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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



November 10, 2022

Company name: RIX CORPORATION

Stock exchange listing: Tokyo Stock Exchange and Fukuoka Stock Exchange

Code number: 7525

URL: <https://www.rix.co.jp/en/>

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Scheduled date of filing quarterly securities report: November 11, 2022

Scheduled date of commencing dividend payments: December 8, 2022

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 – September 30, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	21,179	10.4	1,413	23.9	1,734	30.7	1,176	29.9
Six months ended September 30, 2021	19,189	–	1,141	70.4	1,327	79.7	905	87.3

(Note) Comprehensive income: Six months ended September 30, 2022: ¥1,370 million [39.2%]

Six months ended September 30, 2021: ¥984 million [60.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	143.94	–
September 30, 2021	110.83	–

(Note) The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022. Therefore, the change in net sales for the six months ended September 30, 2021 from the previous corresponding period is not shown in the table above.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	35,029	20,468	57.4
As of March 31, 2022	34,187	19,500	56.0

(Reference) Equity: As of September 30, 2022: ¥20,092 million

As of March 31, 2022: ¥19,143 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen –	Yen 25.00	Yen –	Yen 40.00	Yen 65.00
Fiscal year ending March 31, 2023	–	50.00			
Fiscal year ending March 31, 2023 (Forecast)			–	60.00	110.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	43,900	9.8	2,950	14.3	3,350	12.2	2,250	9.7	276.80

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

For further information, please refer to the “Notice Regarding Revision to Financial Results Forecast and Forecast for Dividends” announced today (November 10, 2022).

* Notes:

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: None; Excluded: None
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
For further information, please refer to “(4) Notes to Quarterly Consolidated Financial Statements (Accounting Methods Adopted Particularly for the Preparation of Quarterly Consolidated Financial Statements)” on page 11 of the Attachments.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common shares)
 - 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

September 30, 2022:	8,640,000 shares
March 31, 2022:	8,640,000 shares
 - 2) Total number of treasury shares at the end of the period:

September 30, 2022:	495,851 shares
March 31, 2022:	469,445 shares
 - 3) Average number of shares during the period:

Six months ended September 30, 2022:	8,170,897 shares
Six months ended September 30, 2021:	8,170,568 shares

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

(Cautionary statement regarding forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

(How to obtain supplementary explanatory materials on financial results and contents of the financial results briefing sessions)

The Company plans to hold a financial results briefing session for institutional investors and analysts on Monday, November 21, 2022. The presentation materials to be used at the session will be posted on the Company’s website promptly after the session.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The world economy showed a slowdown in recovery during the six months ended September 30, 2022, weighed down mainly by rising inflation, monetary tightening around the world, and the Ukrainian crisis. The Japanese economy experienced a decline in personal consumption due to a renewed surge in COVID-19 cases in the summer, but corporate capital investment in such areas as digitalization and labor-saving efforts remained on a rising trend.

Under these economic circumstances, the Group implemented measures under its medium-term plan “GP2023.” As a result, as for the consolidated financial results for the six months ended September 30, 2022, the Group recorded net sales totaling ¥21,179 million (up 10.4% year on year), operating profit totaling ¥1,413 million (up 23.9% year on year), ordinary profit totaling ¥1,734 million (up 30.7% year on year), and profit attributable to owners of parent totaling ¥1,176 million (up 29.9% year on year).

Operating results by reportable segment are as follows. The Group manages business performance by industry to which customers belong, and thus designates the following eight industries as reportable segments: “Steel and Iron,” “Automobile,” “Electronics and Semiconductor,” “Rubber and Tire,” “Machine Tools,” “High-performance Material,” “Environment,” and “Paper and Pulp.”

(Steel and Iron)

On the global level, the steel and iron industry continued to face sluggish demand for steel products. This was due to a production decrease in China, the largest crude steel producer in the world, as well as uncertainty over automobile production amid the Ukraine crisis and semiconductor shortages. Japan saw a decrease in demand for steel products due to the impact of automobile production cuts, being in line with the global trend.

The Group focused on sales activities not only in the maintenance sector but also in the operation sector, resulting in the growth in the sales of bearing reclaim of a Group company, as well as the sales of coil skids, reduction rolls, and rental products for makeshift water treatment facilities.

As a result, net sales for the steel and iron industry totaled ¥5,948 million (up 4.4% year on year).

(Automobile)

On the global level, the automobile industry saw a year-on-year recovery in China, India, and Mexico, the major automobile-producing countries. Meanwhile, production in Japan differed sharply among manufacturers, reflecting the prolonged impact of the shortages of semiconductor-related parts.

The Group focused on sales and proposal activities in the battery and motor sectors, which are attracting attention in the CASE market. This resulted in sales of battery and motor manufacturing facilities and accessory equipment, and repairs of filters and electronic parts, among others, contributing to the increase in sales.

As a result, net sales for the automobile industry totaled ¥3,991 million (up 13.6% year on year).

(Electronics and Semiconductor)

The global electronics and semiconductor industry saw record sales, although growth rates varied by semiconductor type and region, and is expected to grow further going forward. Meanwhile, sales grew in Japan as demand remained high, especially for products related to semiconductor manufacturing equipment.

The Group focused on sales activities on the frontline and facilities and maintenance sectors, in addition to the repair and recycling businesses. This resulted in increases in sales for our original wet-type jet mill “G-smasher” and rotary joint products, in addition to the sales of sealing materials and expendable parts for semiconductor manufacturing equipment.

As a result, net sales for the electronics and semiconductor industry totaled ¥3,261 million (up 19.2% year on year).

(Rubber and Tire)

The rubber and tire industry struggled to sell tires for new cars both in Japan and overseas due to the semiconductor shortages. Meanwhile, the sales of replacement tires were strong, with the growth particularly seen in high-inch tires.

The Group continued to follow up on development projects and focus on sales activities related to new projects and capital investment, as in the previous fiscal year. This resulted in increases in sales of jigs and tools for tire production equipment and pumps for water treatment facilities, but they did not offset a decline in pump renewals.

As a result, net sales for the rubber and tire industry totaled ¥1,243 million (down 7.2% year on year).

(Machine Tools)

The machine tools industry enjoyed strong orders both in Japan and overseas, which grew year on year for 23 consecutive months. Meanwhile, worries about a possible decline in semiconductor-related investment left concerns over production cuts.

The Group focused on sales and development of multi-port rotary joints that respond to requests for the integration of machine tools. This resulted in increases in sales of centrifugal pumps and oil separators, in addition to our original rotary joints.

As a result, net sales for the machine tools industry totaled ¥1,212 million (up 33.4% year on year).

(High-performance Material)

In the high-performance material industry, naphtha prices, which had been surging, fluctuated in the six months ended September 30, 2022 due to a decline in crude oil prices and sluggish demand for petrochemical products in Asia. This led to continued cost pass-through to product prices.

The Group focused on sales of filters, in addition to making further inroads into pharmaceutical and cosmetic industries. This resulted in sales of NF membrane units and repairs of vacuum pumps, among others, contributing to the sales increase.

As a result, net sales for the high-performance material industry totaled ¥1,098 million (up 33.6% year on year).

(Environment)

The environment industry saw a year-on-year decline in orders of environment-related equipment, especially urban garbage treatment equipment and sludge treatment equipment for overseas markets.

The Group focused on increasing its presence in the environment and energy industries, which are regarded as important in recent years. This resulted in sales of pumps for sewerage treatment facilities, filters for the exhaust gas treatment process, expansion joints and magnetic separators for biomass power generation, and other products contributing to the sales increase.

As a result, net sales for the environmental industry totaled ¥1,147 million (up 8.7% year on year).

(Paper and Pulp)

The paper and pulp industry enjoyed strong shipments of containerboards and other types of paper board, supported by an increase in electronic business transactions. Meanwhile, shipments of printing and communication paper and other types of paper declined mainly due to price increases in western paper.

The Group focused on product development in the cutting-edge biomass material CNF, chemical materials, and energy sectors. This resulted in sales increases in rental of chiller units, among others. Meanwhile, the Group was affected such as by a decrease in repairs of speed reducers.

As a result, net sales for the paper and pulp industry totaled ¥378 million (down 10.4% year on year).

(2) Explanation of Financial Position

(Assets)

Current assets decreased 0.5% from the end of the previous fiscal year to ¥27,051 million. Primary factors for the decrease in current assets include an increase of ¥771 million in trade receivables, an increase of ¥642 million in inventories, and a decrease of ¥1,702 million in cash and deposits.

Non-current assets increased 13.9% from the end of the previous fiscal year to ¥7,978 million. Primary factors for the increase include an increase of ¥571 million in property, plant and equipment and an increase of ¥200 million in investment securities.

As a result, total assets increased 2.5% from the end of the previous fiscal year to ¥35,029 million.

(Liabilities)

Current liabilities decreased 0.3% from the end of the previous fiscal year to ¥13,216 million. Primary factors for the decrease include an increase of ¥91 million in trade payables and a decrease of ¥141 million in income taxes payable.

Non-current liabilities decreased 6.0% from the end of the previous fiscal year to ¥1,344 million. Primary factors for the decrease include an increase of ¥119 million in other, and a decrease of ¥212 million in provision for retirement benefits for directors (and other officers).

As a result, total liabilities decreased 0.9% from the end of the previous fiscal year to ¥14,561 million.

(Net Assets)

Net assets increased 5.0% from the end of the previous fiscal year to ¥20,468 million. Primary factors for the increase in net assets include an increase of ¥848 million in retained earnings and an increase of ¥213 million in foreign currency translation adjustment.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

In the first half of the fiscal year ending March 31, 2023, net sales and operating profit progressed mostly as planned. On the other hand, ordinary profit and profit attributable to owners of parent exceeded target values as a result of higher-than-expected non-operating income mainly due to an increase in foreign exchange gains, which was driven by the yen's rapid depreciation.

As for the second half of the fiscal year ending March 31, 2023, the Company expects no significant deviation from the target values previously announced. Accordingly, the Company will revise upward the full-year consolidated financial results forecast for ordinary profit and profit attributable to owners of parent to reflect the financial results for the first half of the fiscal year.

In addition, the Company will revise the year-end ordinary dividend forecast, in association with the upward revision to the financial results forecast.

For details, see the "Notice Regarding Revision to Financial Results Forecast and Forecast for Dividends" released on November 10, 2022.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	9,103,893	7,401,530
Notes receivable – trade	679,645	575,550
Electronically recorded monetary claims – operating	3,042,117	3,567,510
Accounts receivable – trade	11,606,759	11,957,000
Securities	100,000	200,000
Merchandise and finished goods	1,904,187	2,304,386
Work in process	278,980	419,303
Raw materials and supplies	196,064	297,807
Other	273,499	329,066
Allowance for doubtful accounts	(742)	(735)
Total current assets	27,184,404	27,051,421
Non-current assets		
Property, plant and equipment	3,050,120	3,621,938
Intangible assets	163,788	232,920
Investments and other assets		
Investment securities	2,601,939	2,802,015
Other	1,202,040	1,345,125
Allowance for doubtful accounts	(14,673)	(23,523)
Total investments and other assets	3,789,306	4,123,617
Total non-current assets	7,003,215	7,978,475
Total assets	34,187,619	35,029,896
Liabilities		
Current liabilities		
Notes payable – trade	767,572	490,886
Electronically recorded obligations – operating	4,799,985	4,981,282
Accounts payable – trade	3,964,637	4,151,594
Short-term borrowings	1,515,170	1,529,150
Current portion of long-term borrowings	21,600	21,600
Income taxes payable	714,467	572,896
Provision for bonuses	–	6,772
Provision for bonuses for directors (and other officers)	–	61,023
Other	1,474,026	1,401,742
Total current liabilities	13,257,458	13,216,948
Non-current liabilities		
Long-term borrowings	270,400	259,600
Provision for retirement benefits for directors (and other officers)	294,410	82,127
Retirement benefit liability	655,338	673,382
Other	209,942	329,036
Total non-current liabilities	1,430,091	1,344,146
Total liabilities	14,687,549	14,561,095

(Thousand yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	827,900	827,900
Capital surplus	1,057,212	1,053,033
Retained earnings	16,986,591	17,835,391
Treasury shares	(407,624)	(476,815)
Total shareholders' equity	18,464,080	19,239,510
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	494,706	458,746
Foreign currency translation adjustment	164,516	377,527
Remeasurements of defined benefit plans	20,400	16,802
Total accumulated other comprehensive income	679,623	853,076
Non-controlling interests	356,366	376,215
Total net assets	19,500,069	20,468,801
Total liabilities and net assets	34,187,619	35,029,896

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	19,189,600	21,179,874
Cost of sales	14,609,299	15,906,935
Gross profit	4,580,300	5,272,938
Selling, general and administrative expenses	3,439,097	3,859,409
Operating profit	1,141,202	1,413,529
Non-operating income		
Interest income	6,590	8,961
Dividend income	33,666	49,178
Share of profit of entities accounted for using equity method	37,921	4,184
Rental income from real estate	9,912	9,920
Foreign exchange gains	57,118	209,478
Gain on investments in investment partnerships	24,587	16,170
Other	23,962	39,174
Total non-operating income	193,760	337,067
Non-operating expenses		
Interest expenses	1,221	2,211
Provision of allowance for doubtful accounts	5,033	8,852
Other	1,553	5,284
Total non-operating expenses	7,808	16,347
Ordinary profit	1,327,155	1,734,248
Extraordinary income		
Gain on sale of non-current assets	1,924	116
Gain on sale of investment securities	3,385	–
Surrender value of insurance policies	2,740	–
Total extraordinary income	8,051	116
Extraordinary losses		
Loss on sale of non-current assets	3	–
Loss on retirement of non-current assets	1,479	210
Total extraordinary losses	1,482	210
Profit before income taxes	1,333,724	1,734,154
Income taxes	416,318	546,403
Profit	917,405	1,187,750
Profit attributable to non-controlling interests	11,892	11,668
Profit attributable to owners of parent	905,512	1,176,082

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	917,405	1,187,750
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,838)	(38,323)
Foreign currency translation adjustment	86,573	223,217
Remeasurements of defined benefit plans, net of tax	(4,394)	(3,598)
Share of other comprehensive income of entities accounted for using equity method	159	1,657
Total other comprehensive income	67,500	182,953
Comprehensive income	984,906	1,370,704
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	975,104	1,349,535
Comprehensive income attributable to non-controlling interests	9,801	21,168

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,333,724	1,734,154
Depreciation	159,325	183,484
Increase (decrease) in provision for bonuses	533	6,089
Increase (decrease) in provision for bonuses for directors (and other officers)	52,085	61,023
Increase (decrease) in accounts payable-bonus to directors and statutory auditors	(84,323)	(109,868)
Increase (decrease) in net defined benefit asset and liability	(10,480)	9,413
Increase (decrease) in provision for retirement benefits for directors (and other officers)	10,025	(212,282)
Increase (decrease) in allowance for doubtful accounts	4,240	8,842
Interest and dividend income	(40,257)	(58,139)
Interest expenses	1,221	2,211
Foreign exchange losses (gains)	(6,027)	(9,476)
Share of loss (profit) of entities accounted for using equity method	(37,921)	(4,184)
Loss (gain) on sale of property, plant and equipment	(1,921)	(116)
Loss on retirement of property, plant and equipment	1,479	210
Loss (gain) on sale of investment securities	(3,385)	–
Loss (gain) on investments in investment partnerships	(24,587)	(16,170)
Decrease (increase) in trade receivables	(549,397)	(708,476)
Decrease (increase) in inventories	(323,160)	(590,996)
Decrease (increase) in other assets	(18,789)	(53,727)
Increase (decrease) in trade payables	807,530	22,477
Increase (decrease) in accrued consumption taxes	69,914	(48,869)
Increase (decrease) in other liabilities	75,339	269,119
Subtotal	1,415,165	484,719
Interest and dividends received	40,832	58,714
Interest paid	(1,226)	(2,211)
Income taxes paid	(269,492)	(680,375)
Net cash provided by (used in) operating activities	1,185,278	(139,153)
Cash flows from investing activities		
Payments into time deposits	(844,961)	(730,643)
Proceeds from withdrawal of time deposits	613,346	765,087
Purchase of property, plant and equipment	(70,660)	(801,637)
Proceeds from sale of property, plant and equipment	2,045	388
Purchase of investment securities	(35,056)	(236,984)
Proceeds from sale and redemption of investment securities	31,880	13,814
Purchase of shares of subsidiaries and associates	–	(123,863)
Payments for investments in capital of subsidiaries and associates	(64,614)	–
Loan advances	(4,440)	–
Proceeds from collection of loans receivable	8,817	7,880
Other payments	(36,916)	(102,070)
Other proceeds	2,867	4,601
Net cash provided by (used in) investing activities	(397,691)	(1,203,427)

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	9,236,000	9,933,300
Repayments of short-term borrowings	(9,210,518)	(9,927,300)
Repayments of long-term borrowings	(10,800)	(10,800)
Repayments of lease liabilities	(10,761)	(10,214)
Purchase of treasury shares	(30)	(78,849)
Proceeds from sale of treasury shares	–	5,479
Dividends paid	(245,166)	(325,926)
Dividends paid to non-controlling interests	(1,320)	(1,320)
Net cash provided by (used in) financing activities	(242,596)	(415,630)
Effect of exchange rate change on cash and cash equivalents	38,984	83,903
Net increase (decrease) in cash and cash equivalents	583,973	(1,674,308)
Cash and cash equivalents at beginning of period	7,043,318	8,195,404
Cash and cash equivalents at end of period	7,627,292	6,521,096

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

Not applicable.

(Accounting Methods Adopted Particularly for the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

For calculation of tax expenses, our Group adopts a method whereby the effective tax rate for the profit before income taxes for the fiscal year under review, including the second quarter of the fiscal year ending March 31, 2023, after the application of tax effect accounting is reasonably estimated, and quarterly profit before income taxes is multiplied by such effective tax rate.

(Changes in Accounting Policies)

We have applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as "Fair Value Measurement Guidance") since the beginning of the first quarter of the fiscal year ending March 31, 2023. Pursuant to the transitional treatment prescribed in Paragraph 27-2 of the Fair Value Measurement Guidance, the new accounting policies provided for in the Fair Value Measurement Guidance will be applied going forward.

This shall have no impact on the consolidated financial statements for the second quarter of the fiscal year ending March 31, 2023 or the six months ended September 30, 2022.

(Segment Information, Etc.)

I For the Six Months Ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

1. Information on Net Sales and Profit or Loss by Reportable Segment

(Thousand yen)

	Reportable segment							
	Steel and Iron	Automobile	Electronics and Semiconductor	Rubber and Tire	Machine Tools	High-performance Material	Environment	Paper and Pulp
Net sales								
Net sales to outside customers	5,697,370	3,513,134	2,735,861	1,339,820	909,351	822,332	1,055,997	421,740
Inter-segment net sales or transfers	–	–	–	–	–	–	–	–
Total	5,697,370	3,513,134	2,735,861	1,339,820	909,351	822,332	1,055,997	421,740
Segment profit (loss)	590,211	221,094	187,410	62,486	91,987	76,593	88,082	38,017

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Total				
Net sales					
Net sales to outside customers	16,495,608	2,693,992	19,189,600	–	19,189,600
Inter-segment net sales or transfers	–	–	–	–	–
Total	16,495,608	2,693,992	19,189,600	–	19,189,600
Segment profit (loss)	1,355,883	281,405	1,637,288	(496,085)	1,141,202

(Notes) 1. The “Other” category is a business segment which is not included in the reportable segments and includes businesses for the food industry and shipbuilding industry.

2. An adjustment of ¥(496,085) thousand in segment profit (loss) includes ¥526,585 thousand for internal profit, ¥155,942 thousand for consolidation elimination, and ¥(1,178,613) thousand for selling, general and administrative expenses which are not attributable to the reportable segments.

3. Segment profit (loss) is adjusted with operating profit on the Consolidated Statements of Income.

2. Information on Impairment Loss on Non-current Assets and Goodwill by Reportable Segment (Significant Impairment Loss on Non-current Assets)

Not applicable.

II For the Six Months Ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

1. Information on Net Sales and Profit or Loss by Reportable Segment

(Thousand yen)

	Reportable segment							
	Steel and Iron	Automobile	Electronics and Semiconductor	Rubber and Tire	Machine Tools	High-performance Material	Environment	Paper and Pulp
Net sales								
Net sales to outside customers	5,948,145	3,991,187	3,261,291	1,243,229	1,212,727	1,098,283	1,147,854	378,044
Inter-segment net sales or transfers	–	–	–	–	–	–	–	–
Total	5,948,145	3,991,187	3,261,291	1,243,229	1,212,727	1,098,283	1,147,854	378,044
Segment profit (loss)	609,579	406,483	222,072	100,719	149,352	107,375	76,623	27,113

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Total				
Net sales					
Net sales to outside customers	18,280,764	2,899,109	21,179,874	–	21,179,874
Inter-segment net sales or transfers	–	–	–	–	–
Total	18,280,764	2,899,109	21,179,874	–	21,179,874
Segment profit (loss)	1,699,319	248,677	1,947,997	(534,468)	1,413,529

- (Notes) 1. The “Other” category is a business segment which is not included in the reportable segments and includes businesses for the food industry and shipbuilding industry.
2. An adjustment of ¥(534,468) thousand in segment profit (loss) includes ¥543,208 thousand for internal profit, ¥246,959 thousand for consolidation elimination, and ¥(1,324,636) thousand for selling, general and administrative expenses which are not attributable to the reportable segments.
3. Segment profit (loss) is adjusted with operating profit on the Consolidated Statements of Income.

2. Information on Impairment Loss on Non-current Assets and Goodwill by Reportable Segment (Significant Impairment Loss on Non-current Assets)
Not applicable.