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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 <under Japanese GAAP>



April 28, 2026

Company name : CHUGAI RO CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 1964  
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 TEL: +81-6-6221-1251  
 Scheduled date of annual general meeting of shareholders: June 18, 2026  
 Scheduled date to commence dividend payments: June 19, 2026  
 Scheduled date to file annual securities report: June 16, 2026  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results presentation meeting: Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the fiscal year Ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	37,332	3.0	2,879	5.3	3,110	3.6	4,668	55.7
March 31, 2025	36,247	23.8	2,735	85.2	3,003	75.1	2,998	36.5

(Note) Comprehensive income:

For the fiscal year ended March 31, 2026 4,375 million yen [148.5%]  
 For the fiscal year ended March 31, 2025 1,761 million yen [(61.5%)]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2026	643.70	—	15.7	6.2	7.7
March 31, 2025	407.61	—	10.7	6.2	7.5

(Reference) Share of profit (loss) of entities accounted for using equity method:

For the fiscal year ended March 31, 2026 — million yen  
 For the fiscal year ended March 31, 2025 — million yen

### (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2026	51,282	31,481	60.8	4,311.16
March 31, 2025	48,736	28,609	58.1	3,858.93

(Reference) Equity:

As of March 31, 2026 31,200 million yen  
 As of March 31, 2025 28,328 million yen

### (3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	6,259	2,684	(2,569)	10,777
March 31, 2025	(3,696)	654	(2,701)	4,348

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2025	—	—	—	150.00	150.00	1,101	36.8	4.0
March 31, 2026	—	—	—	166.00	166.00	1,201	25.8	4.1
Fiscal year ending March 31, 2027 (Forecast)				180.00	180.00		49.8	

## 2. Consolidated earnings forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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	40,300	7.9	3,620	25.7	3,720	19.6	2,516	△46.1	361.31

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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 : Yes
  - (iv) Restatement : None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of March 31, 2026	7,800,000 shares	As of March 31, 2025	7,800,000 shares
As of March 31, 2026	562,810 shares	As of March 31, 2025	459,009 shares
For the fiscal year ended March 31, 2026	7,252,300 shares	For the fiscal year ended March 31, 2025	7,355,476 shares

**[Reference] Overview of non-consolidated financial results**

**Non-consolidated financial results for the fiscal year ended March 31, 2026**

**(From April 1, 2025 to March 31, 2026)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	34,117	5.0	2,840	26.0	3,213	15.3	4,846	62.2
March 31, 2025	32,489	20.3	2,255	84.5	2,787	81.1	2,987	55.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2026	668.28	—
March 31, 2025	406.19	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2026	47,777	28,953	60.6	4,000.61
March 31, 2025	44,557	26,098	58.6	3,555.15

(Reference) Equity:

As of March 31, 2026	28,953 million yen
As of March 31, 2025	26,098 million yen

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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

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, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to “(4) Future outlook” in “1. Overview of operating results, etc.” on page 3 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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## 1. Overview of operating results, etc.

### (1) Overview of operating results for the fiscal year under review

The Group has been promoting its business activities with a focus on “contributing to carbon neutrality,” a key initiative of our medium-term management plan, and has been actively pursuing research and development and proposing equipment solutions related to the utilization of next-generation fuels, such as hydrogen and ammonia, as well as the electrification of and energy saving in heat treatment processes.

As a result, orders were 37,100 million yen (94.0% of the previous year), with the conclusion of contracts for the modification of continuous annealing lines for the steel industry in Japan, heating furnaces for non-ferrous metals, electric furnace dust recycling equipment for steel, ladle preheaters for electric furnaces, next-generation battery-related heat treatment equipment, and baking furnaces for housing equipment components.

In terms of sales, due to the steady progress in projects such as production equipment for next-generation solar cells, heat-treatment equipment for electrode material and solid electrolytes, energy-saving modification work on reheating furnaces for the steel industry in Japan, deodorizing furnaces, stainless steel manufacturing facilities for overseas customers, and a project under the Green Innovation Fund Project “Decarbonization of Thermal Processes in the Manufacturing Sector” of the New Energy and Industrial Technology Development Organization (NEDO), net sales increased to 37,332 million yen (103.0% of the previous year).

On the profitability side, as a result of our efforts to appropriately pass on increases in labor costs and raw material prices and to reduce procurement costs, both operating profit and ordinary profit increased to 2,879 million yen (105.3% of the previous year) and 3,110 million yen (103.6% of the previous year), respectively. In addition, the Group has set a target of reducing the ratio of cross-shareholdings to total assets to “less than 20%” as of the end of March 2026 and, as part of this effort, sold a portion of the cross-held shares. As a result of the gains from the sale, profit attributable to owners of the parent increased to 4,668 million yen (155.7% of the previous year). Based on the Action to Implement Management That Is Conscious of Cost of Capital and Stock Price recommended by the Tokyo Stock Exchange, Inc., the Group continues to promote the following initiatives to increase corporate value.

[Strengthening the business foundation and enhancing medium- to long-term profitability]

Based on our medium-term management plan, we aim to strengthen our competitiveness by accelerating business development and operational efficiency improvements that contribute to carbon neutrality and digital transformation (DX), and by creating innovative products and services. In addition to the utilization of the Thermal Technology Creation Center, our newly established research and development facility, we will strive to enhance our competitiveness through investments in equipment and human resources with the aim of achieving sustainable growth and improved profitability.

[Improving capital efficiency]

We regard the improvement of capital efficiency and financial soundness indicators, such as ROE and borrowings-to-assets ratio, as a key management priority.

Regarding cross-shareholdings, we continue our policy of reducing holdings of stocks that offer little benefit from a capital efficiency perspective, thereby ensuring financial soundness through the optimization of our asset portfolio. As of the end of March 2026, we have achieved our target of reducing the ratio of cross-shareholdings to total assets to less than 20%.

[Enhancing shareholder returns]

Our basic policy is to ensure stable and proactive shareholder returns, setting as targets a total return ratio of 50% or more and a dividend payout ratio of 60% of net operating profit after tax (NOPAT).

[Strengthening corporate governance and promoting sustainable management]

In accordance with the corporate governance code, we are working to establish a management structure characterized by transparency, efficiency, and soundness, and to strengthen our relationships with stakeholders. We are also promoting sustainable management and are committed to realizing a decarbonized society, protecting the environment, and creating social value.

An overview of performance by segment is as follows.

(Heat Treatment Business)

Orders received were 16,687 million yen (91.1% of the previous year) as a result of the conclusion of contracts for next-generation battery-related heat treatment equipment for the Japanese market, baking furnaces for housing equipment components, and sintering furnaces for electronic components.

In terms of sales, due to progress in the construction of production equipment for next-generation solar cells for the Japanese market, heat-treatment furnaces for electrode materials, heat-treatment furnaces for non-ferrous metals, heat treatment equipment for solid electrolytes, and regenerative thermal oxidizers, net sales were 18,307 million yen (98.5% of the previous year).

(Plant Business)

Orders received were 16,527 million yen (90.2% of the previous year) with the conclusion of contracts for the modification of continuous annealing lines for the steel industry in Japan, ladle preheaters for electric furnaces, heating furnaces for non-ferrous metals in Japan, modification work on heating furnaces for the overseas steel

industry, and process line cleaning equipment.

In terms of sales, due to progress in projects for exhaust gas treatment equipment for electric furnaces, functional material in-flame treatment equipment, energy-saving modification of heating furnaces for steel producers in Japan, and large decarbonized stainless steel bright annealing equipment for overseas customers, net sales increased to 13,828 million yen (120.0% of the previous year).

(Development Business)

Orders received increased to 1,207 million yen (174.4% of the previous year) with the conclusion of contracts for electric furnace dust recycling equipment for steel, and testing and experimental equipment for achieving carbon neutrality.

In terms of sales, due to the steady progress in construction for the NEDO project, ore preheating rotary kilns, and precision coaters for next-generation batteries, net sales were 1,981 million yen (83.4% of the previous year).

(Others)

Orders received increased to 6,932 million yen (103.3% of the previous year), with contracts concluded by overseas subsidiaries for motor core annealing furnaces and annealing and normalizing furnaces for China and rotary regenerative thermal oxidizers for Taiwan and Vietnam.

In terms of sales, due to the delivery of motor core annealing furnaces, annealing and normalizing furnaces, and continuous carburizing furnaces for China, net sales were 8,025 million yen (98.2% of the previous year).

Orders received, sales revenue, and operating profit by segment are summarized below.

The figures for each segment are before elimination of inter-segment transactions, etc.

	Orders received (Millions of yen)	Year-on-year change rate (%)	Net sales (Millions of yen)	Year-on-year change rate (%)	Operating profit (Millions of yen)	Year-on-year change rate (%)
Heat Treatment Business	16,687	(8.9)	18,307	(1.5)	1,411	(5.9)
Plant Business	16,527	(9.8)	13,828	20.0	1,677	74.1
Development Business	1,207	74.4	1,981	(16.6)	(247)	—
Others	6,932	3.3	8,025	(1.8)	31	(94.1)

## (2) Overview of financial position for the fiscal year under review

Total assets increased by 2,546 million yen from the end of the previous fiscal year to 51,282 million yen, mainly due to an increase in cash and deposits.

Total liabilities decreased by 326 million yen from the end of the previous fiscal year to 19,800 million yen, mainly due to a decrease in accounts payable, short-term borrowings, and long-term borrowings.

Net assets totaled 31,481 million yen, an increase of 2,872 million yen from the end of the previous fiscal year, mainly due to an increase in retained earnings. The equity-to-asset ratio was 60.8%.

## (3) Overview of cash flows for the fiscal year under review

Cash flows from operating activities resulted in an increase of 6,259 million yen in net cash mainly due to the recording of profit before income taxes and a decrease in trade receivables and contract assets.

Cash flows from investing activities resulted in an increase of 2,684 million yen in net cash mainly due to the sales of investment securities.

Cash flows from financing activities resulted in a decrease of 2,569 million yen in net cash mainly due to an increase in dividends paid and a decrease in long-term borrowings.

As a result, cash and cash equivalents at the end of the period totaled 10,777 million yen, an increase of 6,428 million yen.

## (4) Future outlook

We will work to evolve thermal technology, which is vital to manufacturing, in response to the needs of society, and engage in technology development and offer active proposals with the aim of contributing to carbon neutrality. At the same time, we will enhance maintenance systems according to the lifecycle of delivered equipment.

To realize the management vision 2026 “Renovate ourselves to develop our future with the technology for carbon neutrality!” under the medium-term management plan (“Chugai Ro Break Through (CBT) 2022-2026”), we will strongly promote three key strategies: (1) The creation of a new market centering on carbon neutrality; (2) Sales expansion and higher profitability through the development of new applications for existing products; and (3) Building a workplace worth working for.

As a specific action, by making full use of the Thermal Technology Creation Center, our new research institute, the Group will make investments in equipment and human resources for the research and development sector.

Furthermore, as an investment in systems that contribute to improving work efficiency, we will make full use of design and procurement assist systems and AI, with the aim of reducing working hours and building a more rewarding workplace. As an industrial furnace manufacturer that handles heat technology, we will endeavor to become an advanced company that contributes to carbon neutrality by 2050 as its social mission.

**(5) Basic policy on profit distribution and dividends for the current and next fiscal years**

We regard returning profits to shareholders as one of our top management priorities, and our basic policy is to continue paying stable dividends while taking our business performance into account. Based on this policy, we aim to achieve a total return ratio of at least 50%, including share buybacks, and a dividend payout ratio of 60% of net operating profit after tax (NOPAT).

Dividends are paid only once a year, at the end of the fiscal year, and are determined by the general meeting of shareholders.

Regarding the dividend payment for the fiscal year under review, based on the above policy, we plan to repurchase our own shares and submit a proposal to set dividends at 166 yen per share at the ordinary general meeting of shareholders in June 2026.

For the fiscal year ending March 2027, we plan to pay dividends of 180 yen per share.

**2. Basic policy regarding selection of accounting standards**

The Company employs Japanese GAAP.

With respect to the application of IFRS, appropriate action will be taken in accordance with the situation regarding the adoption of relevant systems in Japan.

**3. Consolidated financial statements and significant notes thereto****(1) Consolidated balance sheet**

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
<b>Assets</b>		
Current assets		
Cash and deposits	4,392	10,821
Notes and accounts receivable–trade, and contract assets	29,720	25,859
Costs on construction contracts in progress	1,731	1,670
Other	137	219
Allowance for doubtful accounts	(0)	(1)
Total current assets	35,982	38,569
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,062	7,049
Accumulated depreciation	(4,321)	(4,443)
Buildings and structures, net	1,741	2,606
Machinery, equipment and vehicles	2,502	2,540
Accumulated depreciation	(1,987)	(2,103)
Machinery, equipment and vehicles, net	514	437
Land	2,156	2,156
Construction in progress	228	35
Other	1,522	1,739
Accumulated depreciation	(1,109)	(1,160)
Other, net	413	579
Total property, plant and equipment	5,053	5,815
Intangible assets		
Software	207	224
Others	0	—
Total intangible assets	208	224
Investments and other assets		
Investment securities	6,533	5,330
Retirement benefit asset	713	1,037
Deferred tax assets	17	3
Other	248	317
Allowance for doubtful accounts	(20)	(15)
Total investments and other assets	7,492	6,672
Total non-current assets	12,754	12,712
<b>Total assets</b>	<b>48,736</b>	<b>51,282</b>

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
<b>Liabilities</b>		
<b>Current liabilities</b>		
Electronically recorded obligations-operating	899	877
Accounts payable-trade	7,441	6,887
Short-term loans borrowings	2,569	1,921
Income taxes payable	750	1,452
<b>Contract liabilities</b>	<b>1,889</b>	<b>2,624</b>
Provision for bonuses	166	163
Provision for loss on construction contracts	0	—
Provision for warranties for completed construction work	—	118
Other	1,516	1,397
<b>Total current liabilities</b>	<b>15,233</b>	<b>15,442</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,938	2,524
Deferred tax liabilities	1,600	1,329
Retirement benefit liability	141	186
Other	213	317
<b>Total non-current liabilities</b>	<b>4,893</b>	<b>4,358</b>
<b>Total liabilities</b>	<b>20,127</b>	<b>19,800</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,176	6,176
Capital surplus	1,544	1,544
Retained earnings	17,845	21,412
Treasury shares	(1,023)	(1,426)
<b>Total shareholders' equity</b>	<b>24,542</b>	<b>27,707</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,350	2,787
Deferred gains or losses on hedges	7	81
Foreign currency translation adjustment	217	262
Remeasurements of defined benefit plans	209	361
<b>Total accumulated other comprehensive income</b>	<b>3,785</b>	<b>3,493</b>
<b>Non-controlling interests</b>	<b>280</b>	<b>280</b>
<b>Total net assets</b>	<b>28,609</b>	<b>31,481</b>
<b>Total liabilities and net assets</b>	<b>48,736</b>	<b>51,282</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)
Net sales	36,247	37,332
Cost of sales	28,656	29,218
Gross profit	7,590	8,114
Selling, general and administrative expenses	4,854	5,235
Operating profit	2,735	2,879
Non-operating income		
Interest income	2	2
Dividend income	243	236
Foreign exchange gains	—	18
Rental income	54	46
Miscellaneous income	48	13
Total non-operating income	348	317
Non-operating expenses		
Interest expenses	58	74
Foreign exchange losses	16	—
Miscellaneous loss	5	10
Total non-operating expenses	80	85
Ordinary profit	3,003	3,110
Extraordinary income		
Gain on sale of investment securities	1,183	3,315
Subsidy income	50	—
Total extraordinary income	1,233	3,315
Extraordinary losses		
Impairment Loss	14	—
Total extraordinary losses	14	—
Profit before income taxes	4,222	6,426
Income taxes - current	1,137	1,897
Income taxes - deferred	12	(125)
Total income taxes	1,150	1,772
Profit	3,072	4,635
Profit attributable to non-controlling interests	74	(14)
Profit attributable to owners of parent	2,998	4,668

**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)
Profit	3,072	4,653
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,326)	(563)
Deferred gains or losses on hedges	(24)	74
Foreign currency translation adjustment	57	60
Remeasurements of defined benefit plans, net of tax	(18)	151
Total other comprehensive income	(1,311)	(277)
Comprehensive income	1,761	4,375
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,664	4,375
Comprehensive income attributable to non-controlling interests	96	0

**(3) Consolidated statement of changes in equity****Fiscal year ended March 31, 2025(From April 1, 2024 to March 31, 2025)**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,176	1,544	15,441	(711)	22,451
Changes during period					
Dividends of surplus			(594)		(594)
Profit attributable to owners of parent			2,998		2,998
Purchase of treasury shares				(312)	(312)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,403	(312)	2,090
Balance at end of period	6,176	1,544	17,845	(1,023)	24,542

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,676	31	181	228	5,119	198	27,768
Changes during period							
Dividends of surplus							(594)
Profit attributable to owners of parent							2,998
Purchase of treasury shares							(312)
Net changes in items other than shareholders' equity	(1,326)	(24)	35	(18)	(1,333)	82	(1,250)
Total changes during period	(1,326)	(24)	35	(18)	(1,333)	82	840
Balance at end of period	3,350	7	217	209	3,785	280	28,609

**Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,176	1,544	17,845	(1,023)	24,542
Changes during period					
Dividends of surplus			(1,101)		(1,101)
Profit attributable to owners of parent			4,668		4,668
Purchase of treasury shares				(402)	(402)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,567	(402)	3,164
Balance at end of period	6,176	1,544	21,412	(1,426)	27,707

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,350	7	217	209	3,785	280	28,609
Changes during period							
Dividends of surplus							(1,101)
Profit attributable to owners of parent							4,668
Purchase of treasury shares							(402)
Net changes in items other than shareholders' equity	(563)	74	45	151	(292)	0	(292)
Total changes during period	(563)	74	45	151	(292)	0	2,872
Balance at end of period	2,787	81	262	361	3,493	280	31,481

**(4) Consolidated statement of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,222	6,426
Depreciation	552	543
Impairment Loss	14	—
Increase (decrease) in allowance for doubtful accounts	3	(3)
Increase (decrease) in retirement benefit liability and asset	(107)	(36)
Increase (decrease) in provision for loss on construction contracts	(0)	(0)
Increase (decrease) in provision for warranties for completed construction work	—	118
Interest and dividend income	(245)	(238)
Interest expenses	58	74
Loss (gain) on sales of investment securities	(1,183)	(3,315)
Decrease (increase) in trade receivables and contract assets	(7,663)	3,933
Decrease (increase) in costs on construction contracts in progress	453	94
Increase (decrease) in trade payables	8	(635)
Increase (decrease) in contract liabilities	545	704
Other, net	664	(342)
<b>Subtotal</b>	<b>(2,677)</b>	<b>7,322</b>
Interest and dividend income received	245	238
Interest paid	(59)	(75)
Income taxes paid	(1,204)	(1,226)
<b>Net cash provided by (used in) operating activities</b>	<b>(3,696)</b>	<b>6,259</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(723)	(846)
Purchase of intangible assets	(75)	(119)
Proceeds from sale of investment securities	1,460	3,729
Purchase of investment securities	(6)	(6)
Other, net	(1)	(72)
<b>Net cash provided by (used in) investing activities</b>	<b>654</b>	<b>2,684</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(3,780)	(365)
Proceeds from long-term borrowings	2,400	200
Repayments of long-term borrowings	(400)	(900)
Dividends paid	(594)	(1,101)
Dividends paid to non-controlling interests	(13)	—
Purchase of treasury shares	(312)	(402)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,701)</b>	<b>(2,569)</b>
Effect of exchange rate change on cash and cash equivalents	72	54
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,671)</b>	<b>6,428</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>10,019</b>	<b>4,348</b>
<b>Cash and cash equivalents at end of period</b>	<b>4,348</b>	<b>10,777</b>

**(5) Notes to consolidated financial statements****Notes on premise of going concern**

No items to report

**Changes in accounting policy**

No items to report

**Changes in accounting estimate**

During the consolidated fiscal year under review, as we became able to make more precise estimates for additional costs incurred free of charge after completion of construction, we revised our estimates and recorded them as a provision for warranties for completed construction work.

As a result, operating profit, ordinary profit, and net profit before income taxes for the consolidated fiscal year under review each decreased by 118 million yen.

**Revenue recognition****1.Information on disaggregated revenue from contracts with customers**

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Segment				Adjustment	Total
	Heat Treatment Business	Plant Business	Development Business	Others		
Domestic	17,685	6,798	2,126	2,527	(2,306)	26,831
Overseas	905	4,723	250	5,645	(2,109)	9,415
Revenue from contracts with customers	18,590	11,522	2,376	8,173	(4,415)	36,247
Others profit	—	—	—	—	—	—
Net Sales	18,590	11,522	2,376	8,173	(4,415)	36,247

Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Segment				Adjustment	Total
	Heat Treatment Business	Plant Business	Development Business	Others		
Domestic	17,808	8,736	1,964	3,084	(3,016)	28,578
Overseas	498	5,092	16	4,940	(1,793)	8,754
Revenue from contracts with customers	18,307	13,828	1,981	8,025	(4,809)	37,332
Others profit	—	—	—	—	—	—
Net Sales	18,307	13,828	1,981	8,025	(4,809)	37,332

**2.Information that is the basis for understanding revenue from contracts with customers**

The main performance obligations in the Group's business are the construction, production, and delivery of products and the provision of services contracted with customers. For long-term construction contracts, performance obligations are deemed to be satisfied over a certain period of time, and revenue is recognized based on the progress of satisfaction of the performance obligations. The progress is measured based on the ratio of construction costs incurred until the end of each reporting period to the total expected construction costs. For construction contracts and product sales contracts where the period from the start date of the contract to the time when performance obligations are expected to be fully satisfied is very short, revenue is not recognized over a certain period of time, but is recognized when the performance obligations are fully satisfied. The payment terms for our transactions are usually due within a short period of time, and the contracts do not include any significant financing component.

**Segment information, etc.**

[Segment information]

## 1. Overview of reportable segments

The reportable segments of the CHUGAI RO Group are those units for which separate financial information can be obtained among the constituent units of the Group and for which the Board of Directors of the Company regularly carries out examinations to determine the allocation of management resources and assess the business performance.

Chugai Ro Co., Ltd. has established business divisions and conducts business activities in the three segments of Heat Treatment Business (mainly related to automobiles and battery production), Plant Business (mainly related to steel and non-ferrous metals), and Development Business (mainly related to decarbonization, precision coating and drying equipment, air pollution control, waste treatment and recycling). The business of subsidiaries is included in Other.

## 2. Information on net sales and profit (loss) by reportable segment

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable Segment				Others	Total	Adjustment	Reported in consolidated financial statements
	Heat Treatment Business	Plant Business	Development Business	Total				
Net sales								
Sales to external customers	17,995	11,274	2,375	31,645	4,601	36,247	—	36,247
Intersegment sales or transfers	595	247	1	844	3,571	4,415	(4,415)	—
Total	18,590	11,522	2,376	32,489	8,173	40,662	(4,415)	36,247
Segment profit (loss)	1,500	963	(208)	2,255	529	2,784	(49)	2,735

Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable Segment				Others	Total	Adjustment	Reported in consolidated financial statements
	Heat Treatment Business	Plant Business	Development Business	Total				
Net sales								
Sales to external customers	18,005	13,493	1,981	33,481	3,851	37,332	—	37,332
Intersegment sales or transfers	301	334	—	636	4,173	4,809	(4,809)	—
Total	18,307	13,828	1,981	34,117	8,025	42,142	(4,809)	37,332
Segment profit (loss)	1,411	1,677	(247)	2,840	31	2,872	7	2,879

**Per share information**

	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)
Net assets per share	3,858.93 yen	4,311.16 yen
Basic earnings per share	407.61 yen	643.70 yen

- (Notes) 1. Diluted earnings per share is not presented since no potential shares exist.  
2. The basis for calculation of basic earnings per share

Item	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)
Profit attributable to owners of parent (millions of yen)	2,998	4,668
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	2,998	4,668
Average number of common shares outstanding during the period (thousands of shares)	7,355	7,252

**Significant subsequent events**

Chugai Ro Co., Ltd. (hereinafter, the “Company”) hereby announces that at a meeting of its Board of Directors held on April 28, 2026, the Company resolved to acquire treasury shares pursuant to Article 156 of the Companies Act, as applied by replacing the terms pursuant to the provisions of Article 165, Paragraph 3 of the Act.

## 1. Reasoning Behind the Acquisition of Treasury Shares

The Company will repurchase its own shares in order to facilitate the implementation of flexible capital policies in response to changes in the business environment.

## 2. Details of the Matters Pertaining to the Acquisition

- |  |                                    |
|--|------------------------------------|
| (1) Type of shares to be acquired            | Common shares of the Company       |
| (2) Total number of shares to be repurchased | 300,000 shares (maximum)           |
| (3) Total value of shares repurchased        | 1,140 million yen (maximum)        |
| (4) Period of acquisition                    | April 30, 2026 to August 31, 2026  |
| (5) Method of acquisition                    | Market purchase using trust method |

**4. Others****(1) Status of orders received and sales**

## (i) Net sales

(Millions of yen)

Segment	Fiscal year ended March 31, 2025 April 1 2024 to March 31, 2025		Fiscal year ending March 31, 2026 April 1 2025 to March 31, 2026		Increase (decrease)
	Amount	%	Amount	%	Amount
Heat Treatment Business	18,590	51.3	18,307	49.0	(283)
Plant Business	11,522	31.8	13,828	37.0	2,306
Development Business	2,376	6.6	1,981	5.3	(395)
Others	8,173	22.5	8,025	21.5	(147)
Intersegment elimination	(4,415)	(12.2)	(4,809)	(12.9)	(394)
Total	36,247	100.0	37,332	100.0	1,085
[Overseas]	[9,415]	[26.0]	[8,754]	[23.4]	[(661)]

## (ii) Orders received

(Millions of yen)

Segment	Fiscal year ended March 31, 2025 April 1 2024 to March 31, 2025		Fiscal year ending March 31, 2026 April 1 2025 to March 31, 2026		Increase (decrease)
	Amount	%	Amount	%	Amount
Heat Treatment Business	18,319	46.4	16,687	45.0	(1,632)
Plant Business	18,320	46.4	16,527	44.5	(1,793)
Development Business	692	1.8	1,207	3.3	515
Others	6,711	17.0	6,932	18.7	220
Intersegment elimination	(4,567)	(11.6)	(4,254)	(11.5)	312
Total	39,477	100.0	37,100	100.0	(2,377)
[Overseas]	[6,088]	[15.4]	[7,489]	[20.2]	[1,400]

## (iii) Backorder

(Millions of yen)

Segment	Fiscal year ended March 31, 2025 April 1 2024 to March 31, 2025		Fiscal year ending March 31, 2026 April 1 2025 to March 31, 2026		Increase (decrease)
	Amount	%	Amount	%	Amount
Heat Treatment Business	14,435	38.2	12,816	34.0	(1,619)
Plant Business	19,423	51.4	22,123	58.7	2,699
Development Business	1,554	4.1	779	2.1	(774)
Others	3,612	9.6	2,664	7.1	(948)
Intersegment elimination	(1,202)	(3.2)	(684)	(1.8)	518
Total	37,824	100.0	37,699	100.0	(124)
[Overseas]	[11,196]	[29.6]	[10,039]	[26.6]	[(1,157)]