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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 10, 2023

Company name: RIX CORPORATION

Stock exchange listing: Tokyo Stock Exchange and Fukuoka Stock Exchange

Code number: 7525

URL: <https://www.rix.co.jp/en/>

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Scheduled date of filing quarterly securities report: November 13, 2023

Scheduled date of commencing dividend payments: December 7, 2023

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023–September 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2023	23,656	11.7	1,757	24.3	2,031	17.1	1,419	20.7
Six months ended September 30, 2022	21,179	10.4	1,413	23.9	1,734	30.7	1,176	29.9

(Note) Comprehensive income: Six months ended September 30, 2023: ¥1,902 million [38.8%]

Six months ended September 30, 2022: ¥1,370 million [39.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
Six months ended September 30, 2023	175.56	–
Six months ended September 30, 2022	143.94	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	39,067	22,920	57.5
As of March 31, 2023	37,442	21,684	56.8

(Reference) Equity: As of September 30, 2023: ¥22,473 million

As of March 31, 2023: ¥21,277 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen –	Yen 50.00	Yen –	Yen 85.00	Yen 135.00
Fiscal year ending March 31, 2024	–	70.00			
Fiscal year ending March 31, 2024 (Forecast)			–	63.00	133.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	47,500	5.0	3,560	7.0	3,860	3.0	2,690	(2.7)	332.66

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

- (1) Changes in significant subsidiaries during the period under review: None
Changes in specified subsidiaries resulting in changes in scope of consolidation
Newly included: None; Excluded: None
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
For further information, please refer to “(4) Notes to Quarterly Consolidated Financial Statements (Accounting Methods Adopted Particularly for the Preparation of Quarterly Consolidated Financial Statements)” on page 11 of the Attachments.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2023:	8,640,000 shares
March 31, 2023:	8,640,000 shares
 - 2) Total number of treasury shares at the end of the period:

September 30, 2023:	551,303 shares
March 31, 2023:	558,451 shares
 - 3) Average number of shares outstanding during the period:

Six months ended September 30, 2023:	8,083,815 shares
Six months ended September 30, 2022:	8,170,897 shares

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

(Cautionary statement regarding forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

(How to obtain supplementary explanatory materials on financial results and contents of the financial results briefing session)

The Company plans to hold a financial results briefing session for institutional investors and analysts on Tuesday, November 28, 2023. The presentation materials to be used at the session will be posted on the Company’s website promptly after the session.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended September 30, 2023, economic conditions remained weak in the manufacturing industry in the world as global inflation remained high and demand decreased amid an economic slowdown although the service industry saw an increase in demand due to a recovery in personal consumption. The Japanese economy experienced a solid inbound tourism demand related to the service industry. However, demand for products overseas was sluggish in the manufacturing industry due to the impact of the slowdown in overseas economies, despite increased momentum for capital investment.

Under these economic circumstances, the Group implemented measures under its medium-term plan “GP2023.” As a result, for the six months ended September 30, 2023, the Group recorded net sales totaling ¥23,656 million (up 11.7% year on year), operating profit totaling ¥1,757 million (up 24.3% year on year), ordinary profit totaling ¥2,031 million (up 17.1% year on year), and profit attributable to owners of parent totaling ¥1,419 million (up 20.7% year on year).

Operating results by reportable segment are as follows. The Group manages business performance by industry to which customers belong, and thus designates the following eight industries as reportable segments: “Steel and Iron,” “Automobile,” “Electronics and Semiconductor,” “Rubber and Tire,” “Machine Tools,” “High-performance Material,” “Environment,” and “Paper and Pulp.”

(Steel and Iron)

On the global level, the steel and iron industry saw an increasing trend of crude steel production across the world as the production remained at a high level notably in China and India. In Japan, crude steel production declined mainly due to weak demand in industrial sectors while the production had temporarily turned to an upward trend.

The Group focused on sales activities not only for production materials and components but also in the maintenance sector. This contributed to an increase in net sales, mainly due to orders for existing facility renewal and facility expansion projects as well as orders for large projects acquired as a result of increasing the presence in the maintenance sector by the Group.

As a result, net sales for the steel and iron industry totaled ¥6,903 million (up 16.1% year on year).

(Automobile)

On the global level, automobile production increased across the world, as exemplified by the continued production growth of new energy vehicles in China. In Japan, the impact of the automotive semiconductor supply shortages eased and there was a recovery trend in production.

The Group focused on sales and proposal activities in the battery and motor sectors, which are attracting attention in the CASE market. Consequently, net sales increased mainly due to the contribution of sales of parts and materials to plants in Japan and overseas in the battery manufacturing sector as well as sales of our original inverters to the machining process for an energy conservation project.

As a result, net sales for the automobile industry totaled ¥4,576 million (up 14.7% year on year).

(Electronics and Semiconductor)

Globally, sales related to semiconductors decreased compared to the same period of the previous fiscal year when sales were brisk due to the digitalization amid the COVID-19 pandemic, but the industry as a whole was recovering. In Japan, investment in semiconductors showed an overall growth with thriving manufacturing of automotive and power semiconductors. However, sales of semiconductor production equipment were still on a downward trend due to reductions in capital expenditures by major global companies.

The Group focused on sales activities on the frontline and facilities and maintenance sectors, in addition to the repair and recycling businesses. Consequently, net sales increased mainly due to increases in sales of components for semiconductor production equipment, which had experienced prolonged lead time, as well as sales of our original precision cleaning equipment.

As a result, net sales for the electronics and semiconductor industry totaled ¥3,380 million (up 3.6% year on year).

(Rubber and Tire)

In Japan, the rubber and tire industry saw a recovery of demand for tires as automobile production recovered thanks to the easing of automotive semiconductor supply shortages. In particular, tire sales for new cars showed expansion.

The Group continued to follow up on development projects and focus on sales activities related to new

projects and capital investment, as in the previous fiscal year. This resulted in strong sales both in Japan and overseas of valves and tire-related equipment originally produced by Group companies and orders for equipment component renewal project, among other things, contributing to the increase in overall net sales.

As a result, net sales for the rubber and tire industry totaled ¥1,919 million (up 54.4% year on year).

(Machine Tools)

In the machine tools industry, demand still remained at a high level associated with digitalization although orders decreased both in Japan and overseas due to restraint on investment caused by a slowdown of China's economy, despite regional differences.

The Group focused on the development of new uses and sales of equipment to cater to requests for five-axis machine tools and integration of machine tools. This resulted in an increase in sales of pumps to coolant system manufacturers and orders for coolant purification system to machine tool manufactures, contributing to an increase in net sales.

As a result, net sales for the machine tools industry totaled ¥1,361 million (up 12.3% year on year).

(High-performance Material)

In the high-performance material industry, production of ethylene, a basic product, continued to decrease due to a decline in demand for resin caused by the global economic slump.

The Group focused on the repair and recycling businesses, in addition to making further inroads into pharmaceutical and cosmetic industries. Although this led to positive results such as orders for transportation facility projects for processing raw materials, sales as a whole fell below those in the same period of the previous fiscal year.

As a result, net sales for the high-performance material industry totaled ¥1,005 million (down 8.4% year on year).

(Environment)

In the environment industry, orders of environment-related equipment increased year on year. In particular, those of equipment for the manufacturing industry increased.

The Group focused on increasing its presence in the environment and energy industries, which are regarded as important in recent years. Consequently, orders were received for renewal and maintenance projects for our original equipment at incineration plant facilities. However, sales in the segment declined because of the elimination of the special demand that occurred in the same period of the previous year.

As a result, net sales for the environmental industry totaled ¥981 million (down 14.5% year on year).

(Paper and Pulp)

In the paper and pulp industry, demand for paper products continued to decline both in Japan and overseas as a result of the spread of digitalization and rising prices although there was a pause in soaring fuel and raw material prices as well as an improving trend in profitability.

The Group made inroads into biomass material and energy sectors, in which other companies focused on. This resulted in an increase in sales of equipment related to boilers and pulp products in particular, contributing to an increase in net sales.

As a result, net sales for the paper and pulp industry totaled ¥443 million (up 17.3% year on year).

(2) Explanation of Financial Position

(Assets)

Current assets increased 3.5% from the end of the previous fiscal year to ¥30,019 million. Primary factors for the increase include an increase of ¥1,560 million in trade receivables, an increase of ¥519 million in inventories, and a decrease of ¥1,035 million in cash and deposits.

Non-current assets increased 7.3% from the end of the previous fiscal year to ¥9,048 million. Primary factors for the increase include an increase of ¥561 million in investment securities.

As a result, total assets increased 4.3% from the end of the previous fiscal year to ¥39,067 million.

(Liabilities)

Current liabilities increased 2.5% from the end of the previous fiscal year to ¥14,751 million. Primary factors for the increase include an increase of ¥171 million in trade payables and an increase of ¥180 million in income taxes payable.

Non-current liabilities increased 2.6% from the end of the previous fiscal year to ¥1,396 million. Primary

factors for the increase include an increase of ¥49 million in other.

As a result, total liabilities increased 2.5% from the end of the previous fiscal year to ¥16,147 million.

(Net Assets)

Net assets increased 5.7% from the end of the previous fiscal year to ¥22,920 million. Primary factors for the increase include an increase of ¥731 million in retained earnings, an increase of ¥309 million in valuation difference on available-for-sale securities, and an increase of ¥135 million in foreign currency translation adjustment.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As of now, no revisions have been made to the financial results forecast announced on October 24, 2023. However, should the need to revise the forecast arise, we will promptly disclose the revision.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	8,695,704	7,660,483
Notes receivable – trade	749,553	834,945
Electronically recorded monetary claims – operating	3,138,483	3,849,341
Accounts receivable – trade	12,864,241	13,628,395
Securities	100,000	–
Merchandise and finished goods	2,512,353	3,002,241
Work in process	330,072	349,638
Raw materials and supplies	268,223	278,428
Other	351,112	416,727
Allowance for doubtful accounts	(502)	(557)
Total current assets	29,009,241	30,019,643
Non-current assets		
Property, plant and equipment	3,611,611	3,663,785
Intangible assets	365,832	381,318
Investments and other assets		
Investment securities	3,232,657	3,793,905
Other	1,238,068	1,224,160
Allowance for doubtful accounts	(15,170)	(15,169)
Total investments and other assets	4,455,555	5,002,896
Total non-current assets	8,432,998	9,048,000
Total assets	37,442,239	39,067,644
Liabilities		
Current liabilities		
Notes payable – trade	653,297	549,420
Electronically recorded obligations – operating	5,287,815	5,411,942
Accounts payable – trade	4,697,885	4,849,479
Short-term borrowings	1,403,428	1,469,328
Current portion of long-term borrowings	21,600	29,106
Income taxes payable	487,447	667,812
Provision for bonuses	–	23,633
Provision for bonuses for directors (and other officers)	–	73,745
Other	1,845,751	1,676,881
Total current liabilities	14,397,226	14,751,349
Non-current liabilities		
Long-term borrowings	248,800	245,490
Provision for retirement benefits for directors (and other officers)	86,460	74,105
Retirement benefit liability	673,742	675,548
Other	351,395	400,988
Total non-current liabilities	1,360,397	1,396,132
Total liabilities	15,757,624	16,147,482

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	827,900	827,900
Capital surplus	1,069,472	1,083,828
Retained earnings	19,015,440	19,746,707
Treasury shares	(609,731)	(601,895)
Total shareholders' equity	20,303,081	21,056,540
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	705,354	1,015,325
Foreign currency translation adjustment	266,495	402,180
Remeasurements of defined benefit plans	2,851	(920)
Total accumulated other comprehensive income	974,700	1,416,585
Non-controlling interests	406,832	447,035
Total net assets	21,684,615	22,920,161
Total liabilities and net assets	37,442,239	39,067,644

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	21,179,874	23,656,370
Cost of sales	15,906,935	17,612,713
Gross profit	5,272,938	6,043,656
Selling, general and administrative expenses	3,859,409	4,286,318
Operating profit	1,413,529	1,757,338
Non-operating income		
Interest income	8,961	11,138
Dividend income	49,178	58,114
Share of profit of entities accounted for using equity method	4,184	23,812
Rental income from real estate	9,920	10,153
Foreign exchange gains	209,478	139,707
Gain on investments in investment partnerships	16,170	–
Other	39,174	42,840
Total non-operating income	337,067	285,767
Non-operating expenses		
Interest expenses	2,211	2,400
Provision of allowance for doubtful accounts	8,852	–
Loss on investments in investment partnerships	–	3,514
Other	5,284	5,675
Total non-operating expenses	16,347	11,590
Ordinary profit	1,734,248	2,031,515
Extraordinary income		
Gain on sale of non-current assets	116	–
Gain on sale of investment securities	–	71,575
Surrender value of insurance policies	–	9,689
Total extraordinary income	116	81,265
Extraordinary losses		
Loss on retirement of non-current assets	210	289
Total extraordinary losses	210	289
Profit before income taxes	1,734,154	2,112,490
Income taxes	546,403	671,208
Profit	1,187,750	1,441,281
Profit attributable to non-controlling interests	11,668	22,105
Profit attributable to owners of parent	1,176,082	1,419,176

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	1,187,750	1,441,281
Other comprehensive income		
Valuation difference on available-for-sale securities	(38,323)	320,163
Foreign currency translation adjustment	223,217	143,122
Remeasurements of defined benefit plans, net of tax	(3,598)	(3,772)
Share of other comprehensive income of entities accounted for using equity method	1,657	1,787
Total other comprehensive income	182,953	461,301
Comprehensive income	1,370,704	1,902,583
Comprehensive income attributable to:		
Owners of parent	1,349,535	1,861,060
Non-controlling interests	21,168	41,523

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,734,154	2,112,490
Depreciation	183,484	194,504
Increase (decrease) in provision for bonuses	6,089	21,980
Increase (decrease) in provision for bonuses for directors (and other officers)	61,023	73,745
Increase (decrease) in accounts payable-bonus to directors and statutory auditors	(109,868)	(101,378)
Increase (decrease) in net defined benefit asset and liability	9,413	(6,214)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(212,282)	(12,355)
Increase (decrease) in allowance for doubtful accounts	8,842	53
Interest and dividend income	(58,139)	(69,252)
Interest expenses	2,211	2,400
Foreign exchange losses (gains)	(9,476)	(1,375)
Share of loss (profit) of entities accounted for using equity method	(4,184)	(23,812)
Loss (gain) on sale of property, plant and equipment	(116)	–
Loss on retirement of property, plant and equipment	210	289
Loss (gain) on sale of investment securities	–	(71,575)
Loss (gain) on investments in investment partnerships	(16,170)	3,514
Decrease (increase) in trade receivables	(708,476)	(1,514,605)
Decrease (increase) in inventories	(590,996)	(488,168)
Decrease (increase) in other assets	(53,727)	(25,391)
Increase (decrease) in trade payables	22,477	123,384
Increase (decrease) in accrued consumption taxes	(48,869)	(58,719)
Increase (decrease) in other liabilities	269,119	5,476
Subtotal	484,719	164,990
Interest and dividends received	58,714	69,827
Interest paid	(2,211)	(2,400)
Income taxes paid	(680,375)	(478,659)
Net cash provided by (used in) operating activities	(139,153)	(246,241)
Cash flows from investing activities		
Payments into time deposits	(730,643)	(639,574)
Proceeds from withdrawal of time deposits	765,087	729,548
Purchase of property, plant and equipment	(801,637)	(227,344)
Proceeds from sale of property, plant and equipment	388	–
Purchase of intangible assets	(50,863)	(42,509)
Purchase of investment securities	(236,984)	(63,613)
Proceeds from sale and redemption of investment securities	13,814	206,471
Purchase of shares of subsidiaries and associates	(123,863)	(50,000)
Loan advances	–	(79,334)
Proceeds from collection of loans receivable	7,880	20,427
Other payments	(51,207)	(11,454)
Other proceeds	4,601	2,040
Net cash provided by (used in) investing activities	(1,203,427)	(155,343)

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	9,933,300	9,673,950
Repayments of short-term borrowings	(9,927,300)	(9,611,613)
Proceeds from long-term borrowings	–	20,000
Repayments of long-term borrowings	(10,800)	(15,804)
Repayments of lease liabilities	(10,214)	(7,519)
Purchase of treasury shares	(78,849)	(77)
Proceeds from sale of treasury shares	5,479	22,269
Dividends paid	(325,926)	(687,855)
Dividends paid to non-controlling interests	(1,320)	(1,320)
Net cash provided by (used in) financing activities	(415,630)	(607,970)
Effect of exchange rate change on cash and cash equivalents	83,903	54,614
Net increase (decrease) in cash and cash equivalents	(1,674,308)	(954,941)
Cash and cash equivalents at beginning of period	8,195,404	7,693,431
Cash and cash equivalents at end of period	6,521,096	6,738,489

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

Not applicable.

(Accounting Methods Adopted Particularly for the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

For calculation of tax expenses, our Group adopts a method whereby the effective tax rate for the profit before income taxes for the fiscal year under review, including the second quarter of the fiscal year ending March 31, 2024, after the application of tax effect accounting is reasonably estimated, and quarterly profit before income taxes is multiplied by such effective tax rate.

(Segment Information, Etc.)

I For the Six months Ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

1. Information on Net Sales and Profit or Loss by Reportable Segment

(Thousand yen)

	Reportable segment							
	Steel and Iron	Automobile	Electronics and Semiconductor	Rubber and Tire	Machine Tools	High-performance Material	Environment	Paper and Pulp
Net sales								
Net sales to outside customers	5,948,145	3,991,187	3,261,291	1,243,229	1,212,727	1,098,283	1,147,854	378,044
Inter-segment net sales or transfers	–	–	–	–	–	–	–	–
Total	5,948,145	3,991,187	3,261,291	1,243,229	1,212,727	1,098,283	1,147,854	378,044
Segment profit (loss)	609,579	406,483	222,072	100,719	149,352	107,375	76,623	27,113

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Total				
Net sales					
Net sales to outside customers	18,280,764	2,899,109	21,179,874	–	21,179,874
Inter-segment net sales or transfers	–	–	–	–	–
Total	18,280,764	2,899,109	21,179,874	–	21,179,874
Segment profit (loss)	1,699,319	248,677	1,947,997	(534,468)	1,413,529

(Notes) 1. The “Other” category is a business segment which is not included in the reportable segments and includes businesses for the food industry and shipbuilding industry.

2. An adjustment of ¥(534,468) thousand in segment profit (loss) includes ¥543,208 thousand for internal profit, ¥246,959 thousand for consolidation elimination, and ¥(1,324,636) thousand for selling, general and administrative expenses which are not attributable to the reportable segments.

3. Segment profit (loss) is adjusted with operating profit on the Quarterly Consolidated Statements of Income.

2. Information on Impairment Loss on Non-current Assets and Goodwill by Reportable Segment
(Significant Impairment Loss on Non-current Assets)

Not applicable.

II For the Six Months Ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Information on Net Sales and Profit or Loss by Reportable Segment

(Thousand yen)

	Reportable segment							
	Steel and Iron	Automobile	Electronics and Semiconductor	Rubber and Tire	Machine Tools	High-performance Material	Environment	Paper and Pulp
Net sales								
Net sales to outside customers	6,903,011	4,576,723	3,380,046	1,919,664	1,361,765	1,005,719	981,875	443,428
Inter-segment net sales or transfers	–	–	–	–	–	–	–	–
Total	6,903,011	4,576,723	3,380,046	1,919,664	1,361,765	1,005,719	981,875	443,428
Segment profit (loss)	805,553	606,401	203,327	183,860	125,841	116,566	106,969	36,135

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Total				
Net sales					
Net sales to outside customers	20,572,235	3,084,134	23,656,370	–	23,656,370
Inter-segment net sales or transfers	–	–	–	–	–
Total	20,572,235	3,084,134	23,656,370	–	23,656,370
Segment profit (loss)	2,184,656	256,112	2,440,768	(683,430)	1,757,338

- (Notes) 1. The “Other” category is a business segment which is not included in the reportable segments and includes businesses for the food industry and shipbuilding industry.
2. An adjustment of ¥(683,430) thousand in segment profit (loss) includes ¥596,382 thousand for internal profit, ¥256,723 thousand for consolidation elimination, and ¥(1,536,536) thousand for selling, general and administrative expenses which are not attributable to the reportable segments.
3. Segment profit (loss) is adjusted with operating profit on the Quarterly Consolidated Statements of Income.

2. Information on Impairment Loss on Non-current Assets and Goodwill by Reportable Segment (Significant Impairment Loss on Non-current Assets)

Not applicable.

(Significant Subsequent Events)

(Establishment of a Significant Subsidiary)

At the Board of Directors' meeting held on October 11, 2023, the Company resolved to newly establish an overseas subsidiary in India (the "New Company").

The capital amount of the New Company is not less than 10/100 of that of the Company, and therefore, the New Company will be a specified subsidiary company of the Company.

1. Purpose of Establishing the New Company

The Company has set the target of overseas sales of ¥14.0 billion (¥5.1 billion in FY2022) under the Long term Vision for 2030 (LV2030) and is working on the goal of becoming the world's top manufacturer of rotary joints, its own products.

The Company expects large growth in, among others, the machine tools and steel and iron industries, its main customers of its products, in India thanks to growth in the automobile, electrical and electronics industries, as it is expected to show the continued population and economic growth in the future. The Company decided to establish the New Company in order to manufacture its own products targeted at this growth market.

The New Company plans to manufacture Company's own products of rotary joints and oil skimmers. These products are currently manufactured in Fukuoka Factory in Japan and RIX DALIAN MANUFACTURING CO.,LTD. (CHINA), a subsidiary of the Company. The Company will establish a system to deliver products with performance, delivery time, and costs suited to the needs of customers in India by establishing the New Company.

2. Overview of the New Company

(1)	Name	RIX INDIA MANUFACTURING PRIVATE LIMITED (tentative name)	
(2)	Location	Japan Industrial Township (JIT) in VASANTHA NARASAPURA INDUSTRIAL AREA, Karnataka State, India (scheduled)	
(3)	Name and Title of Representative	Tomokatsu Murao, Managing Director	
(4)	Business Description	Manufacture of own products (rotary joints, oil skimmers)	
(5)	Capital	370 million Indian rupee (equivalent to approximately ¥660 million) (planned amount)	
(6)	Date of Establishment	December 2023 (scheduled)	
(7)	Major Shareholders and Shareholding Ratio	RIX CORPORATION: 99.0% RIX INDIA TRADING & SERVICE PVT. LTD.: 1.0%	
(8)	Relationship between the Company and the New Company	Capital	A subsidiary in which the Company holds a 99% share
		Personnel	One of the Company's Director plans to concurrently serve as Director of the New Company. One of the Company's employees plans to concurrently serve as the Representative and two employees plan to concurrently serve as Directors of the New Country.
		Business	Not applicable at this moment.