682)
Non-operating income		
Dividend income	130	126
Miscellaneous income	30	30
Total non-operating income	161	156
Non-operating expenses		
Interest expenses	14	13
Foreign exchange losses	8	-
Other	4	2
Total non-operating expenses	27	16
Ordinary loss	(491)	(541)
Extraordinary income		
Gain on sale of investment securities	51	592
Total extraordinary income	51	592
Profit before income taxes / Loss before income taxes	(440)	50
Total income taxes	(148)	60
Loss	(291)	(9)
Profit attributable to non-controlling interests / Loss attributable to non-controlling interests	(8)	2
Loss attributable to owners of parent	(283)	(12)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Loss	(291)	(9)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,154	(532)
Deferred gains or losses on hedges	9	45
Foreign currency translation adjustment	21	32
Remeasurements of defined benefit plans, net of tax	1	(17)
Total other comprehensive income	1,187	(471)
Comprehensive income	896	(481)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	900	(487)
Comprehensive income attributable to non-controlling interests	(4)	6

(3) Notes to Segment information, etc.

[Segment information]

(i) For the three months ended June 30, 2023

1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable Segment				Others	Total	Adjustment	Reported in consolidated financial statements
	Heat Treatment Business	Plant Business	Development Business	Total				
Net sales								
Sales to external customers	1,952	1,603	96	3,652	702	4,355	(471)	3,883
Intersegment sales or transfers	168	364	2	536	563	1,099	(242)	857
Total	2,121	1,967	99	4,188	1,266	5,455	(714)	4,741
Segment profit (loss)	(350)	(155)	(206)	(712)	16	(696)	70	(626)

(ii) For the three months ended June 30, 2024

1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable Segment				Others	Total	Adjustment	Reported in consolidated financial statements
	Heat Treatment Business	Plant Business	Development Business	Total				
Net sales								
Sales to external customers	2,884	1,139	312	4,337	454	4,791	(370)	4,421
Intersegment sales or transfers	156	386	10	552	611	1,164	(305)	859
Total	3,041	1,525	323	4,890	1,065	5,955	(675)	5,280
Segment profit (loss)	(193)	(289)	(169)	(653)	(47)	(701)	18	(682)

Others

(1) Status of orders received and sales

(i) Net sales

(Millions of yen)

Segment	For the three months ended June 30, 2023		For the three months ended June 30, 2024		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Business	2,121	44.8	3,041	57.6	920
Plant Business	1,967	41.5	1,525	28.9	(442)
Development Business	99	2.1	323	6.1	224
Others	1,266	26.7	1,065	20.2	(201)
Intersegment elimination	(714)	(15.1)	(675)	(12.8)	39
Total	4,741	100.0	5,280	100.0	539
[Overseas]	[857]	[18.1]	[859]	[16.3]	[2]

(ii) Orders received

(Millions of yen)

Segment	For the three months ended June 30, 2023		For the three months ended June 30, 2024		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Business	3,635	63.7	4,524	55.6	889
Plant Business	1,827	32.0	3,233	39.8	1,406
Development Business	343	6.0	279	3.4	(64)
Others	886	15.5	1,395	17.2	509
Intersegment elimination	(980)	(17.2)	(1,298)	(16.0)	(318)
Total	5,712	100.0	8,134	100.0	2,422
[Overseas]	[734]	[12.8]	[802]	[9.9]	[68]

(iii) Backorder

(Millions of yen)

Segment	For the three months ended June 30, 2023		For the three months ended June 30, 2024		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Business	11,210	43.7	16,190	43.4	4,980
Plant Business	9,741	37.9	14,331	38.4	4,590
Development Business	1,852	7.2	3,195	8.6	1,343
Others	3,853	15.0	5,234	14.0	1,381
Intersegment elimination	(978)	(3.8)	(1,649)	(4.4)	(671)
Total	25,679	100.0	37,302	100.0	11,623
[Overseas]	[5,143]	[20.0]	[14,321]	[38.4]	[9,178]