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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 <under Japanese GAAP>



January 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: February 14, 2024  
 Preparation of supplementary material on financial results: None  
 Holding of financial results presentation meeting: None

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

### 1. Consolidated financial results for the Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 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                         | % |
| December 31, 2023 | 18,446          | 11.9 | (439)            | — | (194)           | — | 853                                     | — |
| December 31, 2022 | 16,479          | 3.5  | (568)            | — | (350)           | — | (120)                                   | — |

(Note) Comprehensive income: Fiscal year ended December 31, 2023 1,498 million yen [—%]  
 Fiscal year ended December 31, 2022 (74) million yen [—%]

| Fiscal year ended | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
|                   | Yen                      | Yen                        |
| December 31, 2023 | 113.87                   | —                          |
| December 31, 2022 | (15.80)                  | —                          |

#### (2) Consolidated financial position

| As of             | Total assets    | Net assets      | Equity-to-asset ratio |
|-------------------|-----------------|-----------------|-----------------------|
|                   | Millions of yen | Millions of yen | %                     |
| December 31, 2023 | 46,439          | 24,694          | 52.9                  |
| March 31, 2023    | 41,178          | 24,041          | 57.9                  |

(Reference) Equity: As of December 31 2023 24,543million 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 December 31, 2023                     | 7,800,000 shares | As of March 31, 2023                        | 7,800,000 shares |
| As of December 31, 2023                     | 366,337 shares   | As of March 31, 2023                        | 217,533 shares   |
| For the fiscal year ended December 31, 2023 | 7,492,446 shares | For the fiscal year ended December 31, 2022 | 7,601,720 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 December 31, 2023 |
|--|----------------------|-------------------------|
| <b>Assets</b>  |                      |                         |
| Current assets   |                      |                         |
| Cash and deposits  | 7,884                | 8,640                   |
| Notes and accounts receivable–trade, and contract assets | 20,693               | 22,748                  |
| Costs on construction contracts in progress              | 1,560                | 2,520                   |
| Other  | 81                   | 342                     |
| Allowance for doubtful accounts                          | (4)                  | (0)                     |
| Total current assets                                     | 30,214               | 34,251                  |
| Non-current assets                                       |                      |                         |
| Property, plant and equipment                            | 4,124                | 4,880                   |
| Intangible assets  | 291                  | 259                     |
| Investments and other assets                             |                      |                         |
| Investment securities                                    | 6,121                | 6,589                   |
| Other  | 441                  | 474                     |
| Allowance for doubtful accounts                          | (16)                 | (17)                    |
| Total investments and other assets                       | 6,547                | 7,047                   |
| Total non-current assets                                 | 10,963               | 12,187                  |
| Total assets   | 41,178               | 46,439                  |
| <b>Liabilities</b>                                       |                      |                         |
| Current liabilities                                      |                      |                         |
| Electronically recorded obligations–operating            | 1,495                | 2,570                   |
| Accounts payable–trade                                   | 7,860                | 5,870                   |
| Short-term borrowings                                    | 2,800                | 7,118                   |
| Provision  | 77                   | 79                      |
| Other  | 2,305                | 3,199                   |
| Total current liabilities                                | 14,538               | 18,839                  |
| Non-current liabilities                                  |                      |                         |
| Long-term borrowings                                     | 1,188                | 1,284                   |
| Retirement benefit liability                             | 127                  | 141                     |
| Other  | 1,282                | 1,480                   |
| Total non-current liabilities                            | 2,598                | 2,905                   |
| Total liabilities  | 17,136               | 21,745                  |

(Millions of yen)

|   | As of March 31, 2023 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| Net assets  |                      |                         |
| Shareholders' equity                                  |                      |                         |
| Share capital   | 6,176                | 6,176                   |
| Capital surplus                                       | 1,544                | 1,544                   |
| Retained earnings                                     | 13,775               | 14,099                  |
| Treasury shares                                       | (408)                | (709)                   |
| Total shareholders' equity                            | 21,087               | 21,110                  |
| Accumulated other comprehensive income                |                      |                         |
| Valuation difference on available-for-sale securities | 2,664                | 3,247                   |
| Deferred gains or losses on hedges                    | 1                    | 9                       |
| Foreign currency translation adjustment               | 125                  | 190                     |
| Remeasurements of defined benefit plans               | (18)                 | (14)                    |
| Total accumulated other comprehensive income          | 2,772                | 3,432                   |
| Non-controlling interests                             | 181                  | 150                     |
| Total net assets                                      | 24,041               | 24,694                  |
| Total liabilities and net assets                      | 41,178               | 46,439                  |

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

(Millions of yen)

|   | Fiscal year ended<br>March 31, 2023<br>(From April 1, 2022 to<br>December 31, 2022) | Fiscal year ending<br>March 31, 2024<br>(From April 1, 2023 to<br>December 31, 2023) |
|---|---|--|
| Net sales   | 16,479  | 18,446   |
| Cost of sales   | 13,800  | 15,484   |
| Gross profit  | 2,679   | 2,961  |
| Selling, general and administrative expenses                                    | 3,248   | 3,401  |
| Operating loss  | (568)   | (439)  |
| Non-operating income  |   |  |
| Dividend income   | 193   | 227  |
| Miscellaneous income  | 69  | 69   |
| Total non-operating income  | 263   | 296  |
| Non-operating expenses  |   |  |
| Interest expenses   | 28  | 41   |
| Foreign exchange losses   | 9   | 3  |
| Other   | 7   | 6  |
| Total non-operating expenses  | 45  | 51   |
| Ordinary loss   | (350)   | (194)  |
| Extraordinary income  |   |  |
| Gain on sale of investment securities   | 55  | 1,162  |
| Gain on sale of noncurrent assets   | 75  | 199  |
| Gain on transfer of business  | —   | 60   |
| Total extraordinary income  | 131   | 1,421  |
| Profit before income taxes / Loss before income taxes                           | (219)   | 1,226  |
| Total income taxes  | (74)  | 401  |
| Profit / Loss   | (144)   | 825  |
| Loss attributable to non-controlling interests                                  | (24)  | (27)   |
| Profit attributable to owners of parent / Loss attributable to owners of parent | (120)   | 853  |

**Consolidated Statement of Comprehensive Income**

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2023<br>(From April 1, 2022 to<br>December 31, 2022) | Fiscal year ending<br>March 31, 2024<br>(From April 1, 2023 to<br>December 31, 2023) |
|--|---|--|
| Profit / Loss  | (144)   | 825  |
| Other comprehensive income                                     |   |  |
| Valuation difference on available-for-sale securities          | (56)  | 582  |
| Deferred gains or losses on hedges                             | 8   | 7  |
| Foreign currency translation adjustment                        | 98  | 78   |
| Remeasurements of defined benefit plans, net of tax            | 19  | 4  |
| Total other comprehensive income                               | 69  | 673  |
| Comprehensive income   | (74)  | 1,498  |
| Comprehensive income attributable to                           |   |  |
| Comprehensive income attributable to owners of parent          | (68)  | 1,513  |
| Comprehensive income attributable to non-controlling interests | (6)   | (14)   |

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

## (i) Net sales

(Millions of yen)

| Segment                  | Fiscal year ended March 31, 2023<br>April 2022 to December 2022 |        | Fiscal year ending March 31, 2024<br>April 2023 to December 2023 |        | Increase<br>(decrease)<br>Amount |
|--------------------------|---|--------|--|--------|----------------------------------|
|                          | Amount  | %      | Amount   | %      |                                  |
| Heat Treatment Furnace   | 8,666   | 52.6   | 8,132  | 44.1   | (534)                            |
| Plant                    | 6,189   | 37.5   | 8,566  | 46.1   | 2,377                            |
| Development              | 774   | 4.7    | 629  | 3.4    | (145)                            |
| Others                   | 2,794   | 17.0   | 3,412  | 18.5   | 618                              |
| Intersegment elimination | (1,944)   | (11.8) | (2,294)  | (12.4) | (350)                            |
| Total                    | 16,479  | 100.0  | 18,446   | 100.0  | 1,967                            |
| [Overseas]               | [3,795]   | [23.0] | [2,575]  | [14.0] | [(1,220)]                        |

## (ii) Orders received

(Millions of yen)

| Segment                  | Fiscal year ended March 31, 2023<br>April 2022 to December 2022 |        | Fiscal year ending March 31, 2024<br>April 2023 to December 2023 |        | Increase<br>(decrease)<br>Amount |
|--------------------------|---|--------|--|--------|----------------------------------|
|                          | Amount  | %      | Amount   | %      |                                  |
| Heat Treatment Furnace   | 10,737  | 49.6   | 13,577   | 51.0   | 2,840                            |
| Plant                    | 9,405   | 43.5   | 8,914  | 33.5   | (491)                            |
| Development              | 434   | 2.0    | 2,703  | 10.2   | 2,269                            |
| Others                   | 3,122   | 14.4   | 4,836  | 18.2   | 1,714                            |
| Intersegment elimination | (2,054)   | (9.5)  | (3,437)  | (12.9) | (1,383)                          |
| Total                    | 21,645  | 100.0  | 26,594   | 100.0  | 4,949                            |
| [Overseas]               | [6,674]   | [30.8] | [7,091]  | [26.7] | [417]                            |

## (iii) Backorder

(Millions of yen)

| Segment                  | Fiscal year ended March 31, 2023<br>April 2022 to December 2022 |        | Fiscal year ending March 31, 2024<br>April 2023 to December 2023 |        | Increase<br>(decrease)<br>Amount |
|--------------------------|---|--------|--|--------|----------------------------------|
|                          | Amount  | %      | Amount   | %      |                                  |
| Heat Treatment Furnace   | 9,108   | 35.9   | 15,142   | 45.9   | 6,034                            |
| Plant                    | 13,635  | 53.7   | 10,230   | 31.0   | (3,405)                          |
| Development              | 682   | 2.7    | 3,682  | 11.2   | 3,000                            |
| Others                   | 2,823   | 11.1   | 5,818  | 17.6   | 2,995                            |
| Intersegment elimination | (874)   | (3.4)  | (1,877)  | (5.7)  | (1,003)                          |
| Total                    | 25,375  | 100.0  | 32,996   | 100.0  | 7,621                            |
| [Overseas]               | [6,777]   | [26.7] | [9,923]  | [30.1] | [3,146]                          |