Translation

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November 7, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

Company name: Inabata & Co., Ltd.
Stock exchange listing: Tokyo
Stock code: 8098 URL https://www.inabata.co.jp/english/
Representative: Director, President Executive Officer, Katsutaro Inabata
Inquiries: General Manager, Financial Management Office Koichi Noda TEL 050-3684-4011
Scheduled date to file Semi-annual Securities Report: November 13, 2024
Scheduled date to commence dividend payments: December 2, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) 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 September 30, 2024	421,611	12.4	13,863	32.5	13,979	31.2	11,578	(7.7)
Six months ended September 30, 2023	375,196	0.5	10,465	(0.8)	10,656	3.4	12,542	30.4

Note: Comprehensive income For the six months ended September 30, 2024: ¥7,894 million [(62.3)%]
For the six months ended September 30, 2023: ¥20,959 million [40.5%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	212.04	–
Six months ended September 30, 2023	227.17	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	429,556	207,592	46.5
As of March 31, 2024	427,320	206,754	46.8

Reference: Equity
As of September 30, 2024: ¥199,892 million
As of March 31, 2024: ¥200,166 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	55.00	–	65.00	120.00
Fiscal year ending March 31, 2025	–	60.00			
Fiscal year ending March 31, 2025 (Forecast)			–	65.00	125.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	830,000	8.4	24,000	13.3	24,000	12.2	20,000	(0.0)	366.94

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

4. Notes

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 4 companies (Novacel Co., Ltd. and 3 other companies)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	No
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	54,714,127 shares	As of March 31, 2024	55,914,127 shares

Number of treasury shares at the end of the period

As of September 30, 2024	329,104 shares	As of March 31, 2024	680,789 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	54,606,262 shares	Six months ended September 30, 2023	55,212,529 shares

Note: The Company has introduced the "Board Benefit Trust (BBT)," and shares of the Company held by this trust are included in the number of treasury shares to be deducted in the calculation of "Number of treasury shares at the end of the period" and "Average number of shares during the period."

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

The above forecasts are based on information available to the Company as of the date of the announcement of this document and are not intended to be a commitment by the Company to achieve them. In addition, actual results may differ from the forecasts due to various factors in the future. For matters concerning forecasts of financial results, please refer to "(3) Explanation of forecasts of consolidated financial results and other forward-looking statements" of "1. Overview of operating results and others" on page 6 of the attached material.

Attached Material

Index

1. Overview of operating results and others 2
(1) Overview of operating results for the period under review 2
(2) Overview of financial position for the period under review 5
(3) Explanation of forecasts of consolidated financial results and other forward-looking statements 6
2. Consolidated financial statements and significant notes thereto 7
(1) Consolidated balance sheet 7
(2) Consolidated statement of income and consolidated statement of comprehensive income 9
Consolidated statement of income 9
Consolidated statement of comprehensive income 10
(3) Consolidated statement of cash flows 11
(4) Notes to semi-annual consolidated financial statements 13
Notes to Segment information, etc. 13
Notes in the case where there was a significant change in the amount of shareholders' equity 15
Notes on premise of going concern 15

1. Overview of operating results and others

(1) Overview of operating results for the period under review

During the six months ended September 30, 2024, the global economy was generally on a recovery trend, although there were differences by region.

In the U.S., the economy expanded as consumer spending and capital expenditure increased. In China, production and exports increased due to the effects of government policy, but consumption and capital expenditure remained flat, and the recovery continued to be at a standstill. In emerging countries of Asia, the Indian economy expanded and the Indonesian economy picked up moderately. On the other hand, recovery stalled in Thailand. In Europe, there were signs of recovery in both the Euro area and the U.K., mainly in the non-manufacturing sector.

The Japanese economy recovered gradually, mainly in capital expenditure and production. Although there was some standstill in consumer spending, there were signs of a recovery.

Under this situation, the Group's consolidated net sales were ¥421,611 million (up 12.4% year-on-year) partly due to the effect of the yen's depreciation. As for profits, operating profit was ¥13,863 million (up 32.5% year-on-year), ordinary profit was ¥13,979 million (up 31.2% year-on-year), and profit attributable to owners of parent was ¥11,578 million (down 7.7% year-on-year) due to absence of gain on bargain purchase in the six months ended September 30, 2024, which was recorded in the six months ended September 30, 2023.

The average exchange rate against US dollar during the six months ended September 30, 2024 was ¥152.78 (¥141.06 during the six months ended September 30, 2023).

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Year-on-year (%)
Net sales	375,196	421,611	12.4% increase
Operating profit	10,465	13,863	32.5% increase
Ordinary profit	10,656	13,979	31.2% increase
Profit attributable to owners of parent	12,542	11,578	7.7% decrease

Operating results by segment are as follows.

Information & Electronics Business

In the Information & Electronics Business, net sales increased due to a recovery in sales related to flat panel displays (hereinafter, "FPDs") and other products such as printers and copier-related materials. In addition, due to the increase in the number of products with high profit margins, segment profit (operating profit) increased significantly.

For products related to FPDs, the recovery of end-user demand in China and other markets was sluggish, and sales of those for large TVs were weak, but sales for in-vehicle electronics and products for OLEDs were robust.

For LED-related products, sales were robust, mainly for outdoor displays in China, Europe, and the U.S.

For products related to inkjet printers, sales were strong. Sales to consumers increased as inventory adjustments were completed by the end of the previous fiscal year. For industrial materials, sales of related materials also increased due to strong sales for food and beverage packaging applications, etc.

For copier-related products, sales of relevant materials increased due to the completion of inventory adjustment of toner for office use.

For products related to solar cells, sales decreased due to intensified global price competition, mainly affected by the spreading of inexpensive panels to Europe and other regions. Meanwhile, sales expansion to India and Southeast Asia is progressing.

For products related to secondary cells, sales decreased against a backdrop of the slowdown in global EV sales.

For photomask-related products, sales of related materials were robust both for semiconductors and for FPDs.

For semiconductor-related products, sales were strong. This was due to increased demand from China, as well as sales of semiconductor materials for AI-related applications. There were also sales of large-scale equipment.

For products related to electronics peripheral components, sales decreased slightly.

As a result, net sales amounted to ¥137,122 million (up 17.9% year-on-year). Segment profit (operating profit) was ¥4,796 million (up 43.4% year-on-year).

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Year-on-year (%)
Net sales	116,269	137,122	17.9% increase
Segment profit (operating profit)	3,344	4,796	43.4% increase

Chemicals Business

In the Chemicals Business, sales increased due to strong performance in businesses related to resin materials/additives and building materials, as well as increased overseas sales.

For resin materials/additives, despite a decrease in sales of urethane-related products, sales increased due to strong export.

For materials for automotive parts, sales decreased due to the slowdown in EV sales as well as discontinuation of handling some materials.

For coating/ink/adhesive area, sales decreased slightly.

For papermaking agents, sales increased as inventory adjustments for plain paper ran their course and demand showed signs of recovery.

For products related to building materials, sales of imported lumber and apartments and condominiums increased.

As a result, net sales amounted to ¥58,062 million (up 6.5% year-on-year). Segment profit (operating profit) was ¥1,528 million (up 12.2% year-on-year).

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Year-on-year (%)
Net sales	54,542	58,062	6.5% increase
Segment profit (operating profit)	1,362	1,528	12.2% increase

Life Industry Business

In the Life Industry Business, although sales of pharmaceuticals and other life science-related products were robust, sales of food-related products were weak.

For life science-related products, sales of pharmaceuticals as well as insect repellents and insecticide were robust.

For food-related products, sales of agricultural products were weak due to sluggish sales of frozen

fruits for overseas markets. For fishery products, sales were robust for conveyor-belt sushi restaurants and mass retailers in Japan, but both sales and profit of processed fishery products and other ingredients for Japanese cuisine in the U.S. market declined sharply due to sluggish demand for restaurants and intensified competition, and overall sales of food-related products also decreased. On the other hand, sales of eel products produced by DAIGO TSUSHO CO., LTD., which was made a consolidated subsidiary in the previous fiscal year, are making a steady contribution in terms of income.

As a result, net sales amounted to ¥27,624 million (up 8.7% year-on-year). Segment profit (operating profit) was ¥540 million (down 17.0% year-on-year).

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Year-on-year (%)
Net sales	25,416	27,624	8.7% increase
Segment profit (operating profit)	651	540	17.0% decrease

Plastics Business

In the Plastics Business, sales increased due to generally strong sales in each sector.

For products related to commodity resins, efforts were focused on sales of imported products, and sales increased slightly.

For products related to high-performance resins, sales of products for OA increased as inventory adjustments were completed by the end of the previous fiscal year. For automotive-related products, sales were firm in Japan and Southeast Asia and more favorable in the U.S., Mexico and India, and while sales to Japanese-affiliated automakers in China were sluggish, sales increased globally.

For the compound business, sales increased due to a recovery in demand from the OA sector as well as due to the new consolidation of Novacel Co., Ltd., which is a joint venture with Daicel Corporation, and Novacel's three subsidiaries.

For polyolefin resins, exports to China decreased, but sales increased in Japan on the back of factors such as an increase in inbound demand.

For film-related products, sales in the soft packaging area performed well on the back of increased inbound demand. In addition, both volume and unit prices increased in Japan as customers worked through inventories.

For sheet-related products, sales increased due to favorable sales of sporting goods-related materials both in Japan and overseas.

The recycling material business grew steadily.

As a result, net sales amounted to ¥198,711 million (up 11.1% year-on-year). Segment profit (operating profit) was ¥6,929 million (up 37.6% year-on-year).

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Year-on-year (%)
Net sales	178,877	198,711	11.1% increase
Segment profit (operating profit)	5,037	6,929	37.6% increase

(2) Overview of financial position for the period under review

(i) Assets, liabilities and net assets

Assets

Total assets as of September 30, 2024 increased by ¥2,236 million compared with March 31, 2024 (up 0.5% from the end of the previous fiscal year) to ¥429,556 million.

The decrease in current assets by ¥3,591 million was mainly due to decreases in notes receivable - trade, in accounts receivable - trade, and in other, despite an increase in cash and deposits.

The increase in non-current assets by ¥5,827 million was mainly due to increases in intangible assets and in property, plant and equipment.

Liabilities

Total liabilities as of September 30, 2024 increased by ¥1,398 million compared with March 31, 2024 (up 0.6% from the end of the previous fiscal year) to ¥221,964 million.

The decrease in current liabilities by ¥16,527 million was mainly due to decreases in short-term borrowings and in notes and accounts payable - trade, despite an increase in income taxes payable.

The increase in non-current liabilities by ¥17,926 million was mainly due to increases in bonds payable and in long-term borrowings.

Net assets

Total net assets as of September 30, 2024 increased by ¥837 million compared with March 31, 2024 (up 0.4% from the end of the previous fiscal year) to ¥207,592 million. This was mainly attributable to increases in retained earnings and in non-controlling interests, despite decreases in foreign currency translation adjustment and in deferred gains or losses on hedges.

As a result, the equity ratio was 46.5% (down 0.3 points from March 31, 2024).

(ii) Cash flows

Cash and cash equivalents as of September 30, 2024 (hereinafter referred to as “cash”) increased by ¥5,870 million compared with March 31, 2024 to ¥52,171 million, mainly because profit before income taxes and proceeds from issuance of bonds were higher than net decrease in short-term borrowings, decrease in trade payables and purchase of treasury shares.

The status of cash flows and factors therein in the six months ended September 30, 2024 are as follows.

Cash flows from operating activities

Cash gained as a result of operating activities in the six months ended September 30, 2024 was ¥12,593 million (cash gained of ¥22,476 million in the same period of the previous fiscal year). This was mainly because profit before income taxes and decrease in trade receivables were higher than decrease in trade payables.

Cash flows from investing activities

Cash used as a result of investing activities in the six months ended September 30, 2024 was ¥4,991 million (cash gained of ¥2,952 million in the same period of the previous fiscal year). This was mainly due to purchase of shares of subsidiaries resulting in change in scope of consolidation, purchase of property, plant and equipment and purchase of investment securities were higher than proceeds from sale of investment securities.

Cash flows from financing activities

Cash used as a result of financing activities in the six months ended September 30, 2024 was ¥358 million (cash used of ¥13,114 million in the same period of the previous fiscal year). This was mainly because net decrease in short-term borrowings and purchase of treasury shares were higher than proceeds from issuance of bonds.

(3) Explanation of forecasts of consolidated financial results and other forward-looking statements

The full-year forecast of consolidated financial results for the fiscal year ending March 31, 2025 has been changed from those announced in the Consolidated Financial Results on August 8, 2024. For details, please refer to “Notice Concerning Differences Between Forecast of Consolidated Financial Results and Actual Results for Six Months Ended September 30, 2024, and Revisions to Forecast of Consolidated Financial Results for Full Year” announced today.

2. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	51,310	56,576
Notes receivable - trade	31,198	27,317
Accounts receivable - trade	175,264	172,854
Merchandise and finished goods	78,286	77,242
Work in process	1,938	2,214
Raw materials and supplies	4,843	5,054
Other	11,639	9,600
Allowance for doubtful accounts	(475)	(443)
Total current assets	354,006	350,415
Non-current assets		
Property, plant and equipment	18,625	19,557
Intangible assets	3,855	7,991
Investments and other assets		
Investment securities	34,872	35,533
Retirement benefit asset	9,346	9,501
Other	12,745	12,427
Allowance for doubtful accounts	(6,131)	(5,870)
Total investments and other assets	50,833	51,591
Total non-current assets	73,314	79,141
Total assets	427,320	429,556

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	127,702	120,022
Short-term borrowings	42,946	32,175
Income taxes payable	2,498	4,022
Provision for bonuses	1,863	2,296
Other	14,227	14,192
Total current liabilities	189,238	172,710
Non-current liabilities		
Bonds payable	7,500	17,500
Long-term borrowings	12,389	20,337
Provision for retirement benefits for directors (and other officers)	42	32
Provision for share awards for directors (and other officers)	262	255
Retirement benefit liability	2,343	2,361
Other	8,789	8,766
Total non-current liabilities	31,327	49,253
Total liabilities	220,565	221,964
Net assets		
Shareholders' equity		
Share capital	9,364	9,364
Capital surplus	7,177	7,188
Retained earnings	144,689	148,641
Treasury shares	(904)	(785)
Total shareholders' equity	160,327	164,408
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,289	10,255
Deferred gains or losses on hedges	595	397
Foreign currency translation adjustment	28,541	24,452
Remeasurements of defined benefit plans	412	377
Total accumulated other comprehensive income	39,838	35,483
Non-controlling interests	6,588	7,699
Total net assets	206,754	207,592
Total liabilities and net assets	427,320	429,556

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

Consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	375,196	421,611
Cost of sales	340,955	381,565
Gross profit	34,240	40,045
Selling, general and administrative expenses	23,774	26,182
Operating profit	10,465	13,863
Non-operating income		
Interest income	184	405
Dividend income	590	550
Foreign exchange gains	39	–
Share of profit of entities accounted for using equity method	138	129
Miscellaneous income	623	620
Total non-operating income	1,576	1,706
Non-operating expenses		
Interest expenses	1,059	739
Foreign exchange losses	–	525
Miscellaneous losses	326	325
Total non-operating expenses	1,385	1,590
Ordinary profit	10,656	13,979
Extraordinary income		
Gain on sale of non-current assets	264	–
Gain on sale of investment securities	3,571	2,613
Gain on bargain purchase	3,419	–
Total extraordinary income	7,255	2,613
Extraordinary losses		
Loss on step acquisitions	225	–
Total extraordinary losses	225	–
Profit before income taxes	17,686	16,593
Income taxes - current	4,773	4,258
Income taxes - deferred	(53)	12
Total income taxes	4,719	4,271
Profit	12,967	12,322
Profit attributable to non-controlling interests	424	743
Profit attributable to owners of parent	12,542	11,578

Consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	12,967	12,322
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,806)	(54)
Deferred gains or losses on hedges	275	(225)
Foreign currency translation adjustment	9,476	(4,172)
Remeasurements of defined benefit plans, net of tax	(23)	(35)
Share of other comprehensive income of entities accounted for using equity method	71	60
Total other comprehensive income	7,992	(4,427)
Comprehensive income	20,959	7,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,361	7,223
Comprehensive income attributable to non-controlling interests	598	670

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	17,686	16,593
Depreciation	1,812	2,017
Increase (decrease) in allowance for doubtful accounts	(34)	(173)
Increase (decrease) in retirement benefit liability	150	48
Decrease (increase) in retirement benefit asset	(217)	(192)
Interest and dividend income	(774)	(956)
Interest expenses	1,059	739
Share of loss (profit) of entities accounted for using equity method	(138)	(129)
Gain on sale of non-current assets	(264)	–
Loss (gain) on sale of investment securities	(3,571)	(2,613)
Gain on bargain purchase	(3,419)	–
Loss (gain) on step acquisitions	225	–
Decrease (increase) in trade receivables	1,149	3,489
Decrease (increase) in inventories	6,301	415
Decrease (increase) in other current assets	1,720	1,836
Decrease (increase) in other non-current assets	44	380
Increase (decrease) in trade payables	5,818	(5,956)
Increase (decrease) in other current liabilities	(439)	(700)
Other, net	68	552
Subtotal	27,178	15,352
Interest and dividends received	877	1,064
Interest paid	(1,077)	(741)
Income taxes paid	(4,501)	(3,082)
Net cash provided by (used in) operating activities	22,476	12,593
Cash flows from investing activities		
Payments into time deposits	(3,754)	(4,519)
Proceeds from withdrawal of time deposits	6,780	4,980
Purchase of property, plant and equipment	(1,237)	(2,307)
Proceeds from sale of property, plant and equipment	276	22
Purchase of intangible assets	(441)	(953)
Purchase of investment securities	(1,422)	(1,260)
Proceeds from sale of investment securities	3,885	2,927
Purchase of shares of subsidiaries	(226)	(265)
Net decrease (increase) in short-term loans receivable	21	68
Long-term loan advances	(477)	(442)
Proceeds from collection of long-term loans receivable	442	333
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(852)	(3,577)
Other, net	(41)	3
Net cash provided by (used in) investing activities	2,952	(4,991)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(14,720)	(8,885)
Proceeds from long-term borrowings	4,000	7,988
Repayments of long-term borrowings	(1,291)	(1,349)
Proceeds from issuance of bonds	–	9,931
Proceeds from share issuance to non-controlling shareholders	1,000	–
Purchase of treasury shares	(2,245)	(4,149)
Increase/decrease in money held in trust for acquisition of treasury stock	2,837	–
Proceeds from sale of shares of parent held by subsidiaries	1,453	1,524
Dividends paid	(3,613)	(3,598)
Dividends paid to non-controlling interests	(19)	(100)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(124)	(1,300)
Other, net	(390)	(419)
Net cash provided by (used in) financing activities	(13,114)	(358)
Effect of exchange rate change on cash and cash equivalents	2,325	(1,374)
Net increase (decrease) in cash and cash equivalents	14,640	5,870
Cash and cash equivalents at beginning of period	29,790	46,301
Cash and cash equivalents at end of period	44,430	52,171

(4) Notes to semi-annual consolidated financial statements

Notes to Segment information, etc.

[Segment information]

I Six months ended September 30, 2023

1. Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments				
	Information & Electronics	Chemicals	Life Industry	Plastics	Total
Net sales					
(1) Sales to external customers	116,269	54,542	25,416	178,877	375,105
(2) Intersegment sales or transfers	–	–	–	–	–
Total	116,269	54,542	25,416	178,877	375,105
Segment profit	3,344	1,362	651	5,037	10,397

	Others (Note) 1	Total	Adjustments	Amount recorded in the semi-annual consolidated statement of income (Note) 2
Net sales				
(1) Sales to external customers	90	375,196	–	375,196
(2) Intersegment sales or transfers	–	–	–	–
Total	90	375,196	–	375,196
Segment profit	68	10,465	–	10,465

Notes: 1. "Others" category represents a business segment that is not included in reportable segments, and real estate leasing business.

2. The total amount of segment profit corresponds to operating profit in the semi-annual consolidated statement of income.

2. Information about impairment loss of non-current assets or goodwill, etc., by reportable segment

(Gain on bargain purchase)

A bargain purchase occurred in conjunction with the Company making Maruishi Chemical Trading Co., Ltd. and its wholly-owned subsidiary Maruishi Techno Co., Ltd. into consolidated subsidiaries of the Company through the additional acquisition of shares. The amount of gain on bargain purchase recorded due to this event was ¥3,047 million for the six months ended September 30, 2023.

Gain on bargain purchase is an extraordinary income and is not included in the segment profit.

II Six months ended September 30, 2024

1. Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments				
	Information & Electronics	Chemicals	Life Industry	Plastics	Total
Net sales					
(1) Sales to external customers	137,122	58,062	27,624	198,711	421,520
(2) Intersegment sales or transfers	–	–	–	–	–
Total	137,122	58,062	27,624	198,711	421,520
Segment profit	4,796	1,528	540	6,929	13,795

	Others (Note) 1	Total	Adjustments	Amount recorded in the semi-annual consolidated statement of income (Note) 2
Net sales				
(1) Sales to external customers	91	421,611	–	421,611
(2) Intersegment sales or transfers	–	–	–	–
Total	91	421,611	–	421,611
Segment profit	68	13,863	–	13,863

Notes: 1. “Others” category represents a business segment that is not included in reportable segments, and real estate leasing business.

2. The total amount of segment profit corresponds to operating profit in the semi-annual consolidated statement of income.

2. Information about impairment loss of non-current assets or goodwill, etc., by reportable segment

(Significant change in the amount of goodwill)

In the Plastics Segment, the Company, with the acquisition of the shares of Novacel Co., Ltd., included that company and its three consolidated subsidiaries in the scope of consolidation from the six months ended September 30, 2024.

As a result, goodwill of ¥3,818 million was recognized in the Plastics Segment. Since the allocation of the acquisition cost had not been completed, a provisional accounting process was implemented based on reasonable information available as of September 30, 2024.

Notes in the case where there was a significant change in the amount of shareholders' equity

The Company resolved, at the Board of Directors meeting held on May 9, 2024, to acquire treasury shares based on the provisions of Article 156 of the Companies Act which are applied by replacing terms and phrases pursuant to the provisions of Article 165, Paragraph 3 of the said act, and acquired 1,200,000 shares of treasury shares during the six months ended September 30, 2024. As a result, treasury shares increased by ¥4,079 million. In addition, pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act and the provisions of its Articles of Incorporation, the Company determined on July 5, 2024 to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act, and implemented the cancellation of treasury shares of 1,200,000 shares as of July 17, 2024. Consequently, retained earnings and treasury shares each decreased by ¥4,031 million in the six months ended September 30, 2024. As of September 30, 2024, retained earnings were ¥148,641 million, and treasury shares were ¥785 million.

Notes on premise of going concern

Not applicable.