



November 7, 2023

Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (Six Months Ended September 30, 2023)

[Japanese GAAP]

Company name: JCU CORPORATION Listing: Tokyo Stock Exchange
 Stock code: 4975 URL: <https://www.jcu-i.com/>
 Representative: Masashi Kimura, Chairman & CEO
 Contact: Yoji Inoue, Director, Managing Executive Officer, General Manager of Corporate Strategy Office
 Tel: +81-3-6895-7004

Scheduled date of filing of Quarterly Report: November 10, 2023
 Scheduled date of payment of dividend: December 4, 2023
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on November 7, 2023 at 15:00. (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023

(April 1, 2023–September 30, 2023)

(1) Consolidated results of operations (Percentages represent year-over-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------------------|-------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Six months ended Sep. 30, 2023 | 10,864 | (17.2) | 3,095 | (33.9) | 3,202 | (32.2) | 2,177 | (34.5) |
| Six months ended Sep. 30, 2022 | 13,117 | 12.6 | 4,680 | 7.6 | 4,720 | 6.6 | 3,326 | 8.1 |

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2023: 3,678 (down 36.4%)
 Six months ended Sep. 30, 2022: 5,782 (up 33.8%)

| | Net income per share | Diluted net income per share |
|--------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Six months ended Sep. 30, 2023 | 85.04 | – |
| Six months ended Sep. 30, 2022 | 128.26 | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of Sep. 30, 2023 | 45,448 | 40,308 | 88.7 |
| As of Mar. 31, 2023 | 44,901 | 37,861 | 84.3 |

Reference: Shareholders' equity (million yen) As of Sep. 30, 2023: 40,308 As of Mar. 31, 2023: 37,861

2. Dividends

| | Dividends per share | | | | |
|--------------------|---------------------|--------|--------|----------|-------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY3/23 | – | 33.00 | – | 33.00 | 66.00 |
| FY3/24 | – | 35.00 | – | – | – |
| FY3/24 (forecasts) | – | – | – | 35.00 | 70.00 |

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(Percentages represent year-over-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Net income per share |
|-----------|-------------|-------|------------------|--------|-----------------|--------|---|--------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 25,000 | (7.9) | 7,000 | (24.6) | 7,000 | (25.3) | 4,800 | (20.2) | 187.81 |

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly added: –

Excluded: –

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of Sep. 30, 2023: | 27,242,106 shares | As of Mar. 31, 2023: | 27,235,477 shares |
|----------------------|-------------------|----------------------|-------------------|

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

| | | | |
|----------------------|------------------|----------------------|------------------|
| As of Sep. 30, 2023: | 1,734,170 shares | As of Mar. 31, 2023: | 1,608,529 shares |
|----------------------|------------------|----------------------|------------------|

3) Average number of shares outstanding during the period

| | | | |
|---------------------------------|-------------------|---------------------------------|-------------------|
| Six months ended Sep. 30, 2023: | 25,607,942 shares | Six months ended Sep. 30, 2022: | 25,934,718 shares |
|---------------------------------|-------------------|---------------------------------|-------------------|

Note 1: The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ substantially from these forecasts for a number of reasons.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first six months of the fiscal year ending March 31, 2024 (hereinafter the “period under review”), the domestic economy saw a moderate recovery mainly in the service sector thanks to the normalization of economic activity. The manufacturing sector increased export moderately though impacted by the decelerating overseas economy. Companies maintained a positive stance on their capital investment, increasing capital expenditures both in the manufacturing and non-manufacturing industries.

Overseas, in China, consumer spending recovered thanks to the lifting of its zero-COVID policy. However, production in the manufacturing industry was stagnant, because clearing the order backlog accumulated under the zero-COVID policy ran its course. In Europe and the United States, consumer spending was sluggish due to increased downward pressure on the economy through strong inflationary pressure and monetary tightening, though having been on a recovery trend following the relaxation of activity restrictions. In addition, despite energy supply concerns receded at the moment, resource prices continued to soar, which needs close monitoring on an ongoing basis.

As for the business environment surrounding the JCU Group, the ending of stay-at-home demand during the pandemic and other factors resulted in world-wide sluggish demand for high-performance electronic devices such as smartphones, PCs, and tablets, which caused decreases in demand for PWBs for high-performance electronic devices and semiconductor package substrates. In the automotive industry, we saw increases in automobile production and sales volume in Japan and China, due to the easing of parts shortage.

The results of operations of the JCU Group were as follows.

(Millions of yen, unless otherwise stated)

| | Previous period (Apr. 1, 2022–Sep. 30, 2022) | Current period (Apr. 1, 2023–Sep. 30, 2023) | Year-over-year % change |
|-----------------|---|--|----------------------------|
| Net sales | 13,117 | 10,864 | Down 17.2% |
| Segment profit | 4,680 | 3,095 | Down 33.9% |
| Orders received | 4,720 | 3,202 | Down 32.2% |
| Order backlog | 3,326 | 2,177 | Down 34.5% |

The results of operations by segment were as follows.

Chemicals Business

Chemicals for electronics components

China: Despite a recovery trend in some PWB manufacturers, demand for high-performance electronic devices including smartphones decreased. As a result, sales of chemicals decreased.

Taiwan: Due to a decrease in demand for servers and semiconductor package substrates for high-performance electronic devices, sales of chemicals decreased.

Korea: Due to the semiconductor market remaining sluggish, demand for semiconductor package substrates decreased. As a result, sales of chemicals decreased.

Chemicals for decoration

Japan: The shortages of semiconductors and parts were alleviated, resulting in a recovery trend in automobile production. However, sales of chemicals stayed flat.

China: Despite increases in automobile production and sales volume due to an improvement in shortages of semiconductors and parts, demand for automobile parts which is subject to our business decreased. As a result, sales of chemicals decreased.

(Millions of yen, unless otherwise stated)

| | Previous period (Apr. 1, 2022–Sep. 30, 2022) | Current period (Apr. 1, 2023–Sep. 30, 2023) | Year-over-year % change |
|----------------|---|--|----------------------------|
| Net sales | 12,122 | 9,806 | Down 19.1% |
| Segment profit | 5,008 | 3,467 | Down 30.8% |

Machine Business

Net sales increased and order backlog substantially increased thanks to the resumption of the projects that had been postponed due to the pandemic and an increase in demand for new investments.

(Millions of yen, unless otherwise stated)

| | Previous period (Apr. 1, 2022–Sep. 30, 2022) | Current period (Apr. 1, 2023–Sep. 30, 2023) | Year-over-year % change |
|-----------------|---|--|----------------------------|
| Net sales | 995 | 1,057 | Up 6.2% |
| Segment profit | 177 | 76 | Down 56.7% |
| Orders received | 1,844 | 1,296 | Down 29.7% |
| Order backlog | 2,942 | 4,223 | Up 43.5% |

Other businesses

The Other businesses posted sales of 0 million yen (down 42.8% year over year) with a segment loss of 8 million yen (as compared with a segment loss of 8 million yen a year earlier).

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Assets

Total assets at the end of the period under review increased 547 million yen from the end of the previous fiscal year to 45,448 million yen.

Current assets increased 122 million yen to 36,768 million yen mainly due to increases in cash and deposits, advance payments-trade and prepaid expenses included in other, which were partially offset by decreases in accounts and notes receivable-trade.

Non-current assets increased 424 million yen to 8,680 million yen mainly due to increases in property, plant and equipment and investment securities, which were partially offset by a decrease in deferred tax assets.

Liabilities

Total liabilities at the end of the period under review decreased 1,899 million yen from the end of the previous fiscal year to 5,140 million yen.

Current liabilities decreased 2,036 million yen to 4,127 million yen mainly due to decreases in notes and accounts payable-trade, and income taxes payable.

Non-current liabilities increased 137 million yen to 1,012 million yen due to an increase in deferred tax liabilities, which was partially offset by a decrease in long-term borrowings.

Net assets

Total net assets at the end of the period under review increased 2,446 million yen from the end of the previous fiscal year to 40,308 million yen. This was due to increases in foreign currency translation adjustment and retained earnings from profit attributable to owners of parent.

2) Cash flows

Cash and cash equivalents during the period under review increased 42 million yen from the end of the previous fiscal year to 22,040 million yen.

Cash flows from operating activities

Net cash provided by operating activities decreased 1,658 million yen year over year to 1,616 million yen. This is mainly due to a decrease in profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities increased 723 million yen year over year to 568 million yen. This is mainly due to an increase in expenditures for purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities increased 607 million yen year over year to 1,447 million yen. This is mainly due to purchase of treasury shares and payment of cash dividends.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Regarding the future outlook, chemicals demand for decoration of automotive components is expected to pick up slightly in the long run despite the influence of semiconductor and parts shortages. In addition, chemicals demand for the electronics industry is projected to expand mainly in semiconductor package substrates in conjunction with the proliferation of high-performance electronic devices and further technological innovation in the long run despite the temporary influence of the stagnated consumer spending on the demand for high-performance electronic devices such as smartphones, PCs, and tablets.

Given these circumstances, JCU's long-term goal is to become *a global company that continues to grow in a sustainable fashion*. To be more specific, we want to be an enterprise whose business is closely linked with ESG and SDGs and that can thrive in any country. To that end, we formulated a new medium-term management plan called "Next 50 Innovation 2nd" (covering the period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024) and we are committed to implementing this plan based on a basic policy of *strengthening core businesses* and *building an operational foundation from an ESG perspective*. Regarding the consolidated forecasts for the fiscal year ending March 31, 2024, there are no revisions to the first half and full year forecasts announced on May 11, 2023.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

| | FY3/23 (As of Mar. 31, 2023) | Second quarter of FY3/24 (As of Sep. 30, 2023) |
|--|---------------------------------|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 24,180,568 | 24,530,172 |
| Notes receivable-trade | 2,495,072 | 2,260,631 |
| Accounts receivable-trade | 5,572,841 | 5,230,494 |
| Contract assets | 458,682 | 539,323 |
| Merchandise and finished goods | 1,989,142 | 1,700,216 |
| Work in process | 59,469 | 63,111 |
| Raw materials and supplies | 803,745 | 800,567 |
| Other | 1,221,447 | 1,756,781 |
| Allowance for doubtful accounts | (134,871) | (112,563) |
| Total current assets | 36,646,096 | 36,768,735 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 3,443,580 | 3,519,656 |
| Machinery, equipment and vehicles, net | 1,071,183 | 1,036,056 |
| Tools, furniture and fixtures, net | 417,794 | 464,554 |
| Land | 915,500 | 915,500 |
| Leased assets, net | 39,450 | 35,067 |
| Construction in progress | 193,849 | 304,639 |
| Total property, plant and equipment | 6,081,360 | 6,275,474 |
| Intangible assets | | |
| Other | 47,156 | 45,460 |
| Total intangible assets | 47,156 | 45,460 |
| Investments and other assets | | |
| Investment securities | 1,392,752 | 1,656,712 |
| Deferred tax assets | 313,000 | 272,199 |
| Other | 420,987 | 430,343 |
| Total investments and other assets | 2,126,740 | 2,359,255 |
| Total non-current assets | 8,255,257 | 8,680,189 |
| Total assets | 44,901,354 | 45,448,924 |

| | (Thousands of yen) | |
|---|---------------------------------|---|
| | FY3/23 (As of Mar. 31, 2023) | Second quarter of FY3/24 (As of Sep. 30, 2023) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 1,497,444 | 752,316 |
| Electronically recorded obligations-operating | 899,895 | 824,544 |
| Short-term borrowings | 502,884 | 464,459 |
| Current portion of long-term borrowings | 251,431 | 211,857 |
| Lease liabilities | 13,111 | 13,454 |
| Income taxes payable | 1,543,045 | 645,572 |
| Provision for bonuses | 471,838 | 400,743 |
| Other | 984,550 | 814,928 |
| Total current liabilities | 6,164,200 | 4,127,877 |
| Non-current liabilities | | |
| Long-term borrowings | 288,427 | 184,168 |
| Lease liabilities | 50,207 | 43,393 |
| Retirement benefit liability | 105,485 | 121,619 |
| Deferred tax liabilities | 136,706 | 355,837 |
| Asset retirement obligations | 259,878 | 272,829 |
| Other | 34,722 | 34,722 |
| Total non-current liabilities | 875,427 | 1,012,569 |
| Total liabilities | 7,039,628 | 5,140,446 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,255,334 | 1,266,922 |
| Capital surplus | 1,196,783 | 1,208,364 |
| Retained earnings | 36,778,449 | 38,110,451 |
| Treasury shares | (4,662,889) | (5,072,444) |
| Total shareholders' equity | 34,567,677 | 35,513,294 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 113,982 | 310,034 |
| Foreign currency translation adjustment | 3,180,065 | 4,485,149 |
| Total accumulated other comprehensive income | 3,294,048 | 4,795,183 |
| Total net assets | 37,861,725 | 40,308,477 |
| Total liabilities and net assets | 44,901,354 | 45,448,924 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
**Quarterly Consolidated Statement of Income
(For the Six-month Period)**

(Thousands of yen)

| | First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022) | First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023) |
|---|--|--|
| Net sales | 13,117,946 | 10,864,394 |
| Cost of sales | 4,924,681 | 4,282,037 |
| Gross profit | 8,193,264 | 6,582,357 |
| Selling, general and administrative expenses | | |
| Salaries and allowances | 1,163,294 | 1,163,642 |
| Bonuses | 372,583 | 329,942 |
| Retirement benefit expenses | 63,622 | 66,791 |
| Depreciation | 205,187 | 221,659 |
| Other | 1,708,178 | 1,704,789 |
| Total selling, general and administrative expenses | 3,512,866 | 3,486,825 |
| Operating profit | 4,680,398 | 3,095,531 |
| Non-operating income | | |
| Interest income | 30,279 | 75,128 |
| Dividend income | 22,488 | 14,294 |
| Foreign exchange gains | 362,316 | 44,662 |
| Reversal of allowance for doubtful accounts | 1,028 | 28,954 |
| Other | 11,382 | 35,202 |
| Total non-operating income | 427,495 | 198,241 |
| Non-operating expenses | | |
| Interest expenses | 3,942 | 3,739 |
| Share of loss of entities accounted for using equity method | 376,084 | 26,821 |
| Compensation expenses | – | 33,985 |
| Other | 7,311 | 26,351 |
| Total non-operating expenses | 387,338 | 90,898 |
| Ordinary profit | 4,720,555 | 3,202,874 |
| Extraordinary income | | |
| Gain on change in equity | 77,019 | – |
| Gain on sale of non-current assets | 3,905 | 779 |
| Gain on sale of businesses | 60,000 | – |
| Total extraordinary income | 140,925 | 779 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 0 | 93 |
| Loss on retirement of non-current assets | 1,078 | 3,031 |
| Loss on valuation of investment securities | – | 656 |
| Total extraordinary losses | 1,078 | 3,781 |
| Profit before income taxes | 4,860,401 | 3,199,873 |
| Income taxes-current | 1,123,206 | 810,574 |
| Income taxes-deferred | 410,929 | 211,606 |
| Total income taxes | 1,534,136 | 1,022,180 |
| Profit | 3,326,265 | 2,177,692 |
| Profit attributable to owners of parent | 3,326,265 | 2,177,692 |

Quarterly Consolidated Statement of Comprehensive Income
(For the Six-month Period)

(Thousands of yen)

| | First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022) | First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023) |
|--|--|--|
| Profit | 3,326,265 | 2,177,692 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (54,886) | 196,051 |
| Foreign currency translation adjustment | 2,457,441 | 1,281,043 |
| Share of other comprehensive income of entities accounted for using equity method | 53,653 | 24,039 |
| Total other comprehensive income | 2,456,208 | 1,501,135 |
| Comprehensive income | 5,782,473 | 3,678,827 |
| Comprehensive income attributable to: | | |
| Owners of parent | 5,782,473 | 3,678,827 |

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

| | First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022) | First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023) |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 4,860,401 | 3,199,873 |
| Depreciation | 319,786 | 343,881 |
| Increase (decrease) in allowance for doubtful accounts | (1,028) | (28,954) |
| Increase (decrease) in provision for bonuses | 11,200 | (74,392) |
| Increase (decrease) in retirement benefit liability | 8,496 | 9,264 |
| Interest and dividend income | (52,767) | (89,422) |
| Interest expenses | 3,942 | 3,739 |
| Foreign exchange losses (gains) | 63,582 | 1,641 |
| Share of loss (profit) of entities accounted for using equity method | 376,084 | 26,821 |
| Loss (gain) on change in equity | (77,019) | – |
| Loss (gain) on sale of non-current assets | (3,905) | (686) |
| Loss on retirement of non-current assets | 1,078 | 3,031 |
| Loss (gain) on valuation of investment securities | – | 656 |
| Decrease (increase) in notes and accounts receivable-trade, and contract assets | (64,615) | 858,643 |
| Increase (decrease) in contract liabilities | 129,931 | 21,870 |
| Decrease (increase) in inventories | 1,046,914 | 513,616 |
| Increase (decrease) in trade payables | (1,387,549) | (972,058) |
| Decrease (increase) in advance payments-trade | (1,148) | (280,454) |
| Other, net | (329,681) | (261,961) |
| Subtotal | 4,903,702 | 3,275,110 |
| Interest and dividends received | 68,665 | 90,415 |
| Interest paid | (4,459) | (3,725) |
| Income taxes paid | (1,699,038) | (1,742,059) |
| Income taxes refund | 6,482 | (2,865) |
| Net cash provided by (used in) operating activities | 3,275,352 | 1,616,874 |
| Cash flows from investing activities | | |
| Decrease (increase) in time deposits | 399,895 | (185,237) |
| Purchase of property, plant and equipment | (237,811) | (393,182) |
| Proceeds from sale of property, plant and equipment | 3,905 | 6,892 |
| Purchase of intangible assets | (10,460) | (2,009) |
| Purchase of investment securities | (784) | (788) |
| Other, net | (368) | 5,334 |
| Net cash provided by (used in) investing activities | 154,376 | (568,990) |

| | (Thousands of yen) | |
|---|--|--|
| | First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022) | First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 125,742 | (41,631) |
| Repayments of long-term borrowings | (180,934) | (143,833) |
| Repayments of finance lease obligations | (6,267) | (6,470) |
| Purchase of treasury shares | – | (409,554) |
| Dividends paid | (778,165) | (845,974) |
| Net cash provided by (used in) financing activities | (839,623) | (1,447,464) |
| Effect of exchange rate change on cash and cash equivalents | 1,106,566 | 442,197 |
| Net increase (decrease) in cash and cash equivalents | 3,696,671 | 42,615 |
| Cash and cash equivalents at beginning of period | 16,845,073 | 21,997,846 |
| Cash and cash equivalents at end of period | 20,541,745 | 22,040,462 |

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)

The Company repurchased 125,600 treasury shares based on a resolution at the Board of Directors' meeting held on August 3, 2023. As a result, treasury shares increased by 409,407 thousand yen during the period under review. The repurchase of these treasury shares and other transactions resulted in the balance of treasury shares of 5,072,444 thousand yen at the end of the period under review.

Segment Information

I. First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022)

1. Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

| | Reportable segment | | | Other (Note 1) | Total | Adjustments (Note 2) | Amounts shown on quarterly consolidated statement of income (Note 3) |
|--------------------------------------|-----------------------|---------------------|------------|-------------------|------------|-------------------------|---|
| | Chemicals Business | Machine Business | Subtotal | | | | |
| Sales | | | | | | | |
| Sales to outside customers | 12,122,005 | 995,746 | 13,117,752 | 194 | 13,117,946 | – | 13,117,946 |
| Inter-segment sales and transfers | – | – | – | – | – | – | – |
| Total | 12,122,005 | 995,746 | 13,117,752 | 194 | 13,117,946 | – | 13,117,946 |
| Segment profit (loss) | 5,008,641 | 177,446 | 5,186,087 | (8,557) | 5,177,530 | (497,131) | 4,680,398 |

Notes: 1. The "Other" businesses segment represents business activities that are not included in either of the two reportable segments, and includes the cultivation and sale of grapevines for wine production and grape seedlings.

2. Details of the above adjustments to segment profit (loss) are as follows.

To segment profit (loss) (Thousands of yen)

| | First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022) |
|---------------------------------------|--|
| Inter-segment transaction elimination | – |
| Corporate expenses* | (497,131) |
| Total | (497,131) |

* Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segment.

3. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

II. First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)

1. Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

| | Reportable segment | | | Other (Note 1) | Total | Adjustments (Note 2) | Amounts shown on quarterly consolidated statement of income (Note 3) |
|-----------------------------------|-----------------------|---------------------|------------|-------------------|------------|-------------------------|---|
| | Chemicals Business | Machine Business | Subtotal | | | | |
| Sales | | | | | | | |
| Sales to outside customers | 9,806,311 | 1,057,972 | 10,864,283 | 111 | 10,864,394 | – | 10,864,394 |
| Inter-segment sales and transfers | – | – | – | – | – | – | – |
| Total | 9,806,311 | 1,057,972 | 10,864,283 | 111 | 10,864,394 | – | 10,864,394 |
| Segment profit (loss) | 3,467,067 | 76,891 | 3,543,959 | (8,567) | 3,535,391 | (439,860) | 3,095,531 |

Notes: 1. The “Other” businesses segment represents business activities that are not included in either of the two reportable segments, and includes the cultivation and sale of grapevines for wine production and grape seedlings.

2. Details of the above adjustments to segment profit (loss) are as follows.

To segment profit (loss) (Thousands of yen)

| | First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023) |
|---------------------------------------|--|
| Inter-segment transaction elimination | – |
| Corporate expenses* | (439,860) |
| Total | (439,860) |

* Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segment.

3. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

* This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.