

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, 2024 <under Japanese GAAP>



October 31, 2024

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, 2024
 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, 2024 (From April 1, 2024 to September 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	%
Fiscal year ended September 30, 2024	14,721	16.8	77	—	232	—	518	(30.7)
September 30, 2023	12,609	31.5	(250)	—	(105)	—	747	—

(Note) Comprehensive income: Fiscal year ended September 30, 2024 (490) million yen [—%]
 Fiscal year ended September 30, 2023 1,548 million yen [—%]

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
September 30, 2024	70.31	—
September 30, 2023	99.37	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	45,170	26,372	57.9
March 31, 2024	48,863	27,768	56.4

(Reference) Equity: As of September 30, 2024 26,142million yen
 As of March 31, 2024 27,570million 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, 2024	Yen	Yen	Yen	Yen	Yen
September 30, 2024	—	—	—	80.00	80.00
September 30, 2025	—	—	—	—	—
September 30, 2025 (Forecast)	—	—	—	120.00	120.00

(Note) Revision to the dividends forecasts most recently announced: Yes

*For the revised dividends forecast, refer to the "Announcement Regarding Revision of Dividend Forecast" announced on October 31, 2024.

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	312.69

(Note) Revision to the financial forecasts most recently announced: No

*** 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 September 30, 2024	7,800,000 shares	As of March 31, 2024	7,800,000 shares
As of September 30, 2024	458,673 shares	As of March 31, 2024	366,803 shares
For the fiscal year ended September 30, 2024	7,367,735 shares	For the fiscal year ended September 30, 2023	7,517,587 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 September 30, 2024
Assets		
Current assets		
Cash and deposits	10,061	5,567
Notes and accounts receivable–trade, and contract assets	21,960	23,332
Inventories	2,105	2,832
Other	125	129
Allowance for doubtful accounts	(0)	(0)
Total current assets	34,252	31,861
Non-current assets		
Property, plant and equipment	4,845	5,070
Intangible assets	256	241
Investments and other assets		
Investment securities	8,648	7,119
Other	877	898
Allowance for doubtful accounts	(17)	(21)
Total investments and other assets	9,509	7,996
Total non-current assets	14,611	13,309
Total assets	48,863	45,170
Liabilities		
Current liabilities		
Electronically recorded obligations–operating	1,443	1,153
Accounts payable–trade	6,791	5,487
Short-term loans borrowings	6,100	4,050
Provision	117	299
Other	3,065	2,760
Total current liabilities	17,517	13,751
Non-current liabilities		
Long-term borrowings	1,188	3,130
Retirement benefit liability	154	161
Other	2,234	1,755
Total non-current liabilities	3,577	5,047
Total liabilities	21,094	18,798

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	6,176	6,176
Capital surplus	1,544	1,544
Retained earnings	15,441	15,365
Treasury shares	(711)	(1,022)
Total shareholders' equity	22,451	22,063
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,676	3,647
Deferred gains or losses on hedges	31	0
Foreign currency translation adjustment	181	236
Remeasurements of defined benefit plans	228	194
Total accumulated other comprehensive income	5,119	4,078
Non-controlling interests	198	229
Total net assets	27,768	26,372
Total liabilities and net assets	48,863	45,170

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

(Millions of yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to September 30, 2023)	Fiscal year ending March 31, 2025 (From April 1, 2024 to September 30, 2024)
Net sales	12,609	14,721
Cost of sales	10,579	12,280
Gross profit	2,030	2,440
Selling, general and administrative expenses	2,280	2,363
Operating Profit / loss	(250)	77
Non-operating income		
Dividend income	133	129
Miscellaneous income	53	56
Total non-operating income	187	186
Non-operating expenses		
Interest expenses	27	28
Other	15	2
Total non-operating expenses	43	31
Ordinary Profit / loss	(105)	232
Extraordinary income		
Gain on sale of investment securities	1,143	592
Total extraordinary income	1,143	592
Profit before income taxes	1,037	825
Total income taxes	313	289
Profit	724	535
Profit attributable to non-controlling interests / Loss attributable to non-controlling interests	(22)	17
Profit attributable to owners of parent	747	518

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to September 30, 2023)	Fiscal year ending March 31, 2025 (From April 1, 2024 to September 30, 2024)
Profit	724	535
Other comprehensive income		
Valuation difference on available-for-sale securities	729	(1029)
Deferred gains or losses on hedges	22	(31)
Foreign currency translation adjustment	69	68
Remeasurements of defined benefit plans, net of tax	2	(34)
Total other comprehensive income	824	(1026)
Comprehensive income	1,548	(490)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,560	(522)
Comprehensive income attributable to non-controlling interests	(12)	31

(3) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to September 30, 2023)	Fiscal year ending March 31, 2025 (From April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	1,037	825
Depreciation	193	273
Increase (decrease) in allowance for doubtful accounts	0	4
Increase (decrease) in retirement benefit liability and asset	(8)	(67)
Increase (decrease) in provision for loss on construction contracts	3	4
Interest and dividend income	(134)	(130)
Interest expenses	27	28
Loss (gain) on sales of investment securities	(1,143)	(592)
Decrease (increase) in trade receivables and contract assets	(2,939)	(1,259)
Decrease (increase) in inventories	(203)	(629)
Increase (decrease) in trade payables	(1,525)	(1,711)
Increase (decrease) in contract liabilities	843	329
Other, net	(390)	(92)
Subtotal	(4,238)	(3,017)
Interest and dividend income received	134	130
Interest paid	(25)	(29)
Income taxes paid	(258)	(730)
Net cash provided by (used in) operating activities	(4,388)	(3,646)
Cash flows from investing activities		
Purchase of property, plant and equipment	(697)	(513)
Purchase of intangible assets	(23)	(50)
Purchase of investment securities	(3)	(3)
Proceeds from sale of investment securities	1,383	654
Other, net	4	(2)
Net cash provided by (used in) investing activities	663	85
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,100	(2,300)
Proceeds from long-term borrowings	400	2,400
Repayments of long-term borrowings	(208)	(208)
Dividends paid	(530)	(594)
Purchase of treasury shares	(300)	(311)
Net cash provided by (used in) financing activities	5,460	(1,014)
Effect of exchange rate change on cash and cash equivalents	65	78
Net increase (decrease) in cash and cash equivalents	1,801	(4,497)
Cash and cash equivalents at beginning of period	7,845	10,019
Cash and cash equivalents at end of period	9,646	5,522

Segment information

[Segment information]

(i) Fiscal year ended March 31, 2024 (From April 1, 2023 to September 30, 2023)

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

(Millions of yen)

	Reportable Segment				Others ※1	Total	Adjustment ※2	Reported in consolidated financial statements ※3
	Heat Treatment Furnace	Plant	Development	Total				
Domestic	4,746	5,488	370	10,605	1,169	11,775	(870)	10,904
Overseas	396	655	14	1,066	1,124	2,190	(486)	1,704
Sales	5,142	6,144	384	11,671	2,294	13,965	(1,356)	12,609
Other income	—	—	—	—	—	—	—	—
Net sales	5,142	6,144	384	11,671	2,294	13,965	(1,356)	12,609
Segment profit (loss)	(326)	370	(347)	(304)	(15)	(319)	69	(250)

- ※1 Others is a business segment that is not included in the reporting segments, and includes the business of subsidiaries such as industrial furnaces, environmental protection equipment, combustion equipment, and temporary staffing.
- ※2 Adjustment is intersegment elimination.
- ※3 Segment profit (loss) is adjusted to operating loss in reported in consolidated statement of income.

(ii) Fiscal year ending March 31, 2025 (From April 1, 2024 to September 30, 2024)

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

(Millions of yen)

	Reportable Segment				Others ※1	Total	Adjustment ※2	Reported in consolidated financial statements ※3
	Heat Treatment Furnace	Plant	Development	Total				
Domestic	7,096	2,507	994	10,598	984	11,583	(810)	10,772
Overseas	408	1,936	178	2,523	1,930	4,454	(505)	3,949
Sales	7,505	4,444	1,172	13,122	2,915	16,037	(1,315)	14,721
Other income	—	—	—	—	—	—	—	—
Net sales	7,505	4,444	1,172	13,122	2,915	16,037	(1,315)	14,721
Segment profit (loss)	291	(175)	(76)	38	87	125	(48)	77

- ※1 Others is a business segment that is not included in the reporting segments, and includes the business of subsidiaries such as industrial furnaces, environmental protection equipment, combustion equipment, and temporary staffing.
- ※2 Adjustment is intersegment elimination.
- ※3 Segment profit (loss) is adjusted to operating profit in reported in consolidated statement of income.

Others**Status of orders received and sales**

(i) Net sales

(Millions of yen)

Segment	Fiscal year ended March 31, 2024 April 2023 to September 2023		Fiscal year ending March 31, 2025 April 2024 to September 2024		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Furnace	5,142	40.8	7,505	51.0	2,362
Plant	6,144	48.7	4,444	30.2	(1,700)
Development	384	3.1	1,172	8.0	788
Others	2,294	18.2	2,915	19.8	621
Intersegment elimination	(1,356)	(10.8)	(1,315)	(8.9)	40
Total	12,609	100.0	14,721	100.0	2,112
[Overseas]	[1,704]	[13.5]	[3,949]	[26.8]	[2,244]

(ii) Orders received

(Millions of yen)

Segment	Fiscal year ended March 31, 2024 April 2023 to September 2023		Fiscal year ending March 31, 2025 April 2024 to September 2024		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Furnace	7,515	44.5	8,114	47.4	599
Plant	6,873	40.8	7,802	45.6	928
Development	2,240	13.3	302	1.8	(1,937)
Others	2,601	15.4	3,285	19.2	683
Intersegment elimination	(2,357)	(14.0)	(2,393)	(14.0)	(35)
Total	16,872	100.0	17,110	100.0	238
[Overseas]	[4,702]	[27.9]	[2,013]	[11.8]	[(2,689)]

(iii) Backorder

(Millions of yen)

Segment	Fiscal year ended March 31, 2024 April 2023 to September 2023		Fiscal year ending March 31, 2025 April 2024 to September 2024		Increase (decrease) Amount
	Amount	%	Amount	%	
Heat Treatment Furnace	12,069	41.5	15,316	41.4	3,247
Plant	10,610	36.5	15,982	43.2	5,372
Development	3,463	11.9	2,369	6.4	(1,094)
Others	4,648	16.0	5,492	14.8	844
Intersegment elimination	(1,724)	(5.9)	(2,140)	(5.8)	(415)
Total	29,067	100.0	37,019	100.0	7,952
[Overseas]	[8,361]	[28.8]	[12,624]	[34.1]	[4,263]