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Consolidated Financial Results for the Six Months Ended June 30, 2025 [Japanese GAAP]

August 6, 2025

Company name:	Nisshinbo Holdings Inc.	
Listing:	Tokyo Stock Exchange	
Securities code:	3105	
URL:	https://www.nisshinbo.co.jp	
Representative:	Yasuji Ishii	President and Representative Director
Inquiries:	Shuji Tsukatani	Director and Executive Managing Officer
Telephone:	+81-03) 5695-8833	
Scheduled date to file semi-annual securities report	August 7, 2025	
Scheduled date to commence dividend payments:	September 5, 2025	
Preparation of supplementary material on financial results:	Yes	
Holding of financial results briefing:	Yes (for investors and analysts)	

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

1. Consolidated Financial Results for the Six Months Ended June 30, 2025 (January 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	254,721	6.1	18,417	174.2	19,019	71.5	11,498	28.7
June 30, 2024	240,022	(10.9)	6,715	(44.0)	11,092	(29.7)	8,936	(23.1)

(Note) Comprehensive income: Six months ended June 30, 2025: ¥ 271 million [(98.9)%]
Six months ended June 30, 2024: ¥ 25,875 million [18.5%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2025	73.53	-
June 30, 2024	56.87	-

(Note) The diluted earnings per share for the six months ended June 30, 2025 is not stated because there are no potential shares. The diluted earnings per share for the six months ended June 30, 2024 is not stated because there are no potential shares with a dilutive effect.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	621,892	294,458	42.9
December 31, 2024	680,112	297,785	39.7

(Reference) Equity: As of June 30, 2025: ¥ 266,868 million
As of December 31, 2024: ¥ 269,788 million

(Note) During the current interim consolidated accounting period, we have finalized the provisional accounting treatment related to business combinations, and the figures for the fiscal year ended December 2024 reflect the finalized provisional accounting treatment. In addition, from the beginning of the current interim consolidated accounting period, we have applied "Accounting Standards for Income Taxes, Resident Taxes, and Business Taxes," etc., and the figures for the fiscal year ended December 2024 reflect the retrospective application of these changes in accounting policies.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	18.00	-	18.00	36.00
Fiscal year ending December 31, 2025	-	18.00			
Fiscal year ending December 31, 2025 (Forecast)			-	18.00	36.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025(January 1, 2025 to December 31, 2025)

(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	506,000	2.3	19,700	18.8	21,600	(11.5)	11,000	7.0	70.38

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

June 30, 2025: 169,328,839 shares

December 31, 2024: 169,246,174 shares

2) Number of treasury shares at the end of the period:

June 30, 2025: 13,129,696 shares

December 31, 2024: 12,079,169 shares

3) Average number of shares outstanding during the period:

Six months ended June 30, 2025: 156,385,291 shares

Six months ended June 30, 2024: 157,128,668 shares

(Note) On May 20, 2025, we issued 82,665 new shares as restricted stock awards.

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

* Proper use of earnings forecasts, and other special matters

The consolidated financial results forecast contained in this document are based on information currently available to the Company. The Company does not make any guarantees regarding the achievement of these forecasts. For further details, please refer to the attached document (2) “Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information” and the “Notice of Revision to Consolidated Financial Results Forecast” announced today (August 6, 2025).

We are scheduled to hold an online financial results briefing for investors and analysts today (August 6, 2025).

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1. Qualitative Information on Semi-annual Financial Results

(1) Overview of Operating Results

During the current interim consolidated accounting period, Nisshinbo Group posted net sales of ¥254,721 million (up ¥14,699 million, or 6.1%, year on year), mainly due to higher sales in the Wireless and Communications business and the Real Estate business, despite a decrease in sales in the Micro Devices business.

Operating profit was ¥18,417 million (up ¥11,702 million, or 174.2%, year on year) due to increased profit in the Wireless and Communications business and the Real Estate business, despite an increase in losses in the Micro Devices business. Ordinary profit was ¥19,019 million (up ¥7,926 million, or 71.5%, year on year). Profit attributable to owners of parent was ¥11,498 million (up ¥2,562 million, or 28.7% year on year).

The results for the main business segments are as follows. Segment profit or segment loss is based on operating profit or operating loss.

(Wireless and Communications business)

In the Solutions and Specialized Equipment business, sales and profit increased due to an increase in orders for radar equipment and maintenance equipment for the Ministry of Defense based on the basic policy of the defense capability development plan based on national strategy, as well as an increase in orders for prefectural disaster prevention systems due to replacement demand.

The Marine Systems business also saw increased sales and profit due to strong orders for equipment for new commercial ships, as well as for the aftermarket, including equipment for commercial ship retrofitting and maintenance services.

In the Mobility business, sales decreased and profit deteriorated due to a decline in orders for automotive ITS (Intelligent Transport Systems) and sluggish orders for repeaters (mobile phone relay devices) affected by customer schedule adjustments.

As a result, the Wireless and Communications business posted net sales of ¥126,174 million (up 6.9% year on year) and segment profit of ¥10,341 million (up 79.1% year on year).

(Micro Devices business)

Sales of consumer equipment/devices remained at the same level as the previous year due to orders for smartphones and amusement-related products, as customer inventory adjustments bottomed out. Sales of industrial equipment also remained at the same level as the previous year due to orders for domestic office automation equipment, but orders for automotive industry products declined due to sluggish demand in the EV market and inventory adjustments by customers in the sensor-related business. As a result, the Electronic Devices business saw a decline in sales and an increase in losses.

In the Microwave business, although orders for sensor-related products for the domestic market were sluggish, sales and profit increased due to strong orders for maintenance parts for electronic tubes.

As a result, the Micro Devices business posted net sales of ¥29,825 million (down 4.2% year on year) and a segment loss of ¥4,257 million (a loss expansion of ¥1,509 million year on year).

(Material)

• Automobile Brakes

The Japanese base saw an increase in sales and profit due to the stabilization of production cuts caused by issues such as car manufacturer certification irregularities and the recovery of orders. The US base also saw strong orders for Japanese automakers focusing on hybrid vehicles, resulting in increased sales and profit. The Chinese base saw an increase in sales but a decrease in profit, while the Korean base saw a decrease in sales but reduced losses through profitability improvement activities. The Thai base experienced a decrease in both sales and profit due to a downturn in market conditions.

As a result, the Automobile Brakes business posted net sales of ¥28,275 million (down 1.7% year on year) and segment profit of ¥1,787 million (up 61.1% year on year).

• Precision Instruments

The Precision Components Business saw a decrease in sales and profit due to a decline in orders at the Chinese base, despite the full-scale launch of mass production of automotive EBS components at the Indian base. In the molded products business, sales and profit increased due to factors such as an increase in orders for air conditioning-related products, in-vehicle products, and medical-related products.

As a result, the Precision Instruments business posted net sales of ¥27,138 million (up 5.3% year on year) and segment profit of ¥1,250 million (up 167.6% year on year).

• Chemicals

Sales and income in the rigid urethane business decreased due to lower orders for liquid products, rigid blocks, and water treatment products. Sales of carbon separators for fuel cells declined and losses widened due to a decrease in orders caused by stagnation in the overall hydrogen market. In Specialty Chemicals, sales and profit increased due to higher orders for water-based resins. Research and development expenses in the Chemicals business increased due to the promotion of commercialization.

As a result, the Chemicals business posted net sales of ¥4,740 million (down 13.4% year on year) and a segment loss of ¥173 million (a deterioration of ¥489 million year on year).

• Textiles

The shirt business, including Tokyo Shirt saw a decrease in sales and an expansion of losses due to reduced orders for Apollocot shirts (Super shape stability processing) and dress shirt materials. The uniform business saw an increase in sales and a reduction in losses due to increased orders for custom-made products. The Brazilian base saw a decrease in sales but an increase in profit due to cost reductions.

As a result, the Textiles business posted net sales of ¥16,593 million (down 9.8% year on year) and a segment profit of ¥46 million (an improvement of ¥210 million year on year).

(Real Estate)

The Real Estate business saw a significant increase in sales and profit due to the sale of residential land in Okazaki City, Aichi Prefecture, the sale of the large-scale commercial facility Ario Nishiarai (Adachi-ku, Tokyo), and the sale of condominiums in Minato-ku, Tokyo.

As a result, the Real Estate business posted net sales of ¥15,863 million (up 131.5% year on year) and segment profit of ¥11,811 million (up 126.2% year on year).

(2) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

As announced in the “Notice Regarding Implementation of Early Retirement Incentive Program in Connection with Restructuring of Wireless and Communications Business” dated June 26, 2025, the Nisshinbo Group has positioned the restructuring of its Wireless and Communications business as its most important task for improving profitability. In order to strengthen the foundation of its core businesses through simplification and optimization of its business and production structures, the Nisshinbo Group has decided to implement an early retirement program at Japan Radio Co., Ltd. and its domestic subsidiaries. The costs associated with this program are expected to be recognized as extraordinary losses under “Business structure improvement expenses of subsidiaries” in the consolidated financial statements.

In addition, due to the recording of an extraordinary loss for impairment losses on assets for the manufacture of carbon separators for fuel cells in the Chemicals business as a result of significant changes in the market environment, net income attributable to owners of Nisshinbo Group is expected to fall below the previous forecast.

The exchange rates used as assumptions for the earnings forecast are 145 yen to the US dollar and 160 yen to the euro.

For details, please refer to the “Notice of Revisions to Consolidated Financial Results Forecast” announced today (August 6, 2025).

2. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	50,411	56,998
Notes and accounts receivable - trade, and contract assets	129,992	102,073
Electronically recorded monetary claims - operating	16,140	15,479
Merchandise and finished goods	53,277	52,740
Work in process	64,181	62,217
Raw materials and supplies	45,369	43,814
Other	12,846	10,522
Allowance for doubtful accounts	(1,102)	(1,222)
Total current assets	371,117	342,624
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,374	59,227
Machinery, equipment and vehicles, net	49,375	45,494
Land	39,351	38,209
Other, net	28,389	22,618
Total property, plant and equipment	178,491	165,549
Intangible assets		
Goodwill	1,085	864
Other	12,280	10,356
Total intangible assets	13,366	11,221
Investments and other assets		
Investment securities	69,917	63,593
Other	47,578	39,248
Allowance for doubtful accounts	(359)	(345)
Total investments and other assets	117,137	102,496
Total non-current assets	308,994	279,268
Total assets	680,112	621,892

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,274	36,701
Electronically recorded obligations - operating	22,443	18,595
Short-term borrowings	47,311	16,545
Commercial papers	30,000	19,000
Current portion of long-term borrowings	9,714	12,214
Income taxes payable	2,736	4,387
Provisions	6,192	5,237
Other	42,210	41,655
Total current liabilities	198,881	154,336
Non-current liabilities		
Long-term borrowings	130,160	123,053
Provisions	85	92
Retirement benefit liability	38,168	36,730
Asset retirement obligations	808	799
Other	14,223	12,423
Total non-current liabilities	183,445	173,098
Total liabilities	382,327	327,434
Net assets		
Shareholders' equity		
Share capital	27,807	27,841
Capital surplus	18,948	18,982
Retained earnings	176,167	185,122
Treasury shares	(13,237)	(14,176)
Total shareholders' equity	209,685	217,768
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,436	21,240
Deferred gains or losses on hedges	31	(5)
Foreign currency translation adjustment	28,145	21,096
Remeasurements of defined benefit plans	6,488	6,767
Total accumulated other comprehensive income	60,103	49,099
Non-controlling interests	27,996	27,589
Total net assets	297,785	294,458
Total liabilities and net assets	680,112	621,892

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

Semi-annual Consolidated Statement of Income

(Millions of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Net sales	240,022	254,721
Cost of sales	187,864	190,018
Gross profit	52,157	64,703
Selling, general and administrative expenses	45,441	46,285
Operating profit	6,715	18,417
Non-operating income		
Interest income	670	473
Dividend income	680	773
Share of profit of entities accounted for using equity method	1,580	3,014
Foreign exchange gains	2,221	-
Miscellaneous income	944	753
Total non-operating income	6,097	5,015
Non-operating expenses		
Interest expenses	1,016	1,472
Foreign exchange losses	-	1,901
Miscellaneous losses	704	1,040
Total non-operating expenses	1,721	4,414
Ordinary profit	11,092	19,019
Extraordinary income		
Gain on sale of non-current assets	79	397
Gain on sale of investment securities	951	3,632
Gain on sale of shares of subsidiaries and associates	-	941
Subsidy income	174	-
Total extraordinary income	1,205	4,971
Extraordinary losses		
Loss on sale of non-current assets	40	34
Loss on abandonment of non-current assets	38	285
Impairment losses	71	4,268
Loss on valuation of investment securities	-	839
Business structure improvement expenses of subsidiaries	-	957
Loss on liquidation of business	-	80
Total extraordinary losses	150	6,466
Profit before income taxes	12,147	17,524
Income taxes - current	2,387	4,857
Income taxes - deferred	35	612
Total income taxes	2,423	5,469
Profit	9,723	12,054
Profit attributable to non-controlling interests	787	555
Profit attributable to owners of parent	8,936	11,498

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Profit	9,723	12,054
Other comprehensive income		
Valuation difference on available-for-sale securities	3,059	(4,193)
Deferred gains or losses on hedges	36	(36)
Foreign currency translation adjustment	11,929	(6,794)
Remeasurements of defined benefit plans, net of tax	(436)	270
Share of other comprehensive income of entities accounted for using equity method	1,562	(1,028)
Total other comprehensive income	16,151	(11,782)
Comprehensive income	25,875	271
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,678	495
Comprehensive income attributable to non-controlling interests	2,197	(223)

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	12,147	17,524
Depreciation	12,975	12,672
Impairment losses	71	4,268
Amortization of goodwill	219	237
Increase (decrease) in allowance for doubtful accounts	(186)	111
Increase (decrease) in retirement benefit liability	(1,084)	(1,239)
Interest and dividend income	(1,351)	(1,247)
Interest expenses	1,016	1,472
Share of loss (profit) of entities accounted for using equity method	(1,580)	(3,014)
Loss (gain) on sale of investment securities	(951)	(3,632)
Loss (gain) on valuation of investment securities	-	839
Loss (gain) on transfer of stocks of subsidiaries and affiliates	-	(941)
Loss (gain) on disposal of non-current assets	(0)	(77)
Subsidy income	(174)	-
Business structure improvement expenses of subsidiaries	-	957
Decrease (increase) in accounts receivable - trade, and contract assets	13,332	27,562
Decrease (increase) in inventories	(988)	3,197
Increase (decrease) in trade payables	(8,063)	(5,141)
Other, net	(3,788)	1,434
Subtotal	21,593	54,985
Interest and dividends received	2,992	9,394
Interest paid	(1,020)	(1,487)
Subsidies received	174	-
Payment amount for loss on liquidation of business	-	(77)
Income taxes paid	(2,395)	(3,468)
Income taxes refund	2,555	323
Net cash provided by (used in) operating activities	23,899	59,669

(Millions of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	469	-
Purchase of property, plant and equipment	(14,208)	(7,915)
Proceeds from sale of property, plant and equipment	120	1,366
Purchase of investment securities	(98)	(28)
Proceeds from sale of investment securities	2,262	4,976
Decrease (increase) in short-term loans receivable	(29)	56
Other, net	(1,453)	517
Net cash provided by (used in) investing activities	(12,936)	(1,026)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(55,623)	(30,634)
Proceeds from long-term borrowings	50,500	-
Repayments of long-term borrowings	(7,460)	(4,607)
Purchase of treasury shares	(0)	(939)
Dividends paid	(2,828)	(2,829)
Dividends paid to non-controlling interests	(328)	(161)
Increase (decrease) in commercial papers	-	(11,000)
Other, net	(1,614)	(882)
Net cash provided by (used in) financing activities	(17,355)	(51,053)
Effect of exchange rate change on cash and cash equivalents	2,143	(1,450)
Net increase (decrease) in cash and cash equivalents	(4,249)	6,138
Cash and cash equivalents at beginning of period	49,918	50,411
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	181	448
Cash and cash equivalents at end of period	45,850	56,998

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on Premise of a Going Concern)

There are no applicable items.

(Notes in the Event of Significant Changes in Shareholders' Equity)

(Acquisition of treasury stock)

Based on a resolution of the Board of Directors held on February 12, 2025, the Company acquired 1,050,000 shares of treasury stock during the current interim consolidated accounting period. As a result, including the increase due to the repurchase of fractional shares, treasury stock increased by ¥939 million during the current interim consolidated accounting period.

(Change in Accounting Policy)

(Application of Accounting Standards for Corporate Income Tax, Resident Tax, Business Tax, etc.)

“Accounting Standards for Corporate Income Tax, Resident Tax, and Business Tax, etc.” (Corporate Accounting Standards No. 27, October 28, 2022; hereinafter referred to as the ‘2022 Revised Accounting Standards’) have been applied from the beginning of the current interim consolidated accounting period.

Regarding amendments to the classification of corporate income tax and other taxes (taxation of other comprehensive income), the transitional treatment specified in the proviso of Article 20-3 of the 2022 Revised Accounting Standards and the transitional treatment specified in the proviso of Article 65-2(2) of the “Guidance on the Application of Accounting Standards for Tax Effects” (Corporate Accounting Standards Application Guidance No. 28, October 28, 2022) (hereinafter referred to as the “2022 Revised Application Guidelines”) shall apply. Hereinafter referred to as the “2022 Revised Application Guidelines.”) Section 65-2(2) proviso. This will have no impact on the interim consolidated financial statements.

In addition, regarding revisions related to the treatment in consolidated financial statements of deferred tax gains or losses arising from the sale of subsidiaries' shares between consolidated companies, we have applied the 2022 amendment application guidelines from the beginning of the current interim consolidated accounting period.

The change in accounting policy has been applied retrospectively, and the interim consolidated financial statements and consolidated financial statements for the previous interim period and the previous fiscal year have been restated accordingly.

As a result, compared to before the retroactive application, other non-current liabilities in the consolidated balance sheet for the previous consolidated fiscal year decreased by ¥335 million.

In addition, as the cumulative effect amount was reflected in net assets at the beginning of the previous consolidated fiscal year, retained earnings at the beginning of the previous period increased by ¥335 million.

(Application of Guidelines on Accounting Treatment and Disclosure of Corporate Taxes, etc., Related to the Global Minimum Tax Regime)

We have applied the “Guidelines on Accounting Treatment and Disclosure of Corporate Taxes, etc., Related to the Global Minimum Tax Regime” (Practical Response Report No. 46, March 22, 2024) from the beginning of the current interim consolidated accounting period.

Note that, due to the application of Item 7 of the aforementioned Practical Response Report, corporate taxes, etc., related to the Global Minimum Tax Regime have not been recognized in the consolidated financial statements for the current interim consolidated accounting period.

(Segment Information)

I For the six months ended June 30, 2024 (January 1, 2024 through June 30, 2024)

1. Information on net sales and profit or loss by reportable segments

(Millions of yen)

	Reportable Segment								Others (Note)	Total
	Wireless and Communicat ions	Micro device	Automobile Brakes	Precision Instruments	Chemicals	Textiles	Real Estate	Total		
Net sales										
Net sales to external customers	118,027	31,132	28,761	25,761	5,474	18,386	6,853	234,396	5,625	240,022
Intersegment net sales and transfers	371	518	3	341	136	28	678	2,078	1,596	3,674
Total	118,398	31,650	28,765	26,102	5,610	18,414	7,532	236,474	7,222	243,697
Segment profit (loss)	5,772	(2,747)	1,110	467	315	(163)	5,222	9,976	155	10,131

(Note) "Others" includes trading company functions of food products, industrial materials, etc., which are not included in the reportable segments.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the semi-annual consolidated statements of income, and main details of such difference

(Matters related to difference adjustment)

(Millions of yen)

Profit	Amounts
Total of reportable segments	9,976
Profit in the "Other" category	155
Elimination of intersegment transactions	37
Company-wide expenses (Note)	(3,452)
Operating profit in the semi-annual consolidated statements of income	6,715

(Note) Company-wide expenses mainly consist of group administrative expenses, depreciation and amortization, and research and development expenses for basic technology that do not belong to the reportable segments.

II For the six months ended June 30, 2025 (January 1, 2025 through June 30, 2025)

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

(Millions of yen)

	Reportable Segment								Others (Note)	Total
	Wireless and Communicat ions	Micro device	Automobile Brakes	Precision Instruments	Chemicals	Textiles	Real Estate	Total		
Net sales										
Net sales to external customers	126,174	29,825	28,275	27,138	4,740	16,593	15,863	248,610	6,110	254,721
Intersegment net sales or transfers	173	261	3	117	232	34	744	1,568	847	2,416
Total	126,348	30,086	28,279	27,255	4,973	16,627	16,608	250,179	6,958	257,138
Segment profit (loss)	10,341	(4,257)	1,787	1,250	(173)	46	11,811	20,806	153	20,960

(Note) "Others" includes trading company functions of food products, industrial materials, etc., which are not included in the reportable segments.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the semi-annual consolidated statements of income, and main details of such difference

(Matters related to difference adjustment)

(Millions of yen)

Profit	Amounts
Total of reportable segments	20,806
Profit in the "Other" category	153
Elimination of intersegment transactions	45
Company-wide expenses (Note)	(2,587)
Operating profit in the semi-annual consolidated statements of income	18,417

(Note) Company-wide expenses mainly consist of group administrative expenses, depreciation and amortization, and research and development expenses for basic technology that do not belong to the reportable segments.

3. Information on impairment losses on fixed assets or goodwill, etc. by reportable segment

(Significant impairment loss on fixed assets)

(Chemicals)

The book value of assets related to the manufacture of carbon separators for fuel cells of Nisshinbo Chemical Inc. was reduced to the recoverable amount due to the deterioration of the market environment, which made it impossible to expect the cash flows that had been initially assumed. The resulting decrease of ¥4,150 million was recorded as an extraordinary loss.

The recoverable amount was determined based on the fair value, and since it is uncertain whether future cash flows will be positive, the amount has been reduced to the carrying amount.

(Business Combinations)

(Determination of provisional accounting treatment for business combinations)

Regarding the business combination with ARGONICS GMBH and its subsidiary ARGONAV GMBH acquired on November 28, 2024, we had previously applied provisional accounting treatment in the prior fiscal year. However, this treatment has been finalized in the current interim consolidated accounting period.

As a result of the finalization of this provisional accounting treatment, the comparative information included in the consolidated financial statements for the interim period reflects significant revisions to the initial allocation of the acquisition cost. Accordingly, the consolidated balance sheet as of the end of the previous fiscal year shows a decrease of ¥501 million in goodwill, an increase of ¥656 million in other intangible assets, and an increase of ¥155 million in other non-current liabilities. Additionally, as a result of the finalization of this accounting treatment, the amount of goodwill for ARGONICS GMBH, which was provisionally calculated as ¥1,031 million as of the end of the previous fiscal year, has been revised to ¥530 million.