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October 30, 2023

**Consolidated Financial Results**  
for the Second Quarter of the Fiscal Year Ending March 31, 2024  
(Based on Japanese GAAP)

Company name: Carlit Holdings Co., Ltd. (hereafter ‘the Company’)  
Listed exchange: Prime Market, Tokyo Stock Exchange      Code Number: 4275  
URL: <https://www.carlithd.co.jp>  
Representative: Hirofumi Kaneko, Representative Director and President & CEO  
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Scheduled date to file quarterly securities report: November 8, 2023  
Scheduled date to commence dividend payments: –  
Preparation of explanatory materials for quarterly financial results: Yes  
Holding of quarterly financial results briefing: Yes

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the six months of the fiscal year ending March 31, 2024  
(from April 1, 2023 to September 30, 2023)

(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								
Sep. 30, 2023	17,672	0.5	1,384	25.3	1,564	21.6	1,173	23.4
Sep. 30, 2022	17,586	9.9	1,104	6.3	1,287	13.2	951	(6.8)

Note: Comprehensive income For the six months ended Sep. 30, 2023: ¥1,781 million [74.0%]

For the six months ended Sep. 30, 2022: ¥1,023 million [(28.3)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
Sep. 30, 2023	49.55	–
Sep. 30, 2022	40.01	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
Sep. 30, 2023	53,183	34,509	64.9	1,456.04
Mar. 31, 2023	51,230	33,179	64.8	1,402.70

Reference: Shareholders' equity: As of Sep. 30, 2023: ¥34,509 million; As of Mar. 31, 2023: ¥33,179 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 Mar. 31, 2023	–	0.00	–	20.00	20.00
Fiscal year ending Mar. 31, 2024	–	0.00			
Fiscal year ending Mar. 31, 2024 (Forecast)			–	20.00	20.00

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

## 3. Forecasts of consolidated financial results for the fiscal year ending March 31, 2024

(from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,000	5.5	3,150	19.3	3,400	16.8	2,600	15.7	109.43

Note: Revisions to the forecasts of consolidated financial results most recently announced: None

### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes  
Note: For details, please refer to “2. Quarterly Consolidated Financial Statements, (4) Notes to Quarterly Consolidated Financial Statements” on page 12 of the attached document.
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of Sep. 30, 2023	24,050,000 shares	As of Mar. 31, 2023	24,050,000 shares
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(ii) Number of treasury shares at the end of the period

As of Sep. 30, 2023	348,997 shares	As of Mar. 31, 2023	396,097 shares
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(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended Sep. 30, 2023	23,677,453 shares	Six months ended Sep. 30, 2022	23,768,624 shares
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\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

(Notice concerning forward-looking statements)

The forward-looking statements described in this document, such as business forecasts, are based on information available at the time of release of these materials and reasonable assumptions made by the Company, and do not represent a commitment from the Company that they will be achieved. Actual financial results, etc. may differ significantly from this forecast due to various factors. For assumptions used for earnings forecasts and notes on the use of earnings forecasts, please refer to “1. Quarterly Qualitative Information on Business Results, (3) Explanation of Forward-Looking Statements including Forecasts of Consolidated Financial Results” on page 5 of the attached document.

(Acquisition method of explanatory materials for financial results and contents of financial results briefing)

After the results briefing, the Company will promptly post the presentation materials on its website.

(Other special matters)

Not applicable

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## 1. Quarterly Qualitative Information on Business Results

We have formulated our Medium-term Management Plan entitled “Challenge 2024” that kicked off in fiscal year 2022. Our management policy is to pursue improvements in corporate value through the optimization of our business portfolio. In line with this policy, we are currently carrying out the following five strategies: (1) accelerating growth businesses; (2) expanding R&D; (3) improving the profitability of existing businesses; (4) advancement of ESG management; and (5) rebuilding of business infrastructure.

In addition to these, in May 2023, we revised our Medium-term Management Plan “Challenge 2024” on a rolling basis in order to better ensure that we will achieve the goals of the Medium-term Management Plan by responding flexibly to changes in the business environment, and formulated the new Medium-term Management Plan “Rolling Plan 2023,” which adds specific measures for improving our ROE and PER.

### (1) Explanations of Business Results

#### (i) Explanation of operating results

In the six months ended September 30, 2023, with socioeconomic activities beginning to normalize as restrictions on movement caused by COVID-19 eased, the electronic materials and silicon wafer areas were still affected by slowing global demand for semiconductors. However, all other business areas performed well. In addition, we made progress with business improvements and cost reductions, and gained a certain level of understanding from customers regarding the maintenance of fair prices.

(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								
Sep. 30, 2023	17,672	0.5	1,384	25.3	1,564	21.6	1,173	23.4
Sep. 30, 2022	17,586	9.9	1,104	6.3	1,287	13.2	951	(6.8)

#### (ii) Explanations by business segment

Starting from the first quarter ended June 30, 2023, in conjunction with the transition to business management for each, in conjunction with the transition to business management for each business domain based on the business portfolio, the Company has appointed an officer in charge for each business segment, aiming to clarify the investment efficiency, profitability, etc. of each business domain, and clarified the executive functions and scope of responsibility of the officers. In accordance with the revision of the management categories for making management decisions and formulating budgets, the reportable segments have been changed from the previous four categories of “Chemical Products Business,” “Bottling Business,” “Industrial Materials Business,” and “Engineering Services Business” to the four categories of “Chemical Products Business,” “Bottling Business,” “Metal Working Business,” and “Engineering Services Business.”

Segment information for the six months ended September 30, 2022 is based on the classification of the reportable segments after the change. Our main products and services are as follows.

#### Chemical Products

Explosives = increase in sales and profit

- Industrial explosives experienced a decrease in sales and profit due to a decline in demand for crushed limestone as well as soaring costs for raw materials and other factors.
- Automotive emergency flares saw an increase in sales and profit due to higher demand, as the automotive production increased.
- Signal flares for highway use experienced an increase in sales and profit due to higher demand, as the constraints on people’s movement caused by COVID-19 were eased.
- Raw materials for fireworks saw a decrease in sales due to a review of the product mix, but an increase in profit due to higher revenue mainly as a result of an increase in the number of fireworks shows.

Material assessment service = increase in sales and profit

- Safety evaluation testing and secondary batteries testing sales and profit both increased due to active development of

batteries continuing.

Chemicals = increase in sales and profit

- Sodium chlorate sales and profit increased as we maintained stable supply to meet demand for pulp bleaching applications.
- Ammonium perchlorate (the raw material in propellants for rockets and defense missiles) saw sales and profit increase due to increased demand for defense applications.
- Although electrodes experienced a decline in sales due to inventory adjustments by customers and a decline in spot orders, profit increased due to increased sales of high value-added products.
- Perchloric acid sales increased given increased demand in Japan and overseas. However, profit decreased due to soaring costs for raw materials.

Electronic materials = decrease in sales and profit

- Sales and profits of electronic materials and functional materials decreased due to continued sluggish demand in Asia and other overseas markets, and domestic demand affected by such factors as customers' inventory adjustments. We will continue to focus on product development and sales activities including product performance enhancement and compliance with environmental regulations.

Ceramics = decrease in sales and profit

- Despite efforts to expand new sales and increase market share, sales and profit decreased due to sluggish demand from domestic grindstone and abrasive paper manufacturers.

Silicon wafers = decrease in sales and profit

- With the global slump in semiconductor demand, sales and profit decreased due to a drop-off in demand from major customers. We will continue to focus on activities such as expansion of applications for high value-added products including High Flatness Wafers, new development and expansion of market share in the small-diameter wafer market, and productivity improvement of existing product lines.

Bottling

- PET remained steady, driven by increased consumer spending and inbound tourist demand. In addition, the Company's efforts to maintain appropriate prices and improve costs delivered increased sales and profits.

Metal Working

- Heat-resistant metal parts for furnaces saw a decrease in sales due to the sale of a related subsidiary in the first six months ended September 30, 2022 to focus on stable growth and profitability as well as a review of the product mix, but an increase in profit due to the maintenance of fair prices and concentration of resources on products where we have strengths, among other factors.
- For various metal spring and pressed products, sales increased due to strong demand related to auto and construction machinery, but profit remained flat due to such impacts as the rising prices of raw materials.

Engineering Services

- For engineering and construction work, sales and profit decreased given no large construction projects or highly profitable projects were obtained.
- Sales of industrial paints and painting work experienced increased sales and profit due to favorable market conditions.
- Structural design sales and profits increased due to an increase in highly profitable projects.

These results are provided below.

(Millions of yen)

Business segments	Net sales		Operating profit	
	Six months ended		Six months ended	
	Sep. 30, 2022	Sep. 30, 2023	Sep. 30, 2022	Sep. 30, 2023
Chemical Products	10,073	9,936	774	790
Bottling	2,248	2,463	(71)	119
Metal Working	3,672	3,678	210	276
Engineering Services	1,879	1,866	264	309
Subtotal	17,874	17,944	1,178	1,495
Other	(288)	(271)	(73)	(111)
Total	17,586	17,672	1,104	1,384

## **(2) Summary of the Consolidated Balance Sheets and Cash Flow Statements**

### **(i) Consolidated balance sheets**

#### **(Assets)**

Total assets was ¥53,183 million, an increase of ¥1,953 million from the end of the previous fiscal year. This was primarily driven by increases in notes and accounts receivable – trade, and contract assets of ¥1,627 million, investment securities of ¥625 million and inventories of ¥234 million; partially offset by decreases in cash and deposits of ¥426 million and property, plant and equipment of ¥291 million.

#### **(Liabilities)**

Liabilities was ¥18,674 million, an increase of ¥623 million from the end of the previous fiscal year. This was primarily driven by an increase in notes and accounts payable - trade of ¥973 million; partially offset by a decrease in interest - bearing liabilities of ¥517 million.

#### **(Net assets)**

Total net assets was ¥34,509 million, an increase of ¥1,330 million from the end of the previous fiscal year. This was primarily driven by increases in retained earnings of ¥693 million most of which derived from profit attributable to owners of parent and valuation difference on available-for-sale securities of ¥458 million.

As a result of the above, shareholders' equity ratio increased from 64.8% to 64.9%.

### **(ii) Consolidated cash flow statements**

Cash and cash equivalents for the first half on a consolidated basis were ¥3,377 million, marking a decrease of ¥432 million compared to the end of the previous fiscal year. The state of each cash flow is explained below.

#### **(Cash flows from operating activities)**

Net cash provided by operating activities totaled ¥947 million (net cash of ¥642 million provided by operating activities a year earlier). Major cash inflows included profit before income taxes of ¥1,664 million, depreciation of ¥845 million, and increase in trade payables of ¥918 million, while major cash outflows included increase in trade receivables and contract assets of ¥1,633 million, increase in inventories of ¥233 million, and income taxes paid of ¥820 million.

#### **(Cash flows from investing activities)**

Net cash used in investing activities totaled ¥266 million (net cash of ¥43 million used in investing activities a year earlier). This was primarily driven by purchase of non-current assets of ¥566 million, proceeds from sale of investment securities of ¥169 million, and interest and dividends received included in the other of ¥143 million.

#### **(Cash flows from financing activities)**

Net cash used in financing activities totaled ¥1,116 million (net cash of ¥770 million provided by financing activities a year earlier). This was primarily driven by net decrease in borrowings of ¥470 million, and dividends paid of ¥477 million.

## **(3) Explanation of Forward-Looking Statements Including Forecasts of Consolidated Financial Results**

We predict the global economy to become increasingly stagnant from the end of 2023 to the first half of 2024 in the context of high interest rates and high inflation in the U.S. and Europe and an economic slowdown in China. We expect a slowdown in 2023 and a recession in 2024 due to the effects of monetary tightening. In China, despite infrastructure investment and service consumption supporting the economy, we expect an economic slowdown due to prolonged adjustment in the real estate sector. In the Asian region, we expect a general slowdown in the economy, mainly in exports, due to weak demand for goods in the U.S. and Europe and the slow pace of inventory reduction in the semiconductor sector.

In Japan, despite continued recovery in areas such as service consumption and inbound tourist demand, we expect low growth in the second half of fiscal year 2023 due to downward influences from slowdowns in overseas economies and the continued sluggishness of the semiconductor market. We expect only a moderate pickup in fiscal year 2024 as well, due to the pent-up demand for services running its course and sluggish growth in real employee compensation among other factors.



In light of the economic environment mentioned above, our outlook for each business segment is as follows.

In the Chemical Products Business segment, despite weakening demand for electronic materials and electronic equipment materials such as silicon wafers due to the ongoing slump in the semiconductor market, we expect sales of products for automotive applications and basic chemical products to remain solid. We are expecting the Bottling Business to continue to increase revenues and profits due to the recovery of inbound tourist demand and winter beverage consumption. We expect the Metal Working Business and Engineering Services Business to achieve solid results in line with the fortunes of the Japanese economy.

The consolidated earnings forecast for the fiscal year ending March 31, 2024 is as announced on September 11, 2023.

(Percentages indicate year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,000	5.5	3,150	19.3	3,400	16.8	2,600	15.7	109.43

**2. Quarterly Consolidated Financial Statements**  
**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	3,966	3,540
Notes and accounts receivable - trade, and contract assets	9,957	11,584
Merchandise and finished goods	3,056	3,423
Work in process	514	551
Raw materials and supplies	2,309	2,141
Other	2,236	2,382
Allowance for doubtful accounts	(13)	(13)
Total current assets	22,027	23,609
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,260	8,351
Machinery, equipment and vehicles, net	3,049	3,018
Land	5,868	5,868
Construction in progress	400	125
Other, net	1,319	1,243
Total property, plant and equipment	18,898	18,607
Intangible assets		
Other	85	111
Total intangible assets	85	111
Investments and other assets		
Investment securities	9,066	9,691
Retirement benefit asset	5	5
Other	1,232	1,246
Allowance for doubtful accounts	(84)	(88)
Total investments and other assets	10,218	10,854
Total non-current assets	29,202	29,573
Total assets	51,230	53,183

As of March 31, 2023

As of September 30, 2023

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,584	6,557
Short-term borrowings	157	117
Current portion of long-term borrowings	847	658
Income taxes payable	594	483
Provision for bonuses	676	698
Other	2,168	2,289
<b>Total current liabilities</b>	<b>10,029</b>	<b>10,805</b>
Non-current liabilities		
Long-term borrowings	941	706
Provision for environmental measures	5	5
Provision for share awards for directors (and other officers)	75	63
Retirement benefit liability	1,218	1,187
Other	5,780	5,906
<b>Total non-current liabilities</b>	<b>8,021</b>	<b>7,868</b>
<b>Total liabilities</b>	<b>18,051</b>	<b>18,674</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,099	2,099
Capital surplus	1,190	1,190
Retained earnings	25,371	26,065
Treasury shares	(241)	(213)
<b>Total shareholders' equity</b>	<b>28,420</b>	<b>29,142</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,758	5,216
Deferred gains or losses on hedges	8	107
Foreign currency translation adjustment	137	158
Remeasurements of defined benefit plans	(145)	(115)
<b>Total accumulated other comprehensive income</b>	<b>4,758</b>	<b>5,367</b>
<b>Total net assets</b>	<b>33,179</b>	<b>34,509</b>
<b>Total liabilities and net assets</b>	<b>51,230</b>	<b>53,183</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**Quarterly Consolidated Statements of Income (For the six months)**

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	17,586	17,672
Cost of sales	13,433	13,123
Gross profit	4,152	4,548
Selling, general and administrative expenses	3,047	3,164
Operating profit	1,104	1,384
Non-operating income		
Interest income	0	0
Dividend income	130	137
Share of profit of entities accounted for using equity method	3	7
Miscellaneous income	90	67
Total non-operating income	225	212
Non-operating expenses		
Interest expenses	30	24
Miscellaneous losses	11	8
Total non-operating expenses	42	32
Ordinary profit	1,287	1,564
Extraordinary income		
Gain on sale of non-current assets	6	0
Gain on sale of investment securities	88	117
Total extraordinary income	94	117
Extraordinary losses		
Loss on retirement of non-current assets	0	17
Total extraordinary losses	0	17
Profit before income taxes	1,381	1,664
Income taxes	430	491
Profit	951	1,173
Profit attributable to owners of parent	951	1,173

## Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	951	1,173
Other comprehensive income		
Valuation difference on available-for-sale securities	(52)	458
Deferred gains or losses on hedges	45	98
Foreign currency translation adjustment	61	20
Remeasurements of defined benefit plans, net of tax	18	30
Total other comprehensive income	72	608
Comprehensive income	1,023	1,781
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,023	1,781

### (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,381	1,664
Depreciation	833	845
Loss (gain) on sale of investment securities	(88)	(117)
Decrease (increase) in trade receivables and contract assets	740	(1,633)
Decrease (increase) in inventories	(562)	(233)
Increase (decrease) in trade payables	(985)	918
Other, net	(264)	171
Subtotal	1,054	1,614
Income taxes paid	(597)	(820)
Income taxes refund	185	153
Net cash provided by (used in) operating activities	642	947
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	23	—
Purchase of non-current assets	(307)	(566)
Proceeds from sale of non-current assets	3	0
Purchase of investment securities	(12)	(10)
Proceeds from sale of investment securities	119	169
Other, net	128	140
Net cash provided by (used in) investing activities	(43)	(266)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	1,823	(46)
Repayments of long-term borrowings	(458)	(423)
Dividends paid	(382)	(477)
Interest paid	(30)	(24)
Refund of long-term deposits received	(68)	(68)
Other, net	(113)	(75)
Net cash provided by (used in) financing activities	770	(1,116)
Effect of exchange rate change on cash and cash equivalents	6	3
Net increase (decrease) in cash and cash equivalents	1,374	(432)
Cash and cash equivalents at beginning of period	3,589	3,809
Cash and cash equivalents at end of period	4,964	3,377

#### (4) Notes to Quarterly Consolidated Financial Statements

##### Going Concern Assumption

Not applicable

##### Significant Changes in Amounts of Shareholders' Equity

Not applicable

##### Adoption of Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements

Calculation method of income tax expense

Income tax expense is calculated by multiplying profit before income taxes by reasonably estimated effective tax rate after applying tax effect accounting for the fiscal year including this second quarter. Also, income taxes - deferred is included in income taxes.

##### Segment information

(1) First six months of the fiscal year ended March 31, 2023 (April 1, 2022 to September 30, 2022)

(i) Amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable Segment					Other (Note)	Total
	Chemical Products	Bottling	Metal Working	Engineering Services	Sub-total		
Net sales							
Outside customers	9,897	2,248	3,598	1,763	17,508	77	17,586
Inter-segment sales	175	–	74	116	366	1,378	1,744
Total	10,073	2,248	3,672	1,879	17,874	1,456	19,330
Segment profit (loss)	774	(71)	210	264	1,178	751	1,929

Note: "Other" comprises business operations that are not categorized as reportable segments, and includes the Company as a holding company.

(ii) Differences between the total amount of profit or loss in reportable segments and the amount recorded on the quarterly consolidated statements of income and details thereof (reconciliation)

(Millions of yen)

Profit	Amount
Reportable segments total	1,178
"Other" segment profit	751
Inter-segment eliminations	(824)
Operating profit in the quarterly consolidated statements of income	1,104

**(2) First six months of the fiscal year ending March 31, 2024 (April 1, 2023 to September 30, 2023)****(i) Amounts of net sales and profit or loss by reportable segment**

(Millions of yen)

	Reportable Segment					Other (Note)	Total
	Chemical Products	Bottling	Metal Working	Engineering Services	Sub-total		
Net sales							
Outside customers	9,761	2,463	3,604	1,765	17,594	77	17,672
Inter-segment sales	174	–	73	101	349	1,450	1,800
Total	9,936	2,463	3,678	1,866	17,944	1,528	19,473
Segment profit (loss)	790	119	276	309	1,495	871	2,367

Note: “Other” comprises business operations that are not categorized as reportable segments, and includes the Company as a holding company.

**(ii) Differences between the total amount of profit or loss in reportable segments and the amount recorded on the quarterly consolidated statements of income and details thereof (reconciliation)**

(Millions of yen)

Profit	Amount
Reportable segments total	1,495
“Other” segment profit	871
Inter-segment eliminations	(983)
Operating profit in the quarterly consolidated statements of income	1,384

**(iii) Changes to Reportable Segments**

Starting from the first quarter ended June 30, 2023, in conjunction with the transition to business management for each business domain based on the business portfolio, the Company has appointed an officer in charge for each business segment, aiming to clarify the investment efficiency, profitability, etc. of each business domain, and clarified the executive functions and scope of responsibility of the officers. In accordance with the revised management categories for making management decisions and formulating budgets, the reportable segments have been changed from the previous four categories of “Chemical Products Business,” “Bottling Business,” “Industrial Materials Business,” and “Engineering Services Business” to the four categories of “Chemical Products Business,” “Bottling Business,” “Metal Working Business,” and “Engineering Services Business.”

Segment information for the six months ended September 30, 2022 is based on the classification of the reportable segments after the change.