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November 12, 2024

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

Name of the Listed Company: CHINO CORPORATION Listed Stock Exchanges: Tokyo Stock Exchange
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Scheduled date to file quarterly securities report: November 13, 2024
 Scheduled date to commence dividend payments: December 11, 2024
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down)

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2024	13,166	9.7	1,066	16.7	1,143	7.4	633	2.5
September 30, 2023	12,000	16.8	914	69.7	1,064	38.2	618	38.4

Note: Comprehensive income For the six Months Ended September 30, 2024: 911 million yen(Δ 13.6%)

For the six Months Ended September 30, 2023: 1,055 million yen(68.9%)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	74.60	-
September 30, 2023	72.85	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	35,947	23,658	57.5	2,428.80
March 31, 2024	36,530	23,191	55.5	2,385.55

Reference: Equity As of September 30, 2024: 20,655 million yen

As of March 31, 2024: 20,260 million yen

2. Cash dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2024	-	20.00	-	40.00	60.00
Fiscal year ending					
March 31, 2025	-	25.00			
Fiscal year ending					
March 31, 2025 (Forecast)			-	45.00	70.00

Note: Revisions to the most recently announced forecast of the dividend: None

3. Consolidated financial forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending									
March 31, 2025	28,500	3.9	2,450	12.7	2,650	9.8	1,610	Δ 8.3	189.57

Note : Revisions to the most recently announced earnings forecasts: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
Newly included: None
Excluded: None

(2) Application of special accounting methods for preparing quarterly consolidated financial statements : Yes
(Note) For details, please refer to“(Notes of special accounting methods for preparing quarterly consolidated financial statements) of (4)Notes to consolidated financial statements of 2.Consolidated Financial Statements and Significant Notes Thereto” on page 12 of the attached document.

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
(ii) Changes in accounting policies other than (i): None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(Note) For details, please refer to“(Notes on Changes in accounting policies) of (4)Notes to consolidated financial statements of 2.Consolidated Financial Statements and Significant Notes Thereto” on page 12 of the attached document.

(4) Number of shares issued (common shares)

(i) Total number of shares issued at the end of the period (including treasury shares)			
As of September 30, 2024	9,260,116 shares	As of March 31, 2024	9,260,116 shares
(ii) Number of treasury shares at the end of the period			
As of September 30, 2024	755,886 shares	As of March 31, 2024	767,133 shares
(iii) Average number of shares during the period			
As of September 30, 2024	8,496,148 shares	As of September 30, 2023	8,486,168 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

(Note regarding forward-looking statements)

The forward-looking statements such as the forecasts of financial results stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual results may differ substantially from the forecasts due to various factors. Please refer to “(4) Details of outlook including consolidated financial forecasts in the future” under “1. Details of operating results” on page 6 of the attached materials for the assumptions used in the forecasts and notes regarding the use of the forecasts.

(How to access supplementary materials on financial results)

The Company plans to post the supplementary materials on financial results on the company website shortly.

○Supplementary Materials – Contents

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1. Details of operating results

Forward-looking statements in the text are based on judgments made as of the end of the current interim consolidated accounting period.

(1) Details of operating results

The economic environment during the period under review remained uncertain due to ongoing geopolitical risks such as the situation in Ukraine and the Middle East, high energy prices and soaring prices, a sluggish Chinese economy, and continued high interest rate levels in the U.S. and Europe.

Capital investment in the manufacturing industry, which is related to our group's overall business, has been generally firm, although some companies have been cautious due to the uncertain economic outlook. In addition, the global trend toward decarbonization is continuing, and we expect companies to continue to expand R&D and capital investment in response to the policies of governments around the world.

Under these circumstances, FY2024 is the fourth year of the medium-term management plan (FY2021-FY2026) that we are currently promoting.

The first three years of the plan (FY2021-FY2023) will be dedicated to “laying the foundation for growth,” while the second three years (FY2024-FY2026) are positioned as the “growth acceleration” phase.

In fiscal 2024, the first year of the “Acceleration of Growth” phase, we will further develop the system and framework for collaboration and co-creation that we have been focusing on in order to create customer value and increase the number of customers. In addition, to differentiate our products and services and strengthen our competitiveness in the market, we are developing activities to further advance “loop solutions,” which incorporate products, technologies, and know-how centered on temperature.

Sales increased in all product segments, and regionally, sales in Japan, Asia, and North America exceeded those of the same period of the previous year. On the other hand, overall orders decreased year-on-year, mainly due to the timing of customer orders in the instrumentation systems segment during the fiscal year, while demand in this segment remained strong overall.

Profits also increased in all segments. In addition to ongoing cost reduction efforts, the effects of the product price revision implemented again in April of this year, as in the year before last, in light of increased costs in raw materials, labor, and other areas, are being reflected in our business performance.

As a result of the above, orders input received was 12,926 million yen (down 0.6% y-o-y) and sales were 13,166 million yen (up 9.7% y-o-y) for the interim period under review. As for profits, operating income increased 16.7% to 1,066 million yen, ordinary income increased 7.4% to 1,143 million yen, and net income attributable to owners of the parent increased 2.5% to 633 million yen, all compared to the same period last year.

The Group's sales and profits tend to be concentrated at the end of the fiscal year, and sales and profits for each quarter tend to deviate significantly from the level of the full-year results.

Results by segment are as follows.

1) Measurement & Control Instruments

Sales increased 8.0% to 4,884 million yen and segment income increased 19.5% to 714 million yen. Domestic demand remained strong, mainly for semiconductor and electronic component manufacturing equipment and heat treatment processing applications.

In terms of profit, we have reviewed product prices in light of the above-mentioned cost increases in raw material, labor and other expenses, and the effect of the product price revision in April of this year, which was implemented again as in the year before last, is being reflected in our profits.

2) Instrumentation Systems

Sales increased 14.2% to 3,980 million yen and segment income increased 7.9% to 574 million yen. Inquiries and orders for fuel cell testing systems for automobiles and other applications, water electrolysis testing systems for research and development of hydrogen energy use, and compressor performance testing systems for natural refrigerants with low greenhouse effect continued to be strong. The orders for these systems are larger than in the past, and the timing of orders and sales within a given fiscal year may affect the year-on-year increase or decrease.

In terms of profit, although there was a large project in the first quarter that resulted in a downward swing in profit margins, the Company secured an increase in profit year-on-year throughout the interim period.

3) Sensor

Sales increased 7.5% to 3,803 million yen and segment income increased 5.7% to 658 million yen. Sales increased year-on-year due to steady sales of products for electronic component manufacturing equipment and heat treatment processing applications. In addition, higher sales of temperature sensors for ships and other products produced and sold by our group company MEIYO ELECTRIC Co.,Ltd.

Profits increased from the same period of the previous year, mainly due to the effect of increased revenues.

4) Other

Net sales were 497 million yen (up 10.0% year-on-year), and segment income was 100 million yen (up 2.6% year-on-year).

(Reference) Orders received, net sales and segment profit (operating profit) by segment

Orders received (by segment)

(Millions of yen)

Name of segment	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	% change
Measurement & Control Instruments	4,166	4,390	223	5.4
Instrumentation Systems	4,774	4,391	△383	△8.0
Sensor	3,656	3,712	56	1.5
Other	412	431	19	4.7
Total	13,009	12,926	△83	△0.6

Net sales (by segment)

(Millions of yen)

Name of segment	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	% change
Measurement & Control Instruments	4,524	4,884	360	8.0
Instrumentation Systems	3,486	3,980	493	14.2
Sensor	3,537	3,803	266	7.5
Other	452	497	45	10.0
Total	12,000	13,166	1,166	9.7

Net sales (by geographical segment)

(Millions of yen)

Name of segment	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	% change
Japan	9,207	10,003	795	8.6
Asia	2,501	2,822	320	12.8
North America	170	241	70	41.3
Europe	95	77	△17	△18.8
Other	24	21	△3	△12.6
Total	12,000	13,166	1,166	9.7

Segment profit (Operating profit)

(Millions of yen)

Name of segment	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	% change
Measurement & Control Instruments	598	714	116	19.5
Instrumentation Systems	532	574	42	7.9
Sensor	622	658	35	5.7
Other	97	100	2	2.6
Corporate expenses (Note)	△936	△980	△44	—
Total	914	1,066	152	16.7

Note: Corporate expenses are primarily general and administrative expenses that cannot be allocated to specific segments.

(2) Details of financial position

(Assets)

Total assets at the end of the current interim period decreased 583 million yen from the end of the previous fiscal year to 35,947 million yen.

Current assets decreased 358 million yen to 25,692 million yen. The main factors were a 1,551 million yen decrease in notes and accounts receivable-trade, a 1,097 million yen increase in inventories, and a 118 million yen increase in cash and deposits.

Non-current assets decreased 225 million yen from the end of the previous consolidated fiscal year to 10,255 million yen. The main factors of the decrease were a 126 million yen decrease in investments and other assets and a 77 million yen decrease in property, plant and equipment.

(Liabilities)

Total liabilities at the end of the current interim period decreased 1,050 million yen from the end of the previous fiscal year to 12,288 million yen.

Current liabilities decreased 786 million yen to 8,530 million yen. The main factors of the decrease were a 590 million yen decrease in current liabilities (other), a 94 million yen decrease in equipment-related electronically recorded liabilities, and an 82 million yen decrease in income taxes payable.

Non-current liabilities decreased 263 million yen to 3,758 million yen. The main factor of the decrease was a 236 million yen decrease in long-term borrowings.

(Net assets)

Total net assets at the end of the current interim period increased 466 million yen from the end of the previous fiscal year to 23,658 million yen.

(3) Details of cash flows

1) Cash flows from operating activities

Cash flow from operating activities during the period under review resulted in a net cash increase of 1,045 million yen (versus a net cash decrease of 398 million yen in the same period of the previous year), as increased funds from income before income taxes and minority interests of 1,152 million yen and a decrease in accounts receivable of 1,668 million yen exceeded decreased funds from a 998 million yen increase in inventories, income taxes paid of 480 million yen and a 300 million yen decrease in advances received, etc. As a result, net cash provided by operating activities amounted to 1,045 million yen (net cash used in operating activities amounted to 398 million yen in the same period of the previous year).

2) Cash flows from investing activities

Net cash used in investing activities during the period under review amounted to 379 million yen (net cash provided of 271 million yen in the same period last year), as cash outflows including 451 million yen for the purchase of tangible and intangible fixed assets exceeded cash inflows including 121 million yen from sales of investment securities. Net cash used in investing activities amounted to 379 million yen (net cash provided of 271 million yen for the same period last year).

3) Cash flows from financing activities

Net cash used in financing activities during the current interim consolidated accounting period amounted to 673 million yen (net cash used of 805 million yen in the same period of the previous year) due to cash outflows including 339 million yen in dividends paid and 199 million yen in repayment of long-term borrowings.

As a result, cash and cash equivalents at the end of the current interim consolidated accounting period totaled 6,837 million yen, up 95 million yen from 6,742 million yen at the end of the previous consolidated fiscal year.

(4) Details of outlook including consolidated financial forecasts in the future

The consolidated earnings forecast for the fiscal year ending March 31, 2025 (full year) remains unchanged from that announced on May 13, 2024.

If it becomes necessary to revise the consolidated earnings forecast due to future changes in circumstances, we will announce such revisions promptly.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	7,305	7,424
Notes and accounts receivable - trade, and contract assets	5,939	4,737
Electronically recorded monetary claims - operating	2,799	2,450
Merchandise and finished goods	830	735
Work in process	3,700	4,669
Raw materials and supplies	5,176	5,399
Other	347	316
Allowance for doubtful accounts	△49	△41
Total current assets	26,050	25,692
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,447	3,393
Other	2,712	2,688
Total property, plant and equipment	6,159	6,082
Intangible assets		
Other	297	275
Total intangible assets	297	275
Investments and other assets		
Other	4,080	3,910
Allowance for doubtful accounts	△56	△13
Total investments and other assets	4,023	3,897
Total non-current assets	10,480	10,255
Total assets	36,530	35,947

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,322	2,573
Electronically recorded obligations - operating	2,296	2,070
Short-term borrowings	1,165	1,165
Current portion of long-term borrowings	416	453
Income taxes payable	508	426
Provision for bonuses	797	747
Provision for shareholder benefit program	61	30
Electronically recorded obligations - facilities	145	51
Other	1,603	1,013
Total current liabilities	9,317	8,530
Non-current liabilities		
Long-term borrowings	1,443	1,206
Long-term accounts payable - other	186	188
Provision for retirement benefits for directors (and other officers)	132	84
Retirement benefit liability	1,891	1,906
Other	367	372
Total non-current liabilities	4,021	3,758
Total liabilities	13,338	12,288
Net assets		
Shareholders' equity		
Share capital	4,292	4,292
Capital surplus	4,278	4,290
Retained earnings	12,209	12,503
Treasury shares	△1,126	△1,110
Total shareholders' equity	19,654	19,976
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	459	385
Foreign currency translation adjustment	222	361
Remeasurements of defined benefit plans	△75	△68
Total accumulated other comprehensive income	606	678
Non-controlling interests	2,931	3,003
Total net assets	23,191	23,658
Total liabilities and net assets	36,530	35,947

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

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	12,000	13,166
Cost of sales	8,186	8,962
Gross profit	3,813	4,204
Selling, general and administrative expenses		
Salaries, allowances and bonuses	1,034	1,061
Provision for bonuses	226	246
Retirement benefit expenses	58	54
Provision for retirement benefits for directors (and other officers)	5	3
Research and development expenses	477	548
Provision for shareholder benefit program	26	30
Other	1,070	1,191
Total selling, general and administrative expenses	2,899	3,137
Operating profit	914	1,066
Non-operating income		
Interest income	13	14
Dividend income	32	32
Electricity sale income	22	17
Foreign exchange gains	78	—
Subsidy income	0	48
Surrender value of insurance policies	9	0
Other	15	16
Total non-operating income	171	130
Non-operating expenses		
Interest expenses	5	6
Finance related expenses	2	3
Electricity sale expenses	7	7
Foreign exchange losses	—	30
Other	6	5
Total non-operating expenses	21	54
Ordinary profit	1,064	1,143
Extraordinary income		
Gain on sale of non-current assets	—	2
Gain on sale of investment securities	15	11
Total extraordinary income	15	14
Extraordinary losses		
Loss on disposal of non-current assets	4	4
Other	—	0
Total extraordinary losses	4	4
Profit before income taxes	1,075	1,152
Income taxes	361	401
Profit	714	750
Profit attributable to non-controlling interests	96	117
Profit attributable to owners of parent	618	633

(Consolidated statement of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	714	750
Other comprehensive income		
Valuation difference on available-for-sale securities	213	△68
Foreign currency translation adjustment	108	221
Remeasurements of defined benefit plans, net of tax	19	7
Total other comprehensive income	341	160
Comprehensive income	1,055	911
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	908	706
Comprehensive income attributable to non-controlling interests	146	205

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,075	1,152
Depreciation	377	427
Amortization of long-term prepaid expenses	14	14
Increase (decrease) in allowance for doubtful accounts	△30	△51
Interest and dividend income	△46	△47
Interest expenses	5	6
Decrease (increase) in trade receivables	1,065	1,668
Increase (decrease) in advances received	33	△300
Decrease (increase) in inventories	△2,063	△998
Increase (decrease) in trade payables	△179	△5
Other, net	△232	△429
Subtotal	18	1,436
Interest and dividends received	46	47
Interest paid	△5	△6
Subsidies received	0	48
Income taxes paid	△457	△480
Net cash provided by (used in) operating activities	△398	1,045
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,470	585
Payments into time deposits	△440	△585
Purchase of property, plant and equipment	△683	△413
Purchase of intangible assets	△28	△38
Purchase of investment securities	△20	△0
Proceeds from sale of investment securities	32	121
Purchase of insurance funds	△37	△37
Proceeds from maturity of insurance funds	24	6
Other, net	△46	△16
Net cash provided by (used in) investing activities	271	△379
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6	—
Repayments of long-term borrowings	△237	△199
Purchase of treasury shares	△5	△1
Dividends paid	△441	△339
Dividends paid to non-controlling interests	△128	△133
Net cash provided by (used in) financing activities	△805	△673
Effect of exchange rate change on cash and cash equivalents	59	103
Net increase (decrease) in cash and cash equivalents	△873	95
Cash and cash equivalents at beginning of period	7,603	6,742
Cash and cash equivalents at end of period	6,730	6,837

(4) Notes to consolidated financial statements

(Notes on Changes in accounting policies)

(Application of “Accounting Standard for Current Income Taxes”, etc.)

CHINO CORPORATION has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, the “Revised Accounting Standard of 2022”) and related accounting guidance since the beginning of the six months ended September 30, 2024.

With regard to the revision concerning where to recognize current income taxes (taxes on other comprehensive income), the Company has followed the transitional treatments provided for in the proviso clause of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatments provided for in proviso clause of paragraph 65-2(2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the “Revised Implementation Guidance of 2022”) This change in accounting policies has no impact on the interim consolidated financial statements.

(Notes of special accounting methods for preparing quarterly consolidated financial statements)

With respect to the calculation of tax expenses, reasonable estimations are performed on an effective tax rate established after applying tax accounting to profit before income taxes for the consolidated fiscal year, which includes the first six months of the consolidated fiscal year under review, and such tax expenses are calculated by multiplying this estimated effective tax rate by profit before income taxes.

In cases where calculating tax expenses using the estimated effective tax rate would be significantly irrational, the statutory effective tax rate is used.

The statutory effective tax rate is used.

(Notes on segment information)

Segment information

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

1. Information concerning net sales, profit/loss by reportable segment

(Millions of yen)

	Reportable segments				Other(Note)	Total
	Measurement & Control Instruments	Instrumentation Systems	Sensor	Total		
Net sales						
External	4,524	3,486	3,537	11,548	452	12,000
Inter-segment sales and transfers	–	–	–	–	–	–
Total	4,524	3,486	3,537	11,548	452	12,000
Segment profit	598	532	622	1,753	97	1,850

Note: The “Other” segment is a business segment not included in the reportable segments and it covers business such as repair and maintenance services.

2. Reconciliations of the totals of segment profit to consolidated statement of income and breakdown by major item

(Millions of yen)

Profit	Amount
Reportable segment total	1,753
Profit of Others segment	97
Corporate expenses(Note)	△936
operating profit	914

Note: Corporate expenses are primarily general and administrative expenses that cannot be allocated to specific segments.

3. Information concerning impairment loss of fixed assets and amortization of goodwill by reportable segment

There is no items to report.

II. Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Information concerning net sales, profit/loss by reportable segment

(Millions of yen)

	Reportable segments				Other(Note)	Total
	Measurement & Control Instruments	Instrumentation Systems	Sensor	Total		
Net sales						
External	4,884	3,980	3,803	12,669	497	13,166
Inter-segment sales and transfers	–	–	–	–	–	–
Total	4,884	3,980	3,803	12,669	497	13,166
Segment profit	714	574	658	1,947	100	2,047

Note: The “Other” segment is a business segment not included in the reportable segments and it covers business such as repair and maintenance services.

2. Reconciliations of the totals of segment profit to consolidated statement of income and breakdown by major item
(Millions of yen)

Profit	Amount
Reportable segment total	1,947
Profit of Others segment	100
Corporate expenses(Note)	△980
operating profit	1,066

Note: Corporate expenses are primarily general and administrative expenses that cannot be allocated to specific segments.

3. Information concerning impairment loss of fixed assets and amortization of goodwill by reportable segment

There is no items to report.

(Notes regarding significant change in shareholders' equity)

There is no items to report.

(Notes on going concern assumptions)

There is no items to report.