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Consolidated Financial Results
for the Six Months Ended September 30, 2024
[Japanese GAAP]

November 12, 2024

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 semi-annual securities report: November 13, 2024

Scheduled date of commencing dividend payments: December 9, 2024

Availability of supplementary explanatory materials on semi-annual financial results: Yes

Schedule of semi-annual financial results briefing session: Yes (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, 2024 (April 1, 2024–September 30, 2024)

(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, 2024	26,009	9.9	1,696	(3.5)	1,893	(6.8)	1,213	(14.5)
September 30, 2023	23,656	11.7	1,757	24.3	2,031	17.1	1,419	20.7

(Note) Comprehensive income: Six months ended September 30, 2024: ¥1,374 million [(27.8)%]

Six months ended September 30, 2023: ¥1,902 million [38.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	149.98	—
September 30, 2023	175.56	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	41,934	24,900	58.1
March 31, 2024	41,117	24,073	57.4

(Reference) Equity: As of September 30, 2024: ¥24,384 million

As of March 31, 2024: ¥23,583 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen —	Yen 70.00	Yen —	Yen 71.00	Yen 141.00
Fiscal year ending March 31, 2025	—	53.00			
Fiscal year ending March 31, 2025 (Forecast)			—	67.00	120.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	52,000	4.5	3,450	(2.7)	3,660	(7.0)	2,440 (12.2)	301.46

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

* Notes:

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements: Yes
For further information, please refer to “(4) Notes to Semi-annual Consolidated Financial Statements (Accounting Methods Adopted Particularly for the Preparation of Semi-annual Consolidated Financial Statements)” on page 11 of the Attachments
- (3) Changes in accounting policies, changes in accounting estimates and 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) Restatement: None
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):

As of September 30, 2024:	8,640,000 shares
As of March 31, 2024:	8,640,000 shares
 - 2) Total number of treasury shares at the end of the period:

As of September 30, 2024:	541,626 shares
As of March 31, 2024:	551,303 shares
 - 3) Average number of shares outstanding during the period:

Six months ended September 30, 2024:	8,091,602 shares
Six months ended September 30, 2023:	8,083,815 shares

* Semi-annual financial results reports are exempt from review conducted 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 session)
The Company plans to hold a financial results briefing session for institutional investors and analysts on Monday, November 25, 2024. The presentation materials to be used at the session will be posted on the Company’s website promptly after the session.

Table of Contents - Attachments

1. Qualitative Information on Semi-annual Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	4
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	4
2. Semi-annual Consolidated Financial Statements and Principal Notes	5
(1) Semi-annual Consolidated Balance Sheets	5
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income	7
Semi-annual Consolidated Statements of Income	
Six Months Ended September 30	7
Semi-annual Consolidated Statements of Comprehensive Income	
Six Months Ended September 30	8
(3) Semi-annual Consolidated Statements of Cash Flows	9
(4) Notes to Semi-annual Consolidated Financial Statements	11
(Notes on Going Concern Assumption)	11
(Notes in Case of Significant Changes in Shareholders' Equity)	11
(Accounting Methods Adopted Particularly for the Preparation of	
Semi-annual Consolidated Financial Statements)	11
(Changes in Accounting Policies)	11
(Segment Information)	12

1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results

During the six months ended September 30, 2024, the global economy showed signs of settling down from the high level of global inflation. However, there were differences in business sentiment by region and demand areas; the United States demonstrated indications of robust consumer spending, while China's real estate-related sectors were stagnant though exports remained consistent.

As the Japanese economy continued to experience a record high number of foreign visitors, the service industry in Japan remained stable. The manufacturing industry was affected by the large typhoons that occurred during this period, but there was growing momentum for capital investment, particularly in the semiconductor-related sector.

Under these economic circumstances, the Group implemented measures under its three-year medium-term plan “GP2026.” As a result, for the six months ended September 30, 2024, the Group recorded net sales totaling ¥26,009 million (up 9.9% year on year), operating profit totaling ¥1,696 million (down 3.5% year on year), ordinary profit totaling ¥1,893 million (down 6.8% year on year), and profit attributable to owners of parent totaling ¥1,213 million (down 14.5% year on year). The decrease in profit was mainly due to an increase in selling, general and administrative expenses resulting from investments in human resources, such as labor and training expenses, as well as IT investments aimed at improving operational efficiency.

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.” Effective from the beginning of the six months ended September 30, 2024, the profit and loss resulting from the Company’s manufacturer functions, which was previously included in “Adjustment” to segment profit (loss), is now included in the segment profit (loss) of each reportable segment in order to present the segment profit and loss more appropriately from a business management perspective.

(Steel and Iron)

On the global level, crude steel production was sluggish as a whole, although regional differences can be seen, as the effects of the economic downturn continued to be felt in China, the world's largest producer. In Japan, crude steel production fell due to the impact of sluggish domestic demand and overseas economies.

The Group focused on the further development of overseas markets and sales activities not only for production-proportional products but also for maintenance sectors. This contributed to an increase in net sales, mainly due to the strong performance of sales of equipment and machinery for rolling processes in Japan, rental orders due to equipment problems, and our proprietary bearing recycling business.

As a result, net sales for the steel and iron industry totaled ¥7,256 million (up 5.1% year on year), and its segment profit totaled ¥892 million (up 1.1% year on year).

(Automobile)

On the global level, production and export of new energy vehicles remained stable in China, while automobile production was robust in India, where the economy was booming. Production in Japan declined due to the impact of the automobile certification fraud scandal and slow growth in products for the Chinese market.

The Group focused on sales and proposal activities in the battery and motor sectors, which are attracting attention in the CASE market. Consequently, net sales increased mainly due to sales of equipment for inspection processes, sales of machinery and equipment for electric units, and sales of equipment and devices for overseas battery manufacturing lines.

As a result, net sales for the automobile industry totaled ¥5,589 million (up 22.1% year on year), and its segment profit totaled ¥572 million (up 1.9% year on year).

(Electronics and Semiconductor)

On the global level, a recovery trend could be seen in the electrics and semiconductor market, particularly in logic semiconductors, with advances in AI-related technology development. In Japan, sales related to semiconductor production equipment increased year-on-year, and there was an increasing demand in the semiconductor market including automotive and power semiconductors, as well as AI-related fields.

The Group focused on sales activities on the frontline and facilities and maintenance sectors, in addition to the repair and recycling businesses. Consequently, overall sales increased due to an increase in repair and recycling projects for semiconductor production equipment peripheral equipment and a continued increase in orders for

components for semiconductor etch systems, etc. However, sales of the Company's original products with high profit margins did not grow, and its segment profit decreased.

As a result, net sales for the electronics and semiconductor industry totaled ¥3,478 million (up 2.9% year on year), and its segment profit totaled ¥360 million (down 2.4% year on year).

(Rubber and Tire)

In Japan, the rubber and tire industry saw an increase of sales of replacement tires, although sales of tires for new vehicles were sluggish, especially for overseas markets, in conjunction with trends in the automobile industry.

The Group focused on sales activities to capital investment in addition to sales activities to development sectors. Consequently, the Group secured sales from renewal projects for power equipment and equipment projects for parts manufacturers, etc., though they were not enough to make up for the decline from the previous fiscal year.

As a result, net sales for the rubber and tire industry totaled ¥1,805 million (down 5.9% year on year), and its segment profit totaled ¥190 million (down 19.3% year on year).

(Machine Tools)

In the industry, machine tool orders for overseas markets remained firm, mainly in China, as demand recovered, but there were regional differences in the demand recovery, such as a drop in orders for domestic markets.

The Group focused on the development of new uses and sales of equipment to cater to requests for five-axis machine tools and integration of machine tools as well as sales for ancillary equipment. Consequently, the Group secured sales from battery regeneration projects for machining processes, though the sales of the Group's original rotary joints declined due to the sluggish machine tool industry.

As a result, net sales for the machine tools industry totaled ¥1,155 million (down 15.1% year on year), and its segment profit totaled ¥236 million (down 26.0% year on year).

(High-performance Material)

In the industry, domestic production continued to decrease mainly due to suppression of consumption due to price increases, oversupply due to increased ethylene production by Chinese companies, and facilities undergoing periodic repairs.

The Group focused on the repair and recycling businesses in addition to making further inroads into pharmaceutical and cosmetic industries. This led to an increase in net sales, mainly due to continued rental projects resulting from equipment troubles, sales of pumps for the maintenance sector, and refurbishment projects for equipment and machinery.

As a result, net sales for the high-performance material industry totaled ¥1,133 million (up 12.7% year on year) and its segment profit totaled ¥103 million (down 2.1% year on year).

(Environment)

In the industry, orders of environment-related equipment decreased year on year especially for the manufacturing industry and foreign customers.

The Group focused on increasing its presence in the environment and energy industries and water treatment-related business, which are regarded as important in recent years. This resulted in continued sales of filters for water treatment manufacturers and power plants and continued capacity expansion projects at water treatment facilities, etc., contributing to an increase in net sales.

As a result, net sales for the environmental industry totaled ¥1,661 million (up 69.3% year on year) and its segment profit totaled ¥150 million (up 72.9% year on year).

(Paper and Pulp)

In the industry, demand for overall paper products declined as a result of the spread of digitalization, though demand varied by sector as exports of paper products continued to increase, and demand for wrapping paper also increased due to inbound tourism.

The Group focused on biomass material CNF and energy/chemical material fields as well as further development of maintenance business for existing facilities. Consequently, sales increased due to sales of bioethanol-related equipment and sales of air conditioning-related equipment, the proprietary products of our group companies, etc.

As a result, net sales for the paper and pulp industry totaled ¥471 million (up 6.4% year on year), and its segment profit totaled ¥52 million (up 13.7% year on year).

(2) Explanation of Financial Position

(Assets)

Current assets decreased 0.5% from the end of the previous fiscal year to ¥30,484 million. Primary factors for the decrease include a decrease of ¥894 million in trade receivables, which was partially offset by an increase of ¥412 million in cash and deposits.

Non-current assets increased 9.4% from the end of the previous fiscal year to ¥11,449 million. Primary factors for the increase include an increase of ¥917 million in property, plant and equipment.

As a result, total assets increased 2.0% from the end of the previous fiscal year to ¥41,934 million.

(Liabilities)

Current liabilities increased 0.6% from the end of the previous fiscal year to ¥15,517 million. Primary factors for the increase include an increase of ¥345 million in other, which was partially offset by a decrease of ¥315 million in trade payables.

Non-current liabilities decreased 6.0% from the end of the previous fiscal year to ¥1,516 million.

As a result, total liabilities decreased 0.1% from the end of the previous fiscal year to ¥17,033 million.

(Net Assets)

Net assets increased 3.4% from the end of the previous fiscal year to ¥24,900 million. Primary factors for the increase include an increase of ¥638 million in retained earnings and an increase of ¥236 million in foreign currency translation adjustment.

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

During the six months ended September 30, 2024, net sales and segment profit were strong mainly in the Steel and Iron, Automobile, and the Electronics and Semiconductor segments. The Company has revised its full-year forecast upwards, as the same segments are expected to continue to drive performance in the third quarter and beyond and the Environment segment is on track for a significant year-on-year increase.

In addition, the Company has revised upward 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 12, 2024 (available in Japanese only).

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	7,800,802	8,212,972
Notes receivable – trade	731,318	476,741
Electronically recorded monetary claims – operating	4,103,900	3,588,726
Accounts receivable – trade	14,096,182	13,971,493
Securities	100,000	100,000
Merchandise and finished goods	2,893,226	2,821,233
Work in process	272,114	366,639
Raw materials and supplies	244,287	230,138
Other	406,500	717,084
Allowance for doubtful accounts	(142)	(149)
Total current assets	30,648,188	30,484,880
Non-current assets		
Property, plant and equipment	4,301,022	5,218,281
Intangible assets		
Other	733,987	785,725
Total intangible assets	733,987	785,725
Investments and other assets		
Investment securities	4,136,941	4,054,581
Other	1,312,945	1,405,884
Allowance for doubtful accounts	(15,164)	(15,058)
Total investments and other assets	5,434,722	5,445,407
Total non-current assets	10,469,732	11,449,414
Total assets	41,117,921	41,934,294
Liabilities		
Current liabilities		
Notes payable – trade	558,626	576,267
Electronically recorded obligations – operating	6,232,507	5,203,358
Accounts payable – trade	4,593,263	5,289,283
Short-term borrowings	1,439,978	1,434,846
Current portion of long-term borrowings	21,600	26,588
Income taxes payable	569,333	519,942
Provision for bonuses	–	49,671
Provision for bonuses for directors (and other officers)	–	55,733
Other	2,016,898	2,361,913
Total current liabilities	15,432,208	15,517,605
Non-current liabilities		
Long-term borrowings	237,192	216,400
Provision for retirement benefits for directors (and other officers)	79,075	84,827
Retirement benefit liability	694,030	699,394
Other	602,231	515,582
Total non-current liabilities	1,612,529	1,516,204
Total liabilities	17,044,737	17,033,809

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	827,900	827,900
Capital surplus	1,083,828	1,102,776
Retained earnings	20,540,474	21,178,946
Treasury shares	(601,895)	(591,232)
Total shareholders' equity	21,850,307	22,518,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,290,735	1,192,995
Foreign currency translation adjustment	386,869	622,958
Remeasurements of defined benefit plans	55,498	49,705
Total accumulated other comprehensive income	1,733,103	1,865,660
Non-controlling interests	489,772	516,435
Total net assets	24,073,183	24,900,485
Total liabilities and net assets	41,117,921	41,934,294

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	23,656,370	26,009,445
Cost of sales	17,612,713	19,614,376
Gross profit	6,043,656	6,395,068
Selling, general and administrative expenses	4,286,318	4,698,963
Operating profit	1,757,338	1,696,104
Non-operating income		
Interest income	11,138	19,562
Dividend income	58,114	65,300
Share of profit of entities accounted for using equity method	23,812	61,503
Rental income from real estate	10,153	10,309
Foreign exchange gains	139,707	16,478
Gain on investments in investment partnerships	—	664
Other	42,840	29,464
Total non-operating income	285,767	203,282
Non-operating expenses		
Interest expenses	2,400	4,302
Loss on investments in investment partnerships	3,514	—
Other	5,675	1,884
Total non-operating expenses	11,590	6,187
Ordinary profit	2,031,515	1,893,200
Extraordinary income		
Gain on sale of non-current assets	—	335
Gain on sale of investment securities	71,575	—
Surrender value of insurance policies	9,689	—
Total extraordinary income	81,265	335
Extraordinary losses		
Loss on sale of non-current assets	—	50
Loss on retirement of non-current assets	289	167
Loss from money transfer scam at foreign subsidiary	—	76,848
Total extraordinary losses	289	77,066
Profit before income taxes	2,112,490	1,816,469
Income taxes	671,208	581,727
Profit	1,441,281	1,234,741
Profit attributable to non-controlling interests	22,105	21,156
Profit attributable to owners of parent	1,419,176	1,213,585

Semi-annual Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	1,441,281	1,234,741
Other comprehensive income		
Valuation difference on available-for-sale securities	320,163	(94,851)
Foreign currency translation adjustment	143,122	243,369
Remeasurements of defined benefit plans, net of tax	(3,772)	(5,793)
Share of other comprehensive income of entities accounted for using equity method	1,787	(3,342)
Total other comprehensive income	461,301	139,383
Comprehensive income	1,902,583	1,374,125
Comprehensive income attributable to:		
Owners of parent	1,861,060	1,346,141
Non-controlling interests	41,523	27,983

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,112,490	1,816,469
Depreciation	194,504	228,984
Increase (decrease) in provision for bonuses	21,980	46,948
Increase (decrease) in provision for bonuses for directors (and other officers)	73,745	55,733
Increase (decrease) in accounts payable-bonus to directors and statutory auditors	(101,378)	(104,716)
Increase (decrease) in net defined benefit asset and liability	(6,214)	(4,763)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(12,355)	5,752
Increase (decrease) in allowance for doubtful accounts	53	(98)
Interest and dividend income	(69,252)	(84,862)
Interest expenses	2,400	4,302
Foreign exchange losses (gains)	(1,375)	20,809
Share of loss (profit) of entities accounted for using equity method	(23,812)	(61,503)
Loss (gain) on sale of property, plant and equipment	—	(285)
Loss on retirement of property, plant and equipment	289	167
Loss (gain) on sale of investment securities	(71,575)	—
Loss (gain) on investments in investment partnerships	3,514	(664)
Loss from money transfer scam at foreign subsidiary	—	76,848
Decrease (increase) in trade receivables	(1,514,605)	955,863
Decrease (increase) in inventories	(488,168)	43,197
Decrease (increase) in other assets	(25,391)	(264,633)
Increase (decrease) in trade payables	123,384	(330,373)
Increase (decrease) in accrued consumption taxes	(58,719)	14,587
Increase (decrease) in other liabilities	5,476	(71,576)
Subtotal	164,990	2,346,186
Interest and dividends received	69,827	85,437
Interest paid	(2,400)	(4,302)
Payment of loss from money transfer scam at foreign subsidiary	—	(76,848)
Income taxes paid	(478,659)	(590,654)
Net cash provided by (used in) operating activities	(246,241)	1,759,818
Cash flows from investing activities		
Payments into time deposits	(639,574)	(615,686)
Proceeds from withdrawal of time deposits	729,548	736,137
Purchase of property, plant and equipment	(227,344)	(432,173)
Proceeds from sale of property, plant and equipment	—	550
Purchase of intangible assets	(42,509)	(312,325)
Purchase of investment securities	(63,613)	(14,961)
Proceeds from sale and redemption of investment securities	206,471	10,940
Purchase of shares of subsidiaries and associates	(50,000)	—
Loan advances	(79,334)	(65,438)
Proceeds from collection of loans receivable	20,427	29,147
Other payments	(11,454)	(70,656)
Other proceeds	2,040	6,454
Net cash provided by (used in) investing activities	(155,343)	(728,011)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	9,673,950	12,330,000
Repayments of short-term borrowings	(9,611,613)	(12,336,692)
Proceeds from long-term borrowings	20,000	—
Repayments of long-term borrowings	(15,804)	(15,804)
Repayments of lease liabilities	(7,519)	(15,791)
Purchase of treasury shares	(77)	(22)
Proceeds from sale of treasury shares	22,269	29,633
Dividends paid	(687,855)	(574,839)
Dividends paid to non-controlling interests	(1,320)	(1,320)
Net cash provided by (used in) financing activities	(607,970)	(584,836)
Effect of exchange rate change on cash and cash equivalents	54,614	51,806
Net increase (decrease) in cash and cash equivalents	(954,941)	498,776
Cash and cash equivalents at beginning of period	7,693,431	6,751,700
Cash and cash equivalents at end of period	6,738,489	7,250,476

(4) Notes to Semi-annual 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 Semi-annual 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 six months ended September 30, 2024, 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)

The Group has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022, hereinafter "Revised Accounting Standard 2022") and other standards from the beginning of the six months ended September 30, 2024.

As for the revision of accounting classification of current income taxes (imposed on other comprehensive income), the Group is in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and in the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter "Revised Guidance 2022"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

As for the revision to review the treatment in the consolidated financial statements when deferring for tax purposes gains or losses on sales arising from the sale of subsidiaries' stocks and others between consolidated companies, the Group has also applied the Revised Guidance 2022 from the beginning of the six months ended September 30, 2024. These changes in accounting policies have been applied retrospectively to the semi-annual and full-year consolidated financial statements for the previous fiscal year, and had no impact on the semi-annual and full-year consolidated financial statements of the previous fiscal year.

(Segment Information, Etc.)

I For the Six Months Ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

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
Net sales							
Net sales to outside customers	6,903,011	4,576,723	3,380,046	1,919,664	1,361,765	1,005,719	981,875
Inter-segment net sales or transfers	—	—	—	—	—	—	—
Total	6,903,011	4,576,723	3,380,046	1,919,664	1,361,765	1,005,719	981,875
Segment profit (loss)	883,105	561,641	369,507	236,306	319,719	105,836	87,080

	Reportable segment		Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Semi-annual Consolidated Statements of Income (Note 3)
	Paper and Pulp	Total				
Net sales						
Net sales to outside customers	443,428	20,572,235	3,084,134	23,656,370	—	23,656,370
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	443,428	20,572,235	3,084,134	23,656,370	—	23,656,370
Segment profit	46,504	2,609,702	381,702	2,991,405	(1,234,067)	1,757,338

(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 ¥(1,234,067) thousand in segment profit is for general and administrative expenses which are not attributable to the reportable segments.

3. Segment profit is adjusted with operating profit on the Semi-annual Consolidated Statements of Income.

2. Information on Impairment Losses on Non-current Assets and Goodwill by Reportable Segment

(Significant Impairment Losses on Non-current Assets)

Not applicable.

II For the Six Months Ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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
Net sales							
Net sales to outside customers	7,256,374	5,589,555	3,478,236	1,805,685	1,155,707	1,133,264	1,661,862
Inter-segment net sales or transfers	—	—	—	—	—	—	—
Total	7,256,374	5,589,555	3,478,236	1,805,685	1,155,707	1,133,264	1,661,862
Segment profit	892,632	572,205	360,819	190,599	236,608	103,572	150,556

	Reportable segment		Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Semi-annual Consolidated Statements of Income (Note 3)
	Paper and Pulp	Total				
Net sales						
Net sales to outside customers	471,772	22,552,460	3,456,985	26,009,445	—	26,009,445
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	471,772	22,552,460	3,456,985	26,009,445	—	26,009,445
Segment profit	52,884	2,559,878	461,384	3,021,262	(1,325,157)	1,696,104

(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 ¥(1,325,157) thousand in segment profit is for general and administrative expenses which are not attributable to the reportable segments.

3. Segment profit is adjusted with operating profit on the Semi-annual Consolidated Statements of Income.

2. Changes in Methods of Calculating Profit or Loss of Reportable Segments

Effective from the beginning of the six months ended September 30, 2024, the profit and loss resulting from the Company’s manufacturer functions, which was previously included in “Adjustment” to segment profit (loss),” is now included in the segment profit (loss) of each reportable segment in order to present the segment profit and loss more appropriately from a business management perspective.

The segment information for the six months ended September 30, 2023 is disclosed based on the calculation methods after the change.

3. Information on Impairment Losses on Non-current Assets and Goodwill by Reportable Segment

(Significant Impairment Losses on Non-current Assets)

Not applicable.