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May 15, 2024

Financial results for the six months ended March 31, 2024 (Japanese GAAP, Consolidated)



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 Listing: Tokyo Stock Exchange
 Securities code: 8151
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 Scheduled date to file quarterly securities report: May 15, 2024
 Scheduled date to commence dividend payments: June 11, 2024
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes

(Yen amounts are rounded down to millions)

1. Consolidated financial results for the six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)

(1) Consolidated operating results (accumulated total)

(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	%
Six months ended								
March 31, 2024	20,368	31.5	3,332	121.5	3,364	110.9	2,477	117.2
March 31, 2023	15,486	10.5	1,504	(26.8)	1,594	(30.0)	1,140	(28.5)

Note: Comprehensive income For the six months ended March 31, 2024: ¥2,506 million [154.1%]
 For the six months ended March 31, 2023: ¥986 million [(33.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
March 31, 2024	110.75	110.25
March 31, 2023	49.55	49.26

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
March 31, 2024	45,539	30,174	66.1
September 30, 2023	39,954	28,313	70.6

Reference: Equity

As of March 31, 2024: ¥30,096 million
 As of September 30, 2023: ¥28,219 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 September 30, 2023	–	22.00	–	32.00	54.00
Fiscal year ending September 30, 2024	–	25.00			
Fiscal year ending September 30, 2024 (Forecast)			–	37.00	62.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending September 30, 2024 (October 1, 2023 to September 30, 2024)

(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	34,500	22.5	3,350	127.5	3,400	88.8	2,500	63.0	111.53

(Note) Revisions to the financial results forecast most recently announced: Yes

* Notes

(1) Significant changes in scope of subsidiaries during the six months ended March 31, 2024: None

(2) Adoption of specific accounting methods for quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards: 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)

As of March 31, 2024	26,085,000 shares	As of September 30, 2023	26,085,000 shares
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(ii) Number of treasury shares at the end of the period

As of March 31, 2024	3,669,345 shares	As of September 30, 2023	3,734,499 shares
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(iii) Average number of shares outstanding during the period

Six months ended March 31, 2024	22,372,752 shares	Six months ended March 31, 2023	23,026,618 shares
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* This financial results report is out of scope of review by certified public accountants or an audit firm.

* Explanation related to the appropriate use of financial result forecasts and other specific matters

The financial result forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable by the Company at the time of this document's disclosure. Actual results may differ materially from the forecast figures due to various factors. For matters related to the financial results forecast, please refer to "Consolidated financial results forecast and other forward-looking information" on page 4 of the consolidated financial results (attachments).

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1. Qualitative information on quarterly financial results

(1) Operating results

The fiscal year ending September 30, 2024 marks the final year of the medium-term management plan “TY2024” and TOYO Corporation (the “Company”) is pursuing growth strategies to achieve its initial financial results forecast (net sales of ¥32.0 billion and operating profit of ¥3.0 billion) as well as an ROE of 8.0% or higher, one of the management targets set in the medium-term management plan.

During the six months ended March 31, 2024, the Physics / Energies segment remained solid thanks to the booking of sales for several large-scale projects on the back of a brisk carbon neutrality market. Furthermore, in the Mechatronics / Noise & Vibration / Sensors segment, the Company booked a large-scale development project in the AD (autonomous driving)/ADAS (advanced driver assistance system) field in the US, and booked ahead of schedule a similar large-project in Japan (originally scheduled for the third-quarter), as well as several large projects planned for the third quarter or later. As a result, consolidated sales totalled ¥20,368 million (up 31.5% YoY). This broke down as domestic sales of ¥18,267 million (up 26.3%) and overseas sales (mainly to the US and China) of ¥2,101 million (up 105.7%).

In terms of profits, in addition to a boost from the increase in sales, an increase in high-margin projects as a result of price revisions, and the Company’s efforts in curbing the effects of exchange rate fluctuations and control of selling, general and administrative costs all helped contribute to a substantial year-on-year increase. Operating profit came to ¥3,332 million (up 121.5% YoY), ordinary profit was ¥3,364 million (up 110.9%) and profit attributable to owners of parent was ¥2,477 million (up 117.2%).

New orders taken totalled ¥17,620 million (up 12.2% YoY) following large increases in the Mechatronics / Noise & Vibration / Sensors segment and the Ocean / Defense & Security segment. However, the order backlog was flat at ¥15,729 million (down 0.2% YoY) following progress in booking sales ahead of schedule in the second quarter.

The results by segment were as follows:

(ICT / Information Security)

In the ICT / Information Security segment, sales grew thanks to network testing and new business for major communications carriers in the ICT field. Furthermore, sales were brisk from service providers in the cyber security field. As a result, net sales increased by 12.7% year-on-year to ¥4,380 million and segment profit was ¥447 million (up 37.1%).

(Mechatronics / Noise & Vibration / Sensors)

In the Mechatronics / Noise & Vibration / Sensors segment, a large-scale AD/ADAS development project in the US was delivered in the first quarter and sales for a similar large-scale project in Japan that was originally planned for the third quarter was booked ahead of schedule. Both sales and segment profit rose sharply as several other projects were also booked ahead of schedule in the second quarter and margins improved following price revisions. As a result, net sales increased by 90.8% year-on-year to ¥4,982 million and segment profit was ¥1,539 million (up 337.5%).

(Physics / Energies)

In the Physics / Energies segment, both net sales and segment profit increased significantly following the recording of several large-scale battery charging measurement system projects and the early booking of a large basic electrochemical measurement systems project, resulting in extremely strong sales. Sales increased by 42.6% year-on-year to ¥5,905 million and segment profit was ¥1,591 million (up 40.2%).

(EMC / Antenna Systems)

In the EMC / Antenna Systems segment, despite the booking of some sales ahead of schedule, sales declined compared to the same period of the previous fiscal year when deliveries increased as the COVID pandemic eased in China. Meanwhile, segment profit increased due to improved profit margins on domestic sales. As a result, sales decreased by 5.2% year-on-year to ¥2,779 million and segment profit was ¥375 million (up 54.4%).

(Ocean / Defense & Security)

In the Ocean / Defense & Security segment, sales increased year-on-year thanks to the booking of sales for a large project and early recording of sales for other projects. Segment profit increased on the back of higher sales effects. As a result, sales increased 6.5% year-on-year to ¥783 million and segment profit was ¥116 million (up 59.1%).

(Software Quality & Productivity)

In the Software Quality & Productivity segment, both sales and segment profit increased due to continuing strong license sales in software version management tools in the game development business. As a result, net sales increased by 20.8% year-on-year to ¥1,007 million and segment profit increased 30.3% to ¥202 million.

(Life Science)

In the Life Science segment, both sales and segment profit increased, thanks to the brisk sales of orthopedic digital planning tools at LEXI Co., Ltd. consolidated from the third quarter of the previous fiscal year, and the curbing of expenses. As a result, sales increased by 53.4% year-on-year to ¥530 million and segment profit was ¥106 million (up 80.4%).

(2) Financial position

① Total assets, liabilities and net assets

Total assets on March 31, 2024 were ¥45,539 million, an increase of ¥5,584 million compared to the end of the previous fiscal year. The main components behind the increase were an increase of ¥5,925 million in notes and accounts receivable - trade, and contract assets, an increase of ¥1,454 million in goodwill, and an increase of ¥1,256 million in securities. Meanwhile, the main negative factors were declines of ¥1,896 million in buildings and structures (net) and a decrease of ¥1,822 million in land assets.

Total liabilities increased by ¥3,723 million compared to the end of the previous fiscal year to ¥15,364 million. The main components behind the increase were an increase of ¥5,055 million in short-term borrowings, an increase of ¥1,236 million in notes and accounts payable - trade, and an increase of ¥711 million in income taxes payable. Meanwhile, the main negative factor was a decrease of ¥4,060 million in advances received.

Net assets increased by ¥1,860 million compared to the end of the previous fiscal year to ¥30,174 million. The main component behind the increase was an increase of ¥1,769 million in retained earnings and an increase of ¥106 million in valuation gains on available-for-sale securities. Meanwhile, the main decrease factors were a decrease of ¥80 million in deferred gains or losses on hedges.

② Cash flows

At the end of the second quarter (six months ended March 31, 2024), cash and cash equivalents increased by ¥1,343 million compared to the end of the previous fiscal year (the period ended September 30, 2023) to ¥4,003 million.

Explanations regarding the various cash flows at the end of the second quarter (six months ended March 31, 2024) and the main factors are as follows:

(Cash flows from operating activities)

The main components of cash inflow were quarterly profit before income taxes of ¥3,382 million and an increase in notes and accounts payable - trade of ¥1,175 million. The main components of cash outflow were an increase of ¥5,530 million in notes and accounts receivable - trade, and contract assets and a decline in contract liabilities of ¥456 million.

As a result, net cash flows used in operating activities was ¥253 million.

(Cash flows from investing activities)

The main component of cash inflow was proceeds from the sale of investment securities of ¥1,168 million and proceeds from the sale of property, plant and equipment of ¥46 million. The main components of cash outflow were expenditures of ¥1,722 million for the purchase of subsidiaries' shares resulting in changes in the scope of consolidation and ¥1,374 million in expenditure for the acquisition of property, plant and equipment.

As a result, net cash flows used in investing activities was ¥2,696 million.

(Cash flows from financing activities)

The main component of cash inflow was proceeds of ¥5,000 million from an increase in short-term borrowings. On the other hand, the main components of cash outflows were expenditures of ¥715 million for dividends paid.

As a result, net cash flows provided by financing activities was ¥4,283 million.

(3) Consolidated financial results forecast and other forward-looking information

As the progress rate towards our initial forecast was approximately 63% for net sales and operating profit exceeded the initial forecast, we have revised our full-year earnings forecast based on the latest order situation. Regarding our forecasts, we expect to secure profits in H2, despite some large projects planned for Q3 being booked ahead of schedule in Q2 and concerns about further yen depreciation. We revised our forecasts as below.

	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
Previous forecast (A)	32,000	3,000	3,200	2,300	102.91
Current forecast (B)	34,500	3,350	3,400	2,500	111.53
Change (B - A)	2,500	350	200	200	-
Change (%)	7.8	11.7	6.3	8.7	-
(Ref.) FY9/23 results	28,172	1,472	1,800	1,534	67.50

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	Prior fiscal year (As of September 30, 2023)	Current second quarter (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	2,659,402	3,710,990
Notes and accounts receivable - trade, and contract assets	4,534,727	10,460,168
Electronically recorded monetary claims - operating	478,318	325,325
Securities	1,367,886	2,624,648
Merchandise and finished goods	4,554,835	4,252,301
Other	3,123,836	3,442,508
Allowance for doubtful accounts	(2,700)	(3,760)
Total current assets	16,716,306	24,812,184
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,342,783	2,952,585
Accumulated depreciation and impairment	(1,663,757)	(2,170,284)
Buildings and structures, net	2,679,025	782,300
Vehicles	10,936	18,175
Accumulated depreciation	(6,764)	(14,458)
Vehicles, net	4,171	3,716
Tools, furniture and fixtures	4,280,167	5,182,933
Accumulated depreciation and impairment	(3,489,211)	(4,310,110)
Tools, furniture and fixtures, net	790,956	872,823
Land	6,808,541	4,985,869
Construction in progress	5,701,970	6,595,653
Total property, plant and equipment	15,984,666	13,240,363
Intangible assets		
Goodwill	267,691	1,721,865
Software	707,159	798,938
Software in progress	189,840	98,989
Other	72,516	127,743
Total intangible assets	1,237,208	2,747,537
Investments and other assets		
Investment securities	3,531,680	2,200,850
Retirement benefit asset	628,570	645,007
Deferred tax assets	725,242	778,972
Long-term time deposits	700,000	700,141
Other	464,494	447,541
Allowance for doubtful accounts	(33,328)	(33,186)
Total investments and other assets	6,016,659	4,739,326
Total non-current assets	23,238,533	20,727,226
Total assets	39,954,840	45,539,410

(Thousands of yen)

	Prior fiscal year (As of September 30, 2023)	Current second quarter (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,666,125	2,902,257
Short-term borrowings	—	5,055,739
Income taxes payable	427,615	1,139,517
Contract liabilities	2,855,790	2,694,180
Advances received	4,060,080	—
Provision for bonuses	772,094	1,142,095
Provision for bonuses for directors (and other officers)	66,000	32,590
Other	977,583	1,281,151
Total current liabilities	10,825,289	14,247,531
Non-current liabilities		
Retirement benefit liability	672,063	811,894
Other	143,536	305,106
Total non-current liabilities	815,600	1,117,000
Total liabilities	11,640,890	15,364,531
Net assets		
Shareholders' equity		
Share capital	4,158,000	4,158,000
Capital surplus	4,603,500	4,603,500
Retained earnings	23,995,345	25,765,239
Treasury shares	(4,496,633)	(4,417,897)
Total shareholders' equity	28,260,212	30,108,842
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(53,726)	52,835
Deferred gains or losses on hedges	129,858	49,110
Foreign currency translation adjustment	(125,467)	(118,154)
Remeasurements of defined benefit plans	8,494	4,247
Total accumulated other comprehensive income	(40,841)	(11,961)
Share acquisition rights	94,580	77,998
Total net assets	28,313,950	30,174,878
Total liabilities and net assets	39,954,840	45,539,410

(2) Quarterly consolidated statement of income and statement of comprehensive income
Quarterly consolidated statement of income
Six months ended March 31, 2024

(Thousands of yen)

	Prior second quarter (October 1, 2022 to March 31, 2023)	Current second quarter (October 1, 2023 to March 31, 2024)
Net sales	15,486,664	20,368,996
Cost of sales	9,053,036	11,362,540
Gross profit	6,433,628	9,006,456
Selling, general and administrative expenses	4,928,844	5,673,633
Operating profit (loss)	1,504,784	3,332,822
Non-operating income		
Interest income	52,808	27,503
Dividend income	15,901	8,440
Settlement income	118,541	—
Surrender value of insurance policies	9,396	25,231
Other	35,447	34,071
Total non-operating income	232,095	95,247
Non-operating expenses		
Interest expenses	330	2,416
Loss on investments in investment partnerships	54,985	13,954
Foreign exchange losses	65,805	39,130
Share of loss of entities accounted for using equity method	1,570	8,084
Other	19,286	212
Total non-operating expenses	141,978	63,798
Ordinary profit (loss)	1,594,901	3,364,271
Extraordinary income		
Gain on sale of non-current assets	15,036	3,429,551
Gain on sale of investment securities	70,789	10,054
Total extraordinary income	85,825	3,439,606
Extraordinary losses		
Loss on disposal of non-current assets	858	20,439
Loss on reduction in value of non-current assets	—	3,400,997
Total extraordinary losses	858	3,421,437
Profit (loss) before income taxes	1,679,868	3,382,440
Income taxes - current	498,436	947,372
Income taxes - deferred	40,540	(42,799)
Total income taxes	538,977	904,573
Profit (loss)	1,140,890	2,477,867
Profit (loss) attributable to owners of parent	1,140,890	2,477,867

Quarterly consolidated statement of comprehensive income
Six months ended March 31, 2024

(Thousands of yen)

	Prior second quarter (October 1, 2022 to March 31, 2023)	Current second quarter (October 1, 2023 to March 31, 2024)
Profit (loss)	1,140,890	2,477,867
Other comprehensive income		
Valuation difference on available-for-sale securities	(68,959)	106,562
Deferred gains or losses on hedges	(115,132)	(80,748)
Foreign currency translation adjustment	(16,582)	6,734
Remeasurements of defined benefit plans, net of tax	23,357	(4,247)
Share of other comprehensive income of entities accounted for using equity method	22,932	579
Total other comprehensive income	(154,385)	28,880
Comprehensive income	986,505	2,506,747
(Comprehensive income attributable to)		
Owners of parent	986,505	2,506,747
Non-controlling interests	—	—

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Prior second quarter (October 1, 2022 to March 31, 2023)	Current second quarter (October 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	1,679,868	3,382,440
Depreciation	383,044	461,797
Goodwill amortization	13,251	61,941
Increase (decrease) in allowance for doubtful accounts	(2,530)	758
Increase (decrease) in provision for bonuses	(45,000)	354,462
Increase (decrease) in provision for bonuses for directors (and other officers)	(36,500)	(33,410)
Increase (decrease) in retirement benefit liabilities	(3,326)	9,454
Interest and dividend income	(68,709)	(35,944)
Surrender value of insurance policies	(9,396)	(25,231)
Interest expense	330	2,416
Settlement income	(118,541)	—
Share of loss (profit) of entities accounted for using equity method	1,570	8,084
Loss (gain) on investments in investment partnerships	54,985	13,954
Loss (gain) on sale of securities	(59)	—
Loss (gain) on sale of investment securities	(70,789)	(10,054)
Loss (gain) on sale of non-current assets	(14,177)	(3,409,112)
Reduction in value of non-current assets	—	3,400,997
Increase (decrease) in trade notes and accounts receivable, and contract assets	(2,582,899)	(5,530,318)
Increase (decrease) in inventories	(257,646)	459,903
Increase (decrease) in trade notes and accounts payable	305,799	1,175,195
Increase (decrease) in contract liabilities	(801,131)	(456,120)
Other, net	147,130	190,057
Subtotal	(1,424,727)	21,272
Interest and dividends received	89,359	43,166
Surrender value of insurance policies received	9,396	25,231
Interest paid	(330)	(2,416)
Income taxes paid	(142,565)	(342,710)
Income taxes refunded	831	1,794
Net cash provided by (used in) operating activities	(1,468,035)	(253,661)
Cash flows from investing activities		
Purchase of securities	—	(368,026)
Proceeds from sale of securities	1,010,150	10,180
Purchase of tangible non-current assets	(637,445)	(1,374,390)
Proceeds from sale of tangible non-current assets	45,831	46,130
Purchase of intangible assets	(183,016)	(219,223)
Purchase of investment securities	(264,281)	(267,198)
Proceeds from sales of investment securities	1,734,564	1,168,544
Purchase of subsidiaries' shares resulting in changes in the scope of consolidation	(288,096)	(1,722,966)
Other, net	93,652	30,946
Net cash provided by (used in) investing activities	1,511,358	(2,696,003)

(Thousands of yen)

	Prior second quarter (October 1, 2022 to March 31, 2023)	Current second quarter (October 1, 2023 to March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	5,000,000
Purchase of treasury shares	(1,102,991)	(1,334)
Dividends paid	(702,341)	(715,216)
Proceeds from exercise of stock options	47	18
Net cash provided by (used in) financing activities	(1,805,285)	4,283,467
Effect of exchange rate change on cash and cash equivalents	(50,934)	10,099
Net increase (decrease) in cash and cash equivalents	(1,812,896)	1,343,902
Cash and cash equivalents at beginning of period	3,787,571	2,659,402
Cash and cash equivalents at end of period	1,974,675	4,003,304

(4) Notes to quarterly consolidated financial statements
 (Notes on going concern assumption)
 None.

(Notes in case of significant changes in shareholders' equity)
 None.

(Segment information, etc.)
 [Segment information]

I. For the six months ended March 31, 2023 (October 1, 2022 to March 31, 2023)

1. Net sales and profits (losses) by reportable segment and breakdown of revenues

(Thousands of yen)

	Reportable segments			
	ICT / Information Security	Mechatronics / Noise & Vibration / Sensors	Physics / Energies	EMC / Antenna Systems
Net sales				
Goods or services transferred at a point in time	3,047,701	2,395,289	4,135,294	2,834,046
Goods or services that are transferred over a period of time	839,825	216,020	4,651	98,555
Revenue from contracts with customers	3,887,526	2,611,310	4,139,946	2,932,602
Net sales	3,887,526	2,611,310	4,139,946	2,932,602
Segment profit (loss)	326,546	351,828	1,135,274	243,427

(Thousands of yen)

	Reportable segments			Total
	Ocean / Defense & Security	Software Quality and Productivity	Life Science	
Net sales				
Goods or services transferred at a point in time	634,562	365,653	274,155	13,686,702
Goods or services that are transferred over a period of time	100,973	468,297	71,637	1,799,961
Revenue from contracts with customers	735,536	833,951	345,792	15,486,664
Net sales	735,536	833,951	345,792	15,486,664
Segment profit (loss)	73,218	155,758	58,867	2,344,921

2. Differences between the total amount of profit (loss) of reportable segments and the amount in the consolidated statement of income and major breakdown of such differences (reconciliation)

(Thousands of yen)

Reconciliation of profit (loss)	Amount
Total of reportable segments	2,344,921
Corporate expenses*	(840,137)
Operating profit in the Consolidated Statements of Income	1,504,784

* "Corporate expenses" mainly include operating expenses that are not attributable to the reportable segments and differences due to the method of reporting provisions, etc.

II. For the six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)

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

(Thousands of yen)

	Reportable segments			
	ICT / Information Security	Mechatronics / Noise & Vibration / Sensors	Physics / Energies	EMC / Antenna Systems
Net sales				
Goods or services transferred at a point in time	3,401,711	4,724,946	5,860,015	2,724,326
Goods or services that are transferred over a period of time	978,550	257,676	22,720	55,501
Revenue from contracts with customers	4,380,261	4,982,623	5,882,736	2,779,828
Other revenue (Note)	—	—	22,504	—
Net sales	4,380,261	4,982,623	5,905,241	2,779,828
Segment profit (loss)	447,689	1,539,184	1,591,124	375,839

(Thousands of yen)

	Reportable segments			Total
	Ocean / Defense & Security	Software Quality and Productivity	Life Science	
Net sales				
Goods or services transferred at a point in time	677,092	424,902	440,665	18,253,661
Goods or services that are transferred over a period of time	100,973	582,550	89,720	2,092,830
Revenue from contracts with customers	783,202	1,007,452	530,385	20,346,491
Other revenue *	—	—	—	22,504
Net sales	783,202	1,007,452	530,385	20,368,996
Segment profit (loss)	116,509	202,913	106,202	4,379,464

* “Other revenue” includes revenue related to leases, etc.

2. Differences between the total amount of profit (loss) of reportable segments and the amount in the consolidated statement of income and major breakdown of such differences (reconciliation)

(Thousands of yen)

Reconciliation of profit (loss)	Amount
Total of reportable segments	4,379,464
Corporate expenses *	(1,046,641)
Operating profit in the Consolidated Statements of Income	3,332,822

* “Corporate expenses” mainly include operating expenses that are not attributable to the reportable segments and differences due to the method of reporting provisions, etc.

3. Information related to impairment charge or goodwill of non-current assets in each reportable segment

(Significant changes in goodwill)

In the Mechatronics / Noise & Vibration / Sensors segment, Rototest International AB has been included in the scope of consolidation from the first quarter of this fiscal year following acquisition of all shares in the company. The increase in goodwill following the acquisition was ¥1,276,875 thousand in the second quarter of the fiscal year ending September 31, 2024. Note that the amount of goodwill is a provisional estimation as purchase price allocations have not yet been finalized.

(Revenue recognition)

The breakdown of revenue from contracts with customers is as stated in Notes (“Segment information, etc.”).

(Significant subsequent events)

None