

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 9, 2023

## Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: Kurabo Industries Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3106  
 URL: <https://www.kurabo.co.jp/>  
 Representative: Haruya Fujita, President  
 Inquiries: Kiyoshi Hamaguchi, Manager of Finance & Accounting Department  
 Telephone: +81-6-6266-5188  
 Scheduled date to file quarterly securities report: November 14, 2023  
 Scheduled date to commence dividend payments: December 1, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended September 30, 2023 (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								
September 30, 2023	72,653	0.8	3,877	13.8	4,525	(2.6)	2,522	(22.7)
September 30, 2022	72,043	20.0	3,405	11.4	4,647	26.9	3,264	37.1

Note: Comprehensive income For the six months ended September 30, 2023: ¥10,235 million [156.9%]  
 For the six months ended September 30, 2022: ¥3,983 million [96.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2023	134.06	—
September 30, 2022	167.23	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2023	187,122	112,069	59.2
March 31, 2023	174,086	102,907	58.2

Reference: Equity  
 As of September 30, 2023: ¥110,862 million  
 As of March 31, 2023: ¥101,334 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	35.00	–	35.00	70.00
Fiscal year ending March 31, 2024	–	40.00			
Fiscal year ending March 31, 2024 (Forecast)			–	40.00	80.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

## 3. Forecast 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	154,000	0.3	7,900	(8.9)	8,500	(15.2)	5,800	5.1	308.25

Note: Revisions to the forecast of 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 the details, please refer to “(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” of “(4) Notes to quarterly consolidated financial statements in 2. Quarterly consolidated financial statements and significant notes thereto” on page 10 of the attached materials.

(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 September 30, 2023	20,000,000 shares
As of March 31, 2023	20,000,000 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2023	1,183,004 shares
As of March 31, 2023	1,186,212 shares

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

Six months ended September 30, 2023	18,814,755 shares
Six months ended September 30, 2022	19,523,834 shares

Note: The Company has introduced the Board Benefit Trust, a share-based compensation plan for directors, etc. using a trust, and the Company’s shares held by the trust account are included in the number of treasury shares.

\* 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

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable.

Consequently, the statements herein do not constitute assurances regarding the Company’s actual results.

Actual financial and other results may differ substantially from the statements herein due to various factors. For matters regarding the above earnings forecasts, please refer to “(3) Explanation of consolidated financial forecasts and other forward-looking statements” of “1. Qualitative information regarding financial results for the six months ended September 30, 2023” on page 3 of the attached materials.

(Regarding the financial results briefing)

The Company plans to hold a financial results briefing for institutional investors and analysts on Monday, November 27, 2023. The explanatory materials on financial results to be distributed at the briefing will be posted on the Company’s website following the briefing.

## Attached Material

1. Qualitative information regarding financial results for the six months ended September 30, 2023 .....	2
(1) Explanation of operating results .....	2
(2) Explanation of financial position .....	3
(3) Explanation of consolidated financial forecasts and other forward-looking statements.....	3
2. Quarterly consolidated financial statements and significant notes thereto.....	4
(1) Quarterly consolidated balance sheet.....	4
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income .....	6
Quarterly consolidated statement of income (cumulative) .....	6
Quarterly consolidated statement of comprehensive income (cumulative) .....	7
(3) Quarterly consolidated statement of cash flows .....	8
(4) Notes to quarterly consolidated financial statements.....	10
(Notes on premise of going concern).....	10
(Notes on quarterly consolidated balance sheet).....	10
(Notes on significant changes in the amount of shareholders' equity) .....	10
(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements) .....	10
(Segment information).....	11
(Relationship to revenue recognition).....	12
(Subsequent events).....	14
3. Others .....	15

# 1. Qualitative information regarding financial results for the six months ended September 30, 2023

## (1) Explanation of operating results

During the first six months of the fiscal year ending March 31, 2024 (from April 1, 2023 to September 30, 2023), the Japanese economy was strong due to a recovery in production activities in the manufacturing industry, an increase in demand from inbound tourism, etc. accompanying the reclassification of COVID-19 to a Class V Infectious Disease and the resolution of supply restrictions. However, the overall outlook remained uncertain due to persistently high resource prices, weakening of the yen, and sluggish growth in private consumption caused by rising prices.

In this type of environment, the Group has strived to expand business operations of growth and priority businesses, and to enhance the earning capability of core businesses based on the basic policy of “expand high-profit businesses and strengthen core businesses to achieve sustainable growth” in the medium-term corporate business plan “Progress '24” that came into effect in April 2022.

For the results for the six months ended September 30, 2023, net sales were ¥72.6 billion (up 0.8% YoY), operating profit was ¥3.87 billion (up 13.8% YoY), ordinary profit was ¥4.52 billion (down 2.6% YoY), and profit attributable to owners of parent was ¥2.52 billion (down 22.7% YoY).

Results by segment are as follows.

### (Textiles)

Yarns experienced decreased revenue from decreased orders at overseas subsidiaries due to the impact of inventory adjustments by customers despite steady sales of high-performance products that we produce with our unique technologies.

Fabrics experienced increased revenue due to steady orders of casual clothing materials despite weak sales of uniform materials.

Textile products (sewn products, etc.) experienced decreased revenue from decreased orders mainly due to inventory adjustments by customers.

As a result, net sales were ¥24.6 billion (down 11.8% YoY) with operating loss of ¥0.37 billion (operating profit of ¥0.36 billion in the same period of the previous fiscal year) due in part to increased costs.

### (Chemical Products)

Flexible polyurethane foam for automotive interior experienced increased revenue due to steady orders at domestic and Brazilian subsidiaries, despite the sluggish sales at Chinese subsidiaries.

Functional resin products experienced decreased revenue due to a decrease in orders for high-performance plastic products for semiconductor production in line with a slowdown in semiconductor demand, despite a recovery in orders of functional films for solar cells and automobiles.

Housing construction products experienced decreased revenue due to a decline in heat-insulating work, despite steady sales of heat-insulating materials.

Nonwoven fabrics experienced decreased revenue due to weak orders for masks.

As a result, net sales were ¥29.2 billion (up 2.6% YoY) with operating profit of ¥1.63 billion (up 11.0% YoY).

### (Advanced Technology)

Electronics businesses experienced increased revenue due to steady sales of film thickness meters as well as large-scale projects at a subsidiary for silicon wafer cleaning equipment, despite sluggish sales of AFVI systems for HDI/Flex PCB.

Engineering businesses experienced increased revenue due to steady performance by chemical supply systems for the semiconductor industry and large-scale facilities projects at a subsidiary for the pharmaceutical manufacturing industry.

Biomedical businesses experienced increased revenue due to strong overseas sales of mixer/deaerator and machine tools experienced increased revenue due to solid performance in Japan and China.

As a result, net sales were ¥12.2 billion (up 33.0% YoY) with operating profit of ¥1.61 billion (up 185.5% YoY).

(Food and Services)

Freeze-dried foods experienced decreased revenue due to sluggish sales of instant noodle ingredients, molding soup, etc. because of the impact of restrained purchasing caused by increased retail sales prices as well as declining demand for in-home foods associated with the recovery of demand for eating out.

Hotels and their related services experienced increased revenue due to the effects of abolishment of restrictions on activity and support measures for the tourism business.

As a result, net sales were ¥4.5 billion (up 2.2% YoY) with operating profit of ¥0.27 billion (up 12.2% YoY).

(Real Estate)

Due to the start of rentals of new properties, real estate leasing recorded net sales of ¥1.8 billion (up 1.3% YoY), but operating profit totaled ¥1.24 billion (down 2.9% YoY) resulting from an increase in repair expenses, etc.

## **(2) Explanation of financial position**

(i) Assets, liabilities and net assets

Total assets at the end of the second quarter of the fiscal year ending March 31, 2024 increased by ¥13.0 billion from the end of the previous fiscal year to ¥187.1 billion mainly due to increases in investment securities, notes and accounts receivable - trade, and contract assets.

Liabilities increased by ¥3.8 billion from the end of the previous fiscal year to ¥75.0 billion mainly due to increases in deferred tax liabilities, which are included in “other” under non-current liabilities, and notes and accounts payable - trade, although there was a decrease in short-term borrowings.

Net assets increased by ¥9.1 billion from the end of the previous fiscal year to ¥112.0 billion mainly due to increases in valuation difference on available-for-sale securities and retained earnings.

As a result of the above, the equity-to-asset ratio was 59.2%, up 1.0 percentage points.

(ii) Cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the second quarter of the fiscal year ending March 31, 2024 increased by ¥0.1 billion from the end of the previous fiscal year to ¥10.46 billion (¥11.88 billion at the end of the same period of the previous fiscal year). The respective cash flow positions and the factors thereof are as follows.

Cash flows from operating activities

Net cash provided by operating activities in the six months ended September 30, 2023 was ¥5.83 billion (compared to ¥1.71 billion in net cash used in operating activities in the six months ended September 30, 2022). This was mainly due to profit before income taxes of ¥4.52 billion and internal reserves for depreciation of ¥2.44 billion, despite a decrease in cash of ¥1.39 billion from an increase in trade receivables and contract assets.

Cash flows from investing activities

Net cash used in investing activities in the period under review was ¥1.97 billion (compared to ¥1.97 billion in net cash used in investing activities in the same period of the previous fiscal year). This was mainly due to purchase of property, plant and equipment and intangible assets of ¥1.8 billion.

Cash flows from financing activities

Net cash used in financing activities in the period under review was ¥3.98 billion (compared to ¥1.08 billion in net cash provided by financing activities in the same period of the previous fiscal year). This was mainly due to a net decrease in short-term borrowings of ¥2.09 billion and dividends paid of ¥0.66 billion.

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

At this point in time, there are no changes in consolidated earnings forecasts announced on August 9, 2023 for the full year (April 1, 2023 to March 31, 2024).

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	10,392	10,496
Notes and accounts receivable - trade, and contract assets	37,894	39,827
Merchandise and finished goods	16,561	17,968
Work in process	9,801	10,414
Raw materials and supplies	6,821	5,993
Other	3,345	3,645
Allowance for doubtful accounts	(45)	(46)
Total current assets	84,771	88,298
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,230	22,775
Other, net	23,945	24,454
Total property, plant and equipment	47,176	47,230
Intangible assets	1,447	1,597
Investments and other assets		
Investment securities	36,868	46,264
Other	4,058	3,976
Allowance for doubtful accounts	(236)	(245)
Total investments and other assets	40,690	49,995
Total non-current assets	89,315	98,823
Total assets	174,086	187,122
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,242	22,684
Short-term borrowings	13,002	11,345
Income taxes payable	1,636	1,432
Provision for bonuses	1,461	1,511
Other	8,687	9,204
Total current liabilities	46,030	46,178
Non-current liabilities		
Long-term borrowings	1,555	1,321
Provision for retirement benefits for directors (and other officers)	226	198
Provision for share-based payments	128	151
Retirement benefit liability	12,891	12,985
Other	10,348	14,216
Total non-current liabilities	25,149	28,873
Total liabilities	71,179	75,052

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	22,040	22,040
Capital surplus	15,210	15,245
Retained earnings	61,137	62,997
Treasury shares	(2,477)	(2,470)
Total shareholders' equity	95,910	97,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,193	19,740
Deferred gains or losses on hedges	(43)	123
Foreign currency translation adjustment	(7,523)	(6,616)
Remeasurements of defined benefit plans	(202)	(197)
Total accumulated other comprehensive income	5,424	13,049
Non-controlling interests	1,572	1,207
Total net assets	102,907	112,069
Total liabilities and net assets	174,086	187,122



**(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income****Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	72,043	72,653
Cost of sales	58,522	58,353
Gross profit	13,521	14,300
Selling, general and administrative expenses	10,115	10,422
Operating profit	3,405	3,877
Non-operating income		
Interest income	36	48
Dividend income	646	683
Share of profit of entities accounted for using equity method	17	18
Other	914	300
Total non-operating income	1,614	1,049
Non-operating expenses		
Interest expenses	140	171
Other	232	230
Total non-operating expenses	372	401
Ordinary profit	4,647	4,525
Extraordinary income		
Gain on sale of investment securities	224	126
Total extraordinary income	224	126
Extraordinary losses		
Loss on disposal of non-current assets	71	121
Loss on sale of investment securities	–	9
Total extraordinary losses	71	131
Profit before income taxes	4,800	4,520
Income taxes	1,476	2,016
Profit	3,324	2,504
Profit (loss) attributable to non-controlling interests	59	(18)
Profit attributable to owners of parent	3,264	2,522

**Quarterly consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	3,324	2,504
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,018)	6,543
Deferred gains or losses on hedges	111	167
Foreign currency translation adjustment	1,510	986
Remeasurements of defined benefit plans, net of tax	18	4
Share of other comprehensive income of entities accounted for using equity method	38	29
Total other comprehensive income	659	7,731
Comprehensive income	3,983	10,235
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,755	10,147
Comprehensive income attributable to non-controlling interests	227	88

**(3) Quarterly consolidated statement of cash flows**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,800	4,520
Depreciation	2,520	2,446
Increase (decrease) in retirement benefit liability	(82)	56
Increase (decrease) in provision for share-based payments	27	23
Increase (decrease) in allowance for doubtful accounts	(19)	(28)
Interest and dividend income	(682)	(731)
Interest expenses	140	171
Foreign exchange losses (gains)	(191)	(33)
Share of loss (profit) of entities accounted for using equity method	(17)	(18)
Loss (gain) on sale of property, plant and equipment and intangible assets	1	(17)
Loss on retirement of property, plant and equipment and intangible assets	4	9
Loss (gain) on sale of short-term and long-term investment securities	(224)	(117)
Decrease (increase) in trade receivables and contract assets	969	(1,393)
Decrease (increase) in inventories	(6,347)	(598)
Increase (decrease) in trade payables	(1,273)	1,177
Other, net	(384)	1,380
Subtotal	(759)	6,849
Interest and dividends received	695	730
Interest paid	(135)	(170)
Subsidies received	85	5
Income taxes paid	(1,603)	(1,581)
Net cash provided by (used in) operating activities	(1,718)	5,833
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	6	6
Purchase of property, plant and equipment and intangible assets	(2,227)	(1,800)
Proceeds from sale of property, plant and equipment and intangible assets	6	23
Purchase of investment securities	(7)	(4)
Proceeds from sale of investment securities	335	183
Loan advances	(3)	(2)
Proceeds from collection of loans receivable	49	2
Other, net	(138)	(382)
Net cash provided by (used in) investing activities	(1,978)	(1,974)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,624	(2,098)
Proceeds from long-term borrowings	–	1,037
Repayments of long-term borrowings	(289)	(1,305)
Purchase of treasury shares	(1,291)	(1)
Repayments of lease liabilities	(70)	(59)
Dividends paid	(1,389)	(662)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(394)
Other, net	(497)	(497)
Net cash provided by (used in) financing activities	1,087	(3,982)
Effect of exchange rate change on cash and cash equivalents	422	233
Net increase (decrease) in cash and cash equivalents	(2,186)	109
Cash and cash equivalents at beginning of period	14,073	10,360
Cash and cash equivalents at end of period	11,887	10,469

#### **(4) Notes to quarterly consolidated financial statements**

##### **(Notes on premise of going concern)**

Not applicable.

##### **(Notes on quarterly consolidated balance sheet)**

###### **(Contingent liabilities)**

On June 30, 2022, a fire broke out at the logistics facility Ami No. 2 Logistics Center of SBS Flec Co., Ltd. (location: 6-1 Hoshinosato, Ami-machi, Inashiki-gun, Ibaraki) at which the Company's Chemical Products Division had conducted heat-insulating work. The fire was extinguished on July 5, 2022. Regarding this fire accident, SBS Flec Co., Ltd. filed a lawsuit on September 6, 2023 for around ¥4.4 billion in damages against three companies related to the fire including the Company (hereinafter the "Lawsuit"). The details of the Lawsuit are provided in "(Subsequent events)" below.

On December 19, 2022, SBS Flec Co., Ltd.'s parent company SBS Holdings, Inc. announced regarding the fire accident that it had received an insurance payment of ¥5,236 million for the fixed assets burnt and damaged by the fire, and it is possible that the insurance company could file a claim for recovery. Furthermore, related to the fire accident, for the around ¥1.1 billion initially estimated for the demolition costs for the Ami No. 2 Logistics Center, we received a notification from the relevant companies that around ¥0.68 billion in costs had been incurred at the end of April 2023. Depending on the future proceedings of the Lawsuit and the results of discussion, the Company could incur damages.

###### **(Additional information)**

We believe that the incurrence of damages to the Company related to the Lawsuit, etc. as well as the impact on earnings will become clear as a result of the future proceedings of the Lawsuit and the results of discussion, and the details and amounts of any damages to the Company from the fire accident have not been determined at this point in time. The Company will announce any specific impact on earnings in the future as soon as it becomes clear.

##### **(Notes on significant changes in the amount of shareholders' equity)**

Not applicable.

##### **(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)**

###### **(Calculation of cost of tax)**

The effective tax rate after applying the accounting effect of taxes on profit before taxes for the fiscal year including the quarter under review is reasonably estimated, and profit before taxes is multiplied by the estimated effective tax rate to calculate cost of tax. However, if the calculation of the cost of tax using the estimated effective tax rate results in significantly unreasonable results, the effective statutory tax rate is used.

**(Segment information)**

I Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

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

(Millions of yen)

	Reportable segments						Adjustments (Note 1)	Amount recorded in the quarterly consolidated statement of income (Note 2)
	Textiles	Chemical Products	Advanced Technology	Food and Services	Real Estate	Total		
Sales								
Sales to outside customers	27,994	28,515	9,245	4,424	1,863	72,043	–	72,043
Intersegment sales or transfers	19	52	122	22	219	437	(437)	–
Total	28,014	28,568	9,368	4,447	2,082	72,481	(437)	72,043
Segment profit	365	1,469	566	242	1,276	3,920	(514)	3,405

- (Notes) 1. The segment profit adjustment of negative ¥514 million includes company-wide expenses of negative ¥517 million and other adjustments of ¥3 million. Company-wide expenses are mainly R&D expenses not attributable to the reportable segment.
2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

II Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

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

(Millions of yen)

	Reportable segments						Adjustments (Note 1)	Amount recorded in the quarterly consolidated statement of income (Note 2)
	Textiles	Chemical Products	Advanced Technology	Food and Services	Real Estate	Total		
Sales								
Sales to outside customers	24,682	29,267	12,292	4,522	1,887	72,653	–	72,653
Intersegment sales or transfers	27	16	136	22	220	424	(424)	–
Total	24,710	29,284	12,429	4,545	2,108	73,078	(424)	72,653
Segment profit (loss)	(373)	1,630	1,616	272	1,240	4,386	(509)	3,877

- (Notes) 1. The segment profit or loss adjustment of negative ¥509 million includes company-wide expenses of negative ¥506 million and other adjustments of negative ¥2 million. Company-wide expenses are mainly R&D expenses not attributable to the reportable segment.
2. Segment profit or loss is adjusted with operating profit in the quarterly consolidated statement of income.

**(Relationship to revenue recognition)**

Information on disaggregation of revenue from contracts with customers

[Breakdown by type of goods or services]

Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable segments					Total
	Textiles	Chemical Products	Advanced Technology	Food and Services	Real Estate	
Yarns	9,046	—	—	—	—	9,046
Fabrics	11,920	—	—	—	—	11,920
Textile products (Sewn products, etc.)	10,508	—	—	—	—	10,508
Flexible polyurethane foam	—	9,854	—	—	—	9,854
Functional resin products	—	11,282	—	—	—	11,282
Housing construction products	—	5,001	—	—	—	5,001
Electronics businesses	—	—	5,064	—	—	5,064
Engineering businesses	—	—	2,054	—	—	2,054
Freeze-dried foods	—	—	—	3,311	—	3,311
Services	—	—	—	1,135	—	1,135
Others	—	4,409	2,682	—	—	7,092
Intersegment sales	(3,480)	(2,032)	(555)	(22)	—	(6,091)
Revenue from contracts with customers	27,994	28,515	9,245	4,424	—	70,180
Other revenue	—	—	—	—	1,863	1,863
Sales to outside customers	27,994	28,515	9,245	4,424	1,863	72,043

Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable segments					Total
	Textiles	Chemical Products	Advanced Technology	Food and Services	Real Estate	
Yarns	7,797	—	—	—	—	7,797
Fabrics	13,067	—	—	—	—	13,067
Textile products (Sewn products, etc.)	6,739	—	—	—	—	6,739
Flexible polyurethane foam	—	10,967	—	—	—	10,967
Functional resin products	—	11,197	—	—	—	11,197
Housing construction products	—	4,921	—	—	—	4,921
Electronics businesses	—	—	5,624	—	—	5,624
Engineering businesses	—	—	3,022	—	—	3,022
Freeze-dried foods	—	—	—	3,161	—	3,161
Services	—	—	—	1,384	—	1,384
Others	—	4,326	4,308	—	—	8,635
Intersegment sales	(2,921)	(2,145)	(663)	(22)	—	(5,754)
Revenue from contracts with customers	24,682	29,267	12,292	4,522	—	70,766
Other revenue	—	—	—	—	1,887	1,887
Sales to outside customers	24,682	29,267	12,292	4,522	1,887	72,653



**(Subsequent events)**

**(Legal disputes)**

As per the below, a lawsuit has been filed, and the Company received a legal complaint on October 10, 2023.

1. Causes of the Lawsuit and timeline behind the filing of the Lawsuit

On June 30, 2022, a fire broke out at the logistics facility Ami No. 2 Logistics Center of SBS Flec Co., Ltd. (location: 6-1 Hoshinosato, Ami-machi, Inashiki-gun, Ibaraki) at which the Company's Chemical Products Division had conducted heat-insulating work. The fire was extinguished on July 5, 2022. Regarding this fire accident, SBS Flec Co., Ltd. filed a lawsuit for damages against three companies related to the fire including the Company (hereinafter the "Lawsuit").

2. Court and date in which the Lawsuit was filed

- (1) Court in which the lawsuit was filed: Tokyo District Court
- (2) Date on which the lawsuit was filed: September 6, 2023
- (3) Date on which the legal complaint was delivered to the Company: October 10, 2023

3. Summary of the filer of the Lawsuit

- (1) Name: SBS Flec Co., Ltd. (logistics facility owner)
- (2) Location: Sumitomo Fudosan Shinjuku Grand Tower 25F, 8-17-1, Nishishinjuku, Shinjuku-ku, Tokyo
- (3) Title and name of the representative: Hajime Kato, Representative Director

4. Details of the Lawsuit and amount of claim for damages

(1) Details of the lawsuit

Claim for damages for the loss of stored packages, etc. burned with the SBS Flec Co., Ltd. Ami No. 2 Logistics Center and other facilities due to the fire accident as well as lost profit

(2) Amount of claim for damages (excluding late payment charges)

¥4,395,790,731

5. Future outlook (including damages that could be incurred at the Company)

The Company has evaluated the details of the claims in the Lawsuit and is closely following the ongoing investigation of the fire by fire authorities and responding as appropriate through our attorneys.

We believe that the incurrence of damages to the Company related to the Lawsuit as well as the impact on earnings will become clear as a result of the future proceedings of the Lawsuit, and at this point in time, the amount is unclear. The Company will announce any specific impact as soon as it becomes clear.

### 3. Others

#### (Reference information)

##### (1) Changes in the number of employees (consolidated)

(Persons)	
As of Sept. 30, 2021	4,237
As of Sept. 30, 2022	4,180
As of Sept. 30, 2023	4,184
As of Mar. 31, 2022	4,164
As of Mar. 31, 2023	4,189

Note: In addition to the above, there are also temporary employees and part-timers (1,035 as of Sept. 30, 2023).

##### (2) Changes in the balance of interest-bearing debt (consolidated)

(Millions of yen)	
As of Sept. 30, 2021	13,138
As of Sept. 30, 2022	17,590
As of Sept. 30, 2023	12,667
As of Mar. 31, 2022	12,364
As of Mar. 31, 2023	14,557

Note: Total amount of long-term and short-term borrowings.

##### (3) Trends in amount of capital investment and depreciation (consolidated)

(Millions of yen)		
	Amount of capital investment	Depreciation
Six months ended Sept. 30, 2021	1,563	2,567
Six months ended Sept. 30, 2022	2,096	2,520
Six months ended Sept. 30, 2023	2,045	2,447
Fiscal year ended Mar. 31, 2022	3,608	5,191
Fiscal year ended Mar. 31, 2023	4,647	5,181
Fiscal year ending Mar. 31, 2024 (Forecast)	7,500	5,000

(4) Forecast of full-year financial results for the fiscal year ending March 31, 2024 (consolidated)  
(Millions of yen)

		Fiscal year ended Mar. 31, 2023	Fiscal year ending Mar. 31, 2024 (Forecast)
Net sales	Textiles	56,507	53,000
	Chemical Products	59,726	61,000
	Advanced Technology	24,271	26,200
	Food and Services	9,292	10,000
	Real Estate	3,724	3,800
	Total	153,522	154,000
Operating profit	Textiles	308	100
	Chemical Products	3,712	3,300
	Advanced Technology	2,834	2,700
	Food and Services	463	600
	Real Estate	2,433	2,300
	Eliminations and corporate	(1,076)	(1,100)
	Total	8,676	7,900
Ordinary profit		10,024	8,500
Profit attributable to owners of parent		5,516	5,800