

FY2022 Financial Results
(The Fiscal Year Ended March 31, 2023)
(Under Japanese GAAP)

Chino Corporation

(6850 : Prime Market of Tokyo Stock Exchange)

Table of Contents

- 1. FY2022 Financial Results**
 - (1) Financial Highlights**
 - (2) Performance Summary**
 - (3) Analysis of Increase/Decrease in Operating Profit**
 - (4) Quarterly Consolidated Net sales**
 - (5) Performance Trends by Segment**
 - (6) Consolidated Balance Sheet**
 - (7) Consolidated Cash Flow**
 - (8) Net Sales by Region**
- 2. Capital Expenditures and Depreciation**
- 3. Shareholder Returns**
- 4. Topics**
- 5. Achievement of FY2022 forecast**
- 6. Forecast for FY2023**

1. FY2022 Financial Results

(1) Financial Highlights

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023


Orders received >> 27,829 million yen 8.9% yoy 


Net sales >> 23,793 million yen 8.6% yoy 


Orders received increased significantly due to increased demand especially for decarbonization-related products (fuel cell testing systems and water electrolysis testing systems for the research and development of technology for the utilization of hydrogen energy).

Net sales increased due to firm capital investment by our customers (in the automotive and electronic component-related fields, etc.), as well as to increased capital investment in decarbonization-related fields.

<Profitability>

Operating profit >> 2,018 million yen 34.6% yoy 

Ordinary profit >> 2,294 million yen 31.5% yoy 

Profit attributable to owners of parent >> 1,536 million yen 46.2% yoy 

Profit increased in each item, mainly due to higher sales and lower cost ratio of Instrumentation Systems.

(2) Performance Summary (1)

◇ Consolidated Results

(Millions of yen)

	FY2021	FY2022	change	
Orders received	25,557	27,829	2,271	8.9%

	FY2021	FY2022	change	
Net sales	21,908	23,793	1,884	8.6%
Gross profit	7,076	7,869	793	11.2%
<% of Net sales>	<32.3>	<33.1>	<0.8p>	
Operating profit	1,499	2,018	518	34.6%
<% of Net sales>	<6.8>	<8.5>	<1.7p>	
Ordinary profit	1,744	2,294	550	31.5%
<% of Net sales>	<8.0>	<9.6>	<1.6p>	
Profit attributable to owners of parent	1,050	1,536	485	46.2%
<% of Net sales>	<4.8>	<6.5>	<1.7p>	

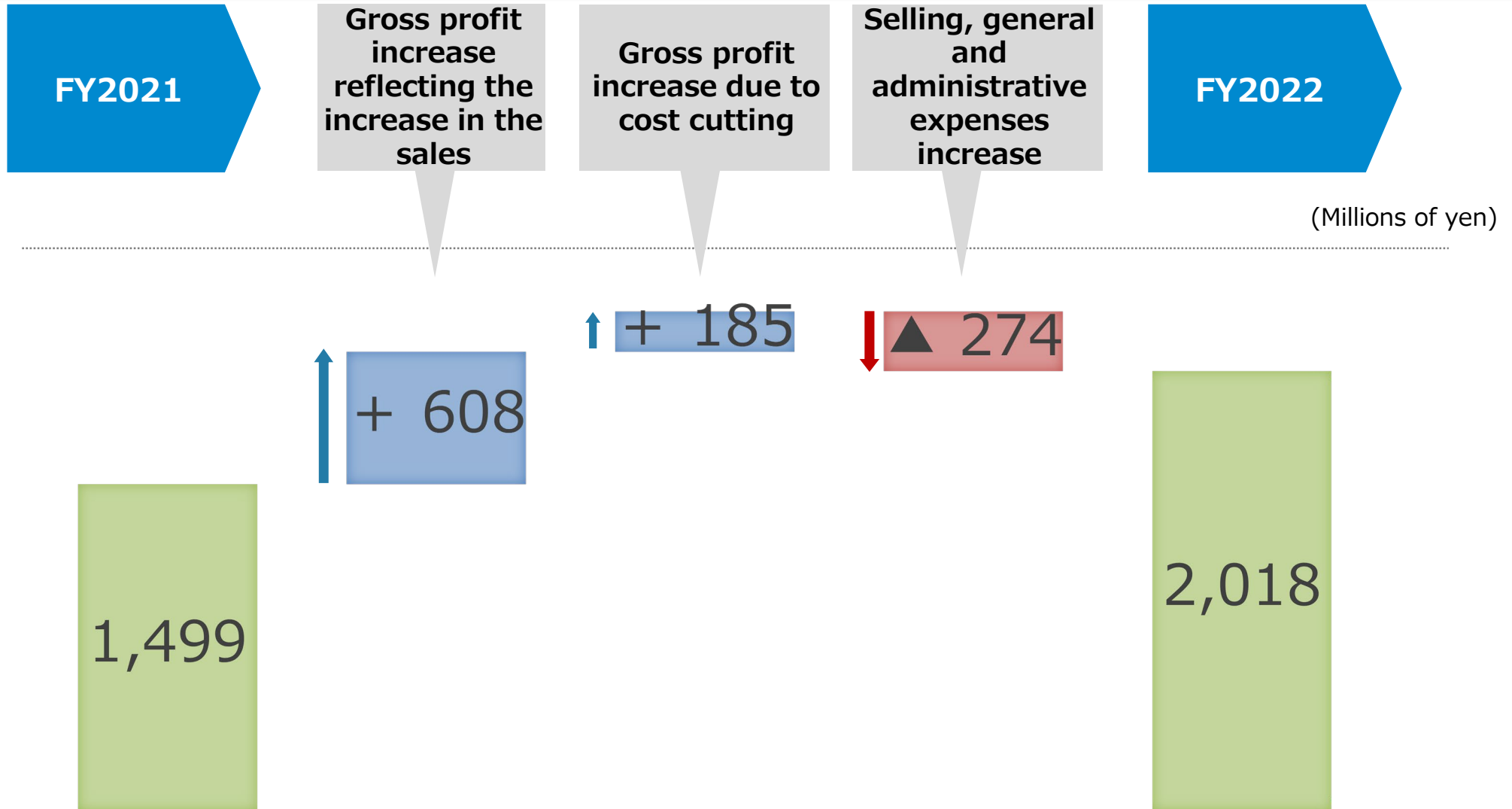
(2) Performance Summary (2)

◇ Business Results by Segment

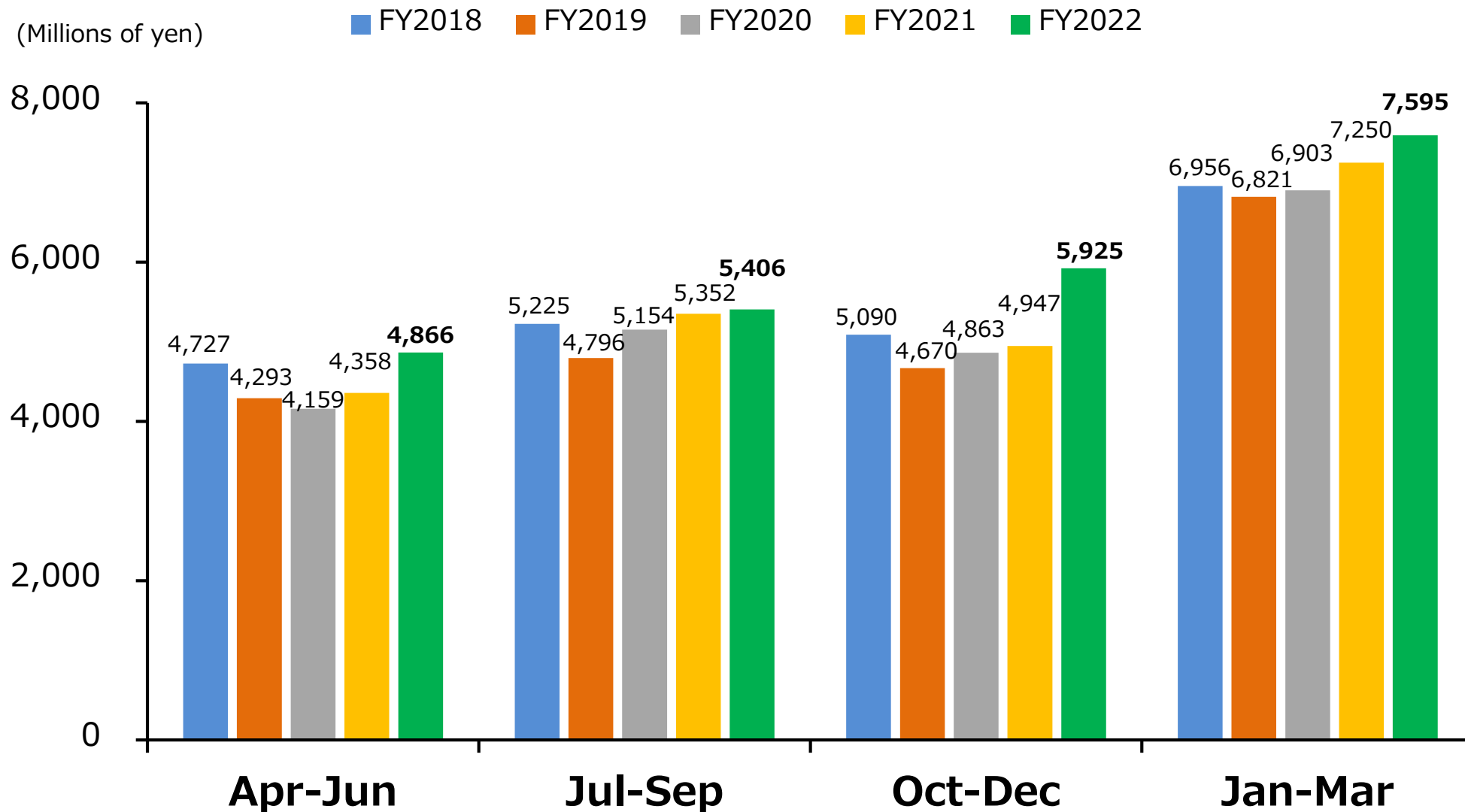
(Millions of yen)

	Orders received				Net sales				Segment profit(Operating profit)			
	FY2021	FY2022	Change		FY2021	FY2022	Change		FY2021	FY2022	Change	
Measurement & Control Instruments	8,669	8,497	▲ 172	▲2.0%	7,965	8,617	651	8.2%	1,168	1,226	58	5.0%
Instrumentation Systems	9,156	11,126	1,969	21.5%	6,302	7,131	828	13.2%	481	1,015	534	110.9%
Sensor	7,077	7,481	404	5.7%	6,804	7,124	320	4.7%	1,304	1,304	▲ 0	▲0.1%
Other	654	724	70	10.7%	836	919	83	10.0%	194	232	38	19.7%
Corporate expenses									▲ 1,649	▲ 1,760	▲ 110	—
Total	25,557	27,829	2,271	8.9%	21,908	23,793	1,884	8.6%	1,499	2,018	518	34.6%

(3) Analysis of Increase/Decrease in Operating Profit



(4) Net sales



(5) Performance Trends by Segment

<Measurement & Control Instruments>

Profit and Loss

Net sales

8,617 million yen

8.2% yoy



Segment Profit

1,226 million yen

5.0% yoy

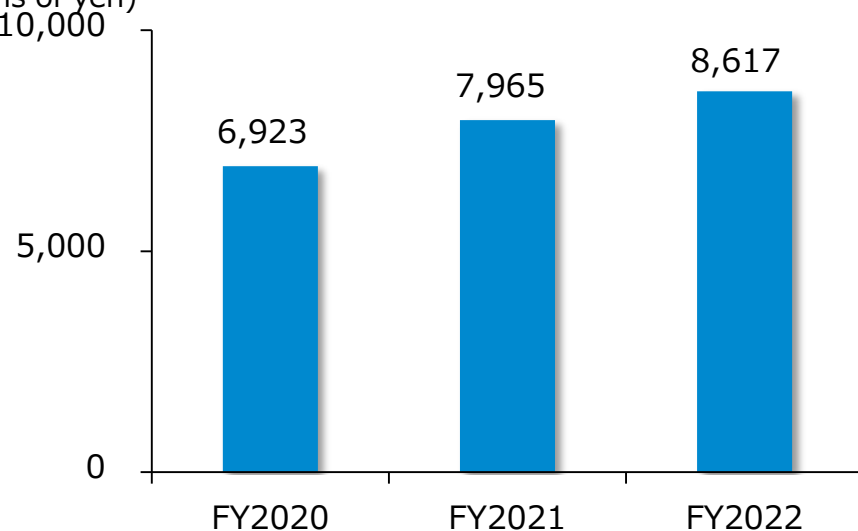


Status by Product

- Demand remained at high levels, mainly for semiconductor/electronic component-related manufacturing systems and heat processing equipment.
- Demand for the Company's products was strong also in overseas markets, particularly China, South Korea and India.
- Year-on-year increase in income mainly due to the effect of increased revenue

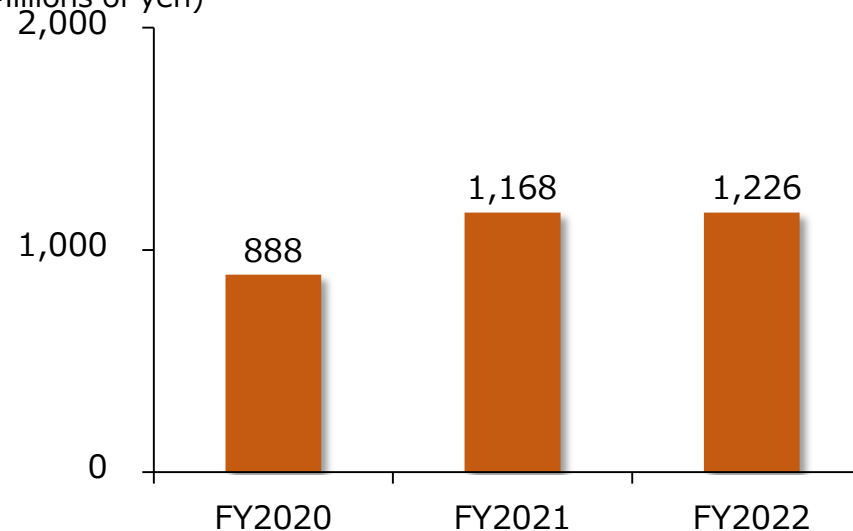
<Net sales>

(Millions of yen)



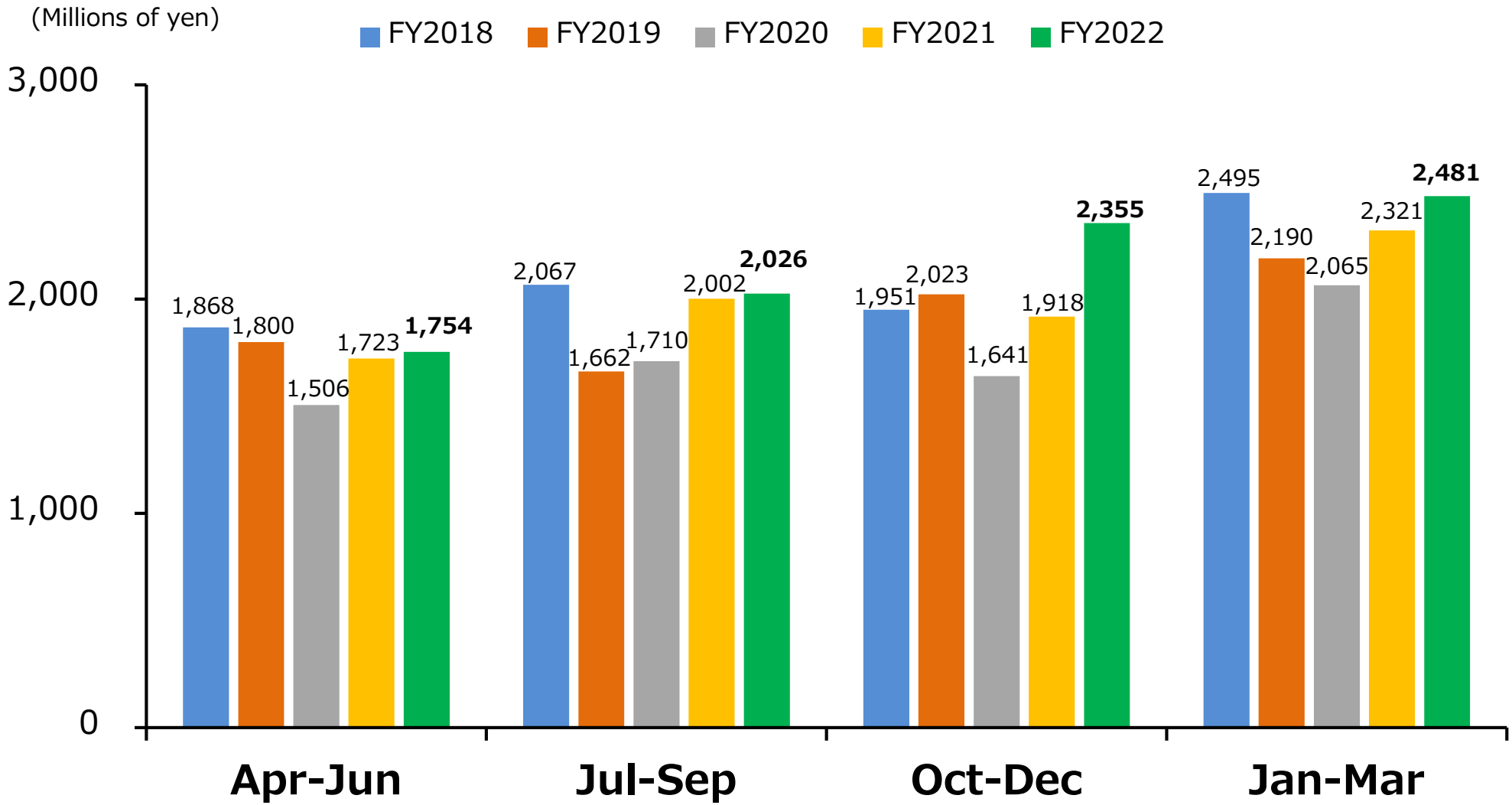
<Segment profit>

(Millions of yen)



(5) Sales Trends

<Measurement & Control Instruments>



(5) Performance Trends by Segment

<Instrumentation Systems>

Profit and Loss

Net sales



7,131 million yen

13.2% yoy



Segment Profit



1,015 million yen

110.9% yoy

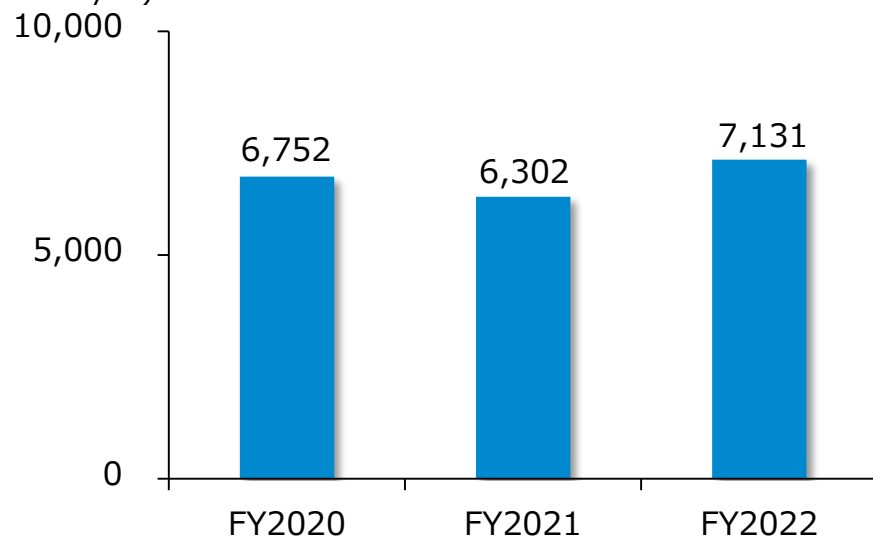


Status by Product

- Looking at decarbonization, demand increased for fuel cell testing systems and water electrolysis testing systems for the research and development of technology for the utilization of hydrogen energy.
- Sales of compressor evaluation and testing equipment recovered due to demand for equipment compatible with natural refrigerants
- Significant year-on-year increase mainly due to higher sales and improvement in cost ratio

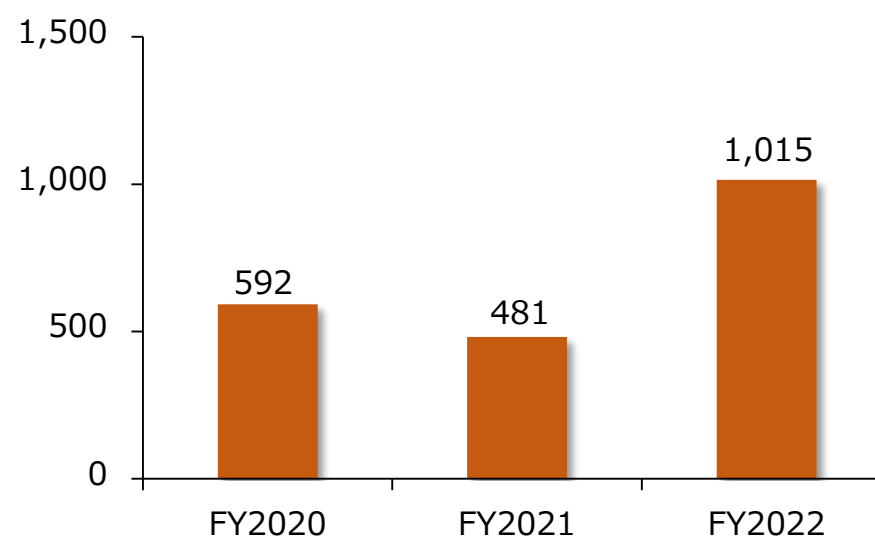
<Net sales>

(Millions of yen)



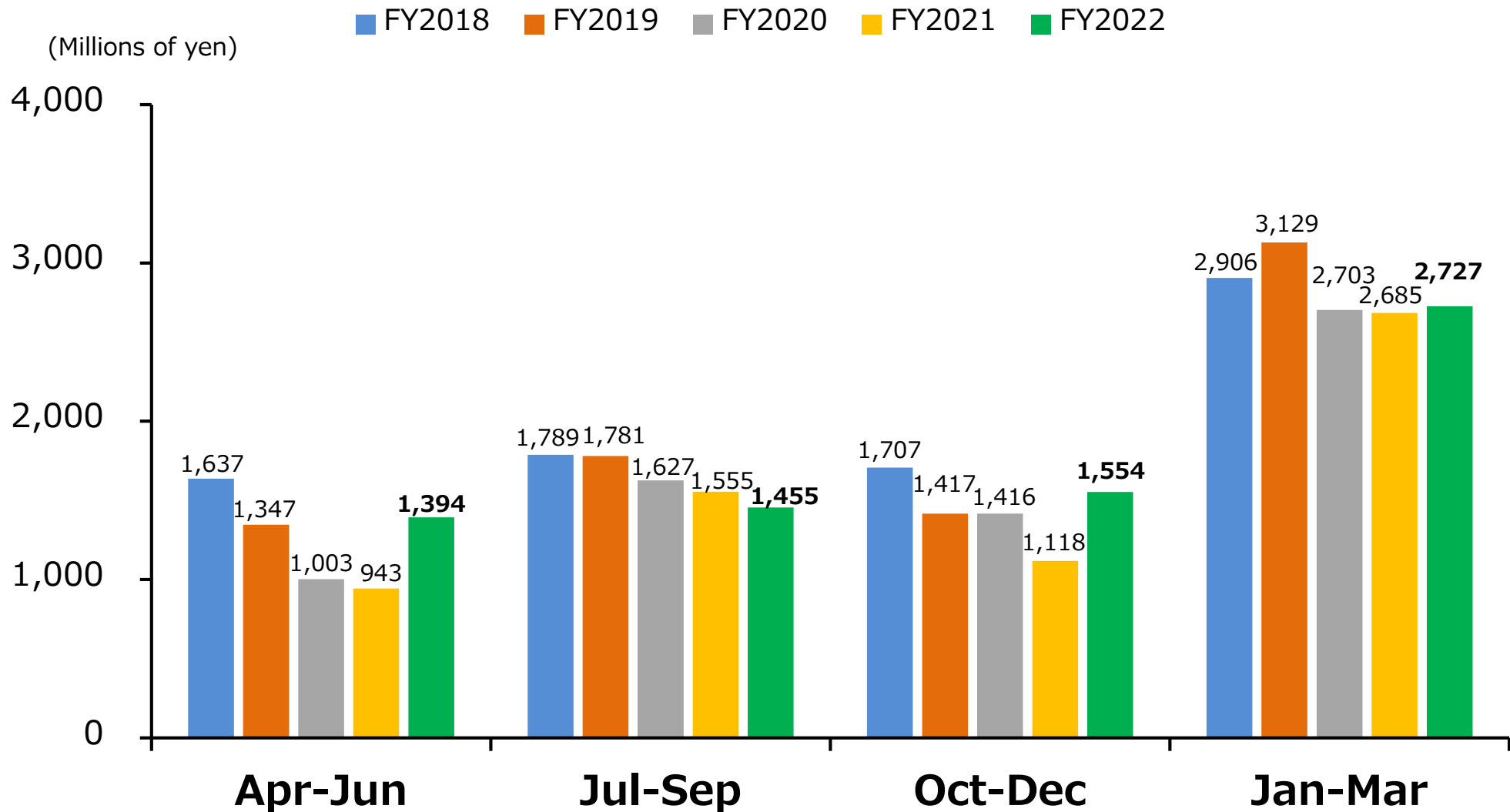
<Segment profit>

(Millions of yen)



(5) Sales Trends

<Instrumentation Systems>



(5) Performance Trends by Segment

<Sensor>

Profit and Loss

Net sales

7,124 million yen

4.7% yoy



Segment Profit

1,304 million yen

▲0.1% yoy

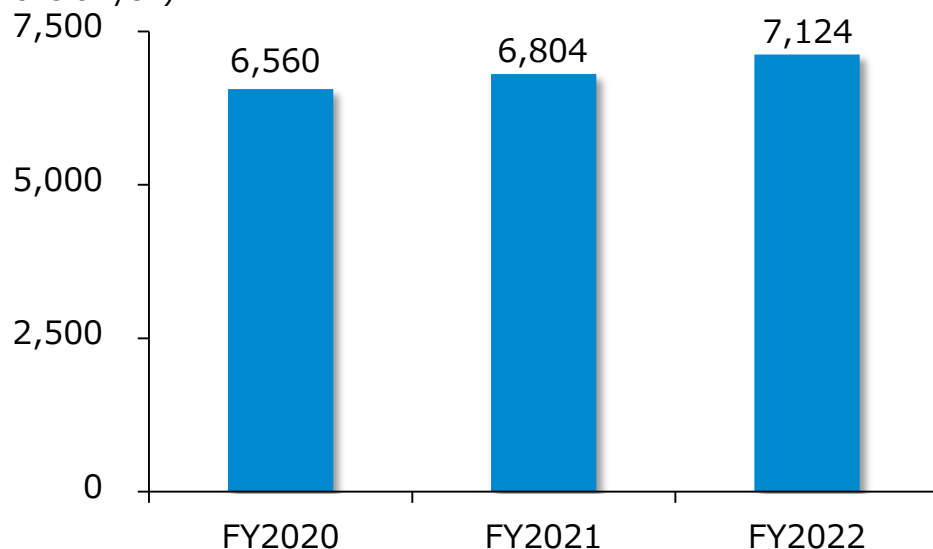


Status by Product

- There is strong demand for both infrared radiation thermometers and temperature sensors for use in semiconductor-related manufacturing systems.
- Demand for temperature sensors that meet AMS also remained robust.
*AMS: specifications for special process in the aerospace industry
- Profit was at the same level as the previous fiscal year due to the absorption of the impact of the sharp rise in the cost of parts and materials by increased sales, cost reduction, and sales price review, etc.

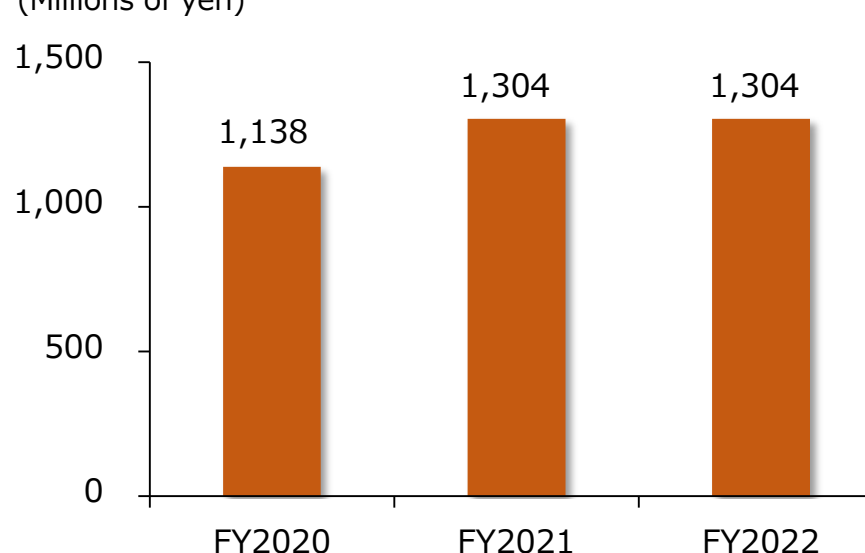
<Net sales>

(Millions of yen)



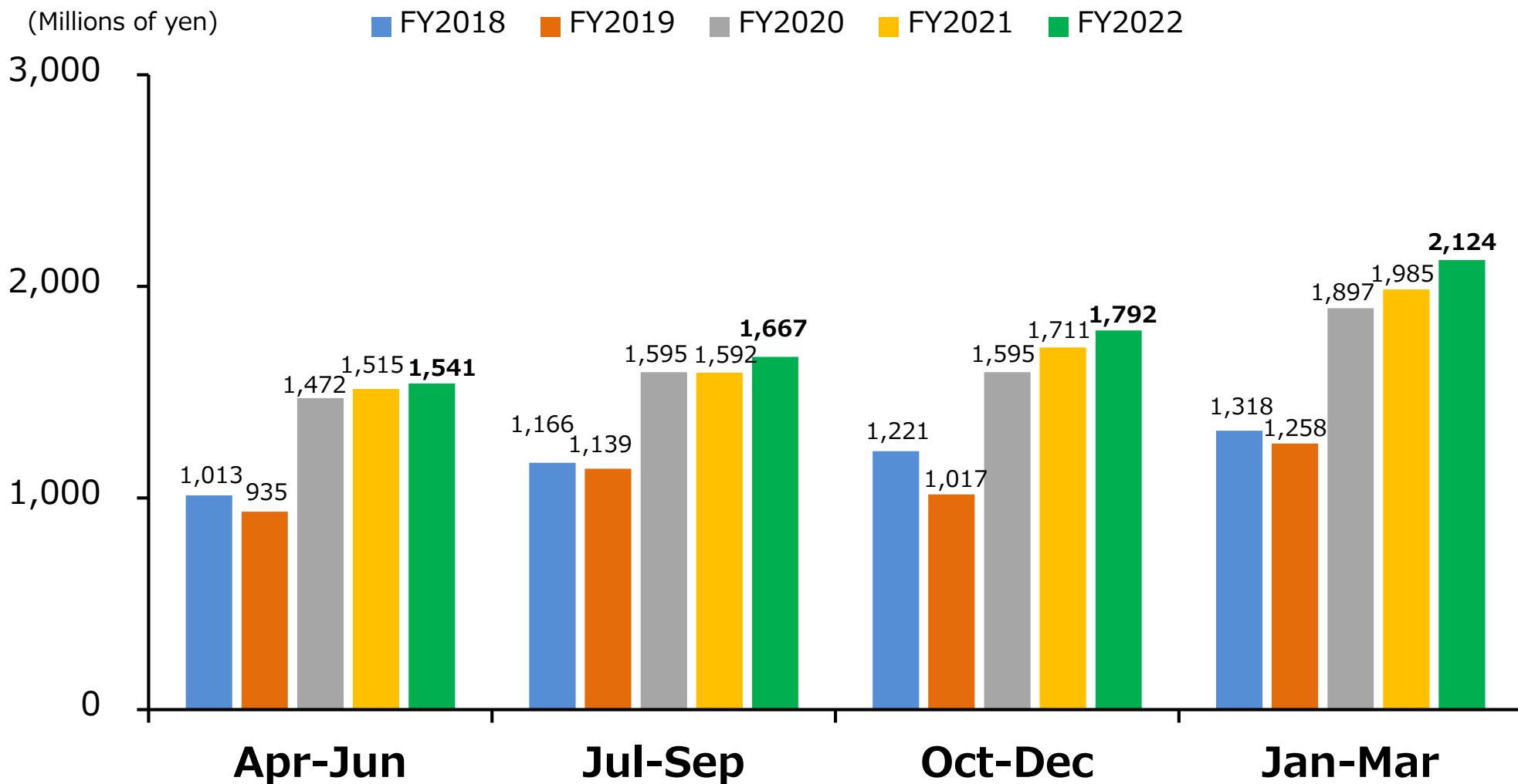
<Segment profit>

(Millions of yen)



(5) Sales Trends

<Sensor>



(6) Consolidated Balance Sheet

- **Assets:** Increased 4,744 million yen from the end of the previous fiscal year due to increases in inventories, cash and deposits, and accounts receivable, etc.
- **Liabilities:** Non-current liabilities increased 1,048 million yen due to an increase in long-term borrowings, etc. Current liabilities increased 2,272 million yen due to an increase in accounts payable and advances received, etc. Total liabilities increased 3,320 million yen from the end of the previous fiscal year.
- **Net assets:** Increase of 1,423 million yen from the end of the previous fiscal year due to increase in shareholders' equity, etc.

(Millions of yen)

Item	End of Mar.2022	End of Mar.2023	Change
Current assets	21,681	26,322	4,641
Cash and deposits	7,331	9,176	1,844
Accounts receivable	7,595	8,281	686
Inventories	6,578	8,576	1,998
Other	175	287	112
Non-current assets	9,864	9,967	102
Property, plant and equipment	5,566	5,578	12
Intangible assets	408	436	27
Investments and other assets	3,889	3,952	63
Total assets	31,545	36,289	4,744

Item	End of Mar.2022	End of Mar.2023	Change
Current liabilities	8,216	10,489	2,272
Accounts payable	4,511	5,317	806
Short-term borrowings	1,640	1,724	84
Other	2,064	3,446	1,382
Non-current liabilities	3,177	4,225	1,048
Long-term borrowings	620	1,660	1,040
Other	2,557	2,565	8
Total net assets	20,150	21,574	1,423
Total shareholders' equity	17,308	18,471	1,163
Total accumulated other comprehensive income	255	312	56
Non-controlling interests	2,586	2,790	203
Total liabilities and net assets	31,545	36,289	4,744

Equity ratio: 51.8% end of Mar.2023

55.7% end of Mar.2022

(7) Consolidated Cash Flow

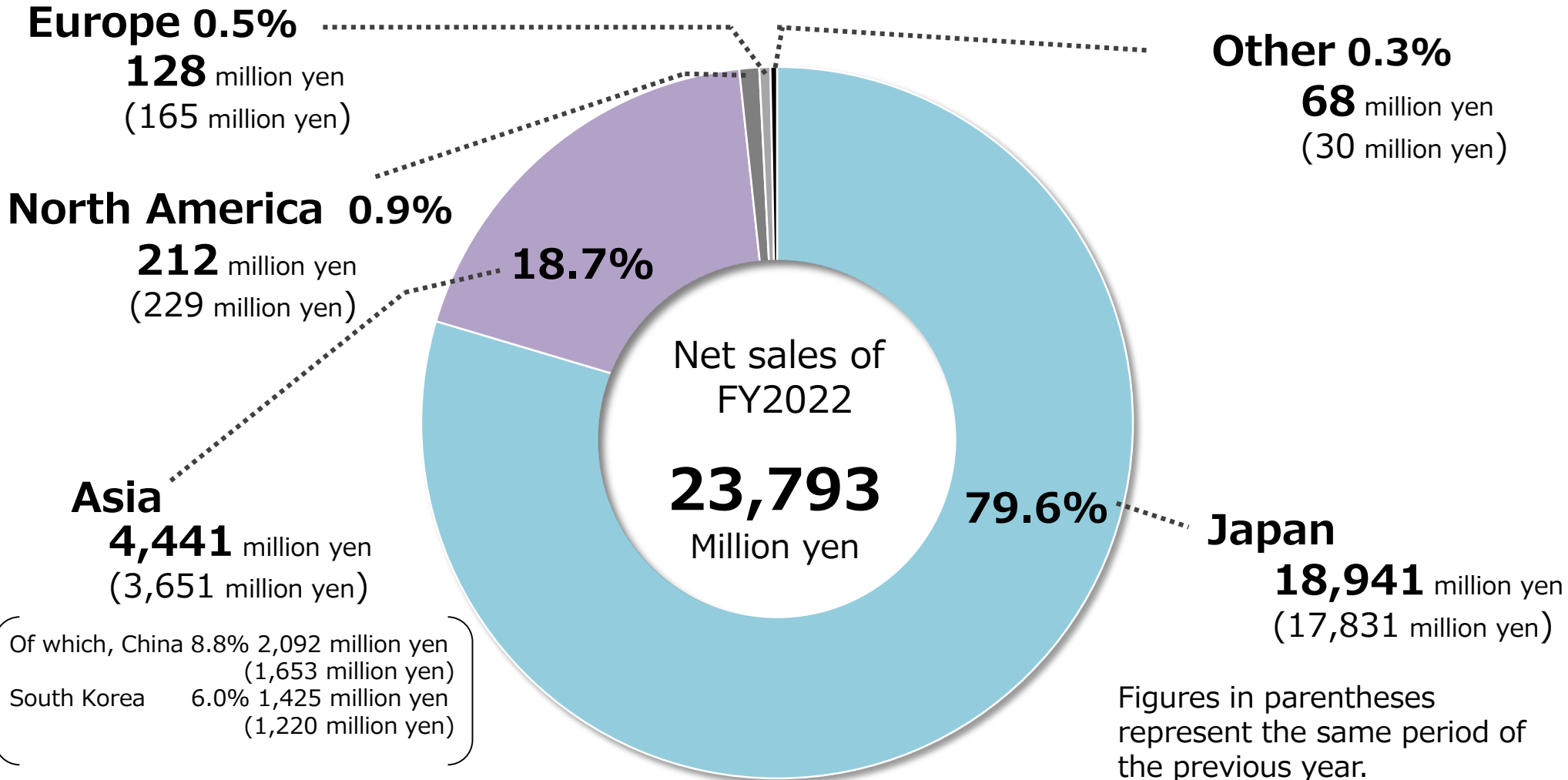
- Operating CF : 1.62 billion yen (-0.26 billion yen yoy) despite an increase in inventories due to measures to deal with tight materials prices.
- Investing CF : Almost the same level as the previous period -5.6 billion yen. As a result of the above, free CF was 1.05 billion yen (-0.25 billion yen yoy)
- Financing CF : 1.5 billion yen in fundraising led to an increase of 0.65 billion yen (+1.63 billion yen yoy)

(Millions of yen)

Item	FY2021	FY2022	Change
I . Net cash provided by (used in) operating activities	1,880	1,619	▲260
II . Net cash provided by (used in) investing activities	▲578	▲564	13
Free cash flow (I + II)	1,301	1,054	▲246
III . Net cash provided by (used in) financing activities	▲978	655	1,633
IV . Effect of exchange rate change on cash and cash equivalents	67	71	4
Net increase (decrease) in cash and cash equivalents	390	1,781	1,391

(8) Net Sales by Region

● Domestic sales increased 1,109 million yen yoy. Overseas sales increased 775 million yen yoy.
(Of which, 790 million yen increase in Asia (mainly China and South Korea))



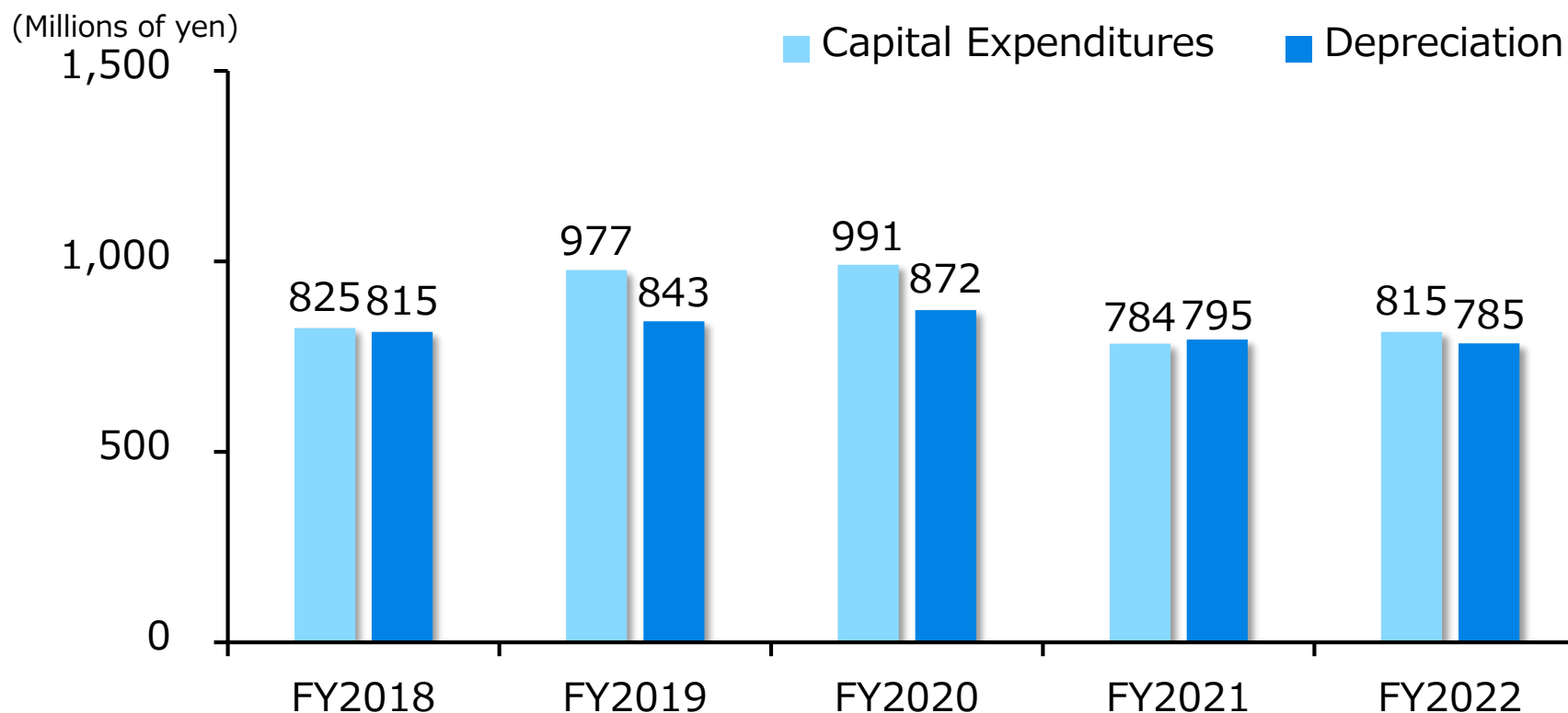
2. Capital Expenditures and Depreciation

Capital Expenditures and Depreciation

- Capital Expenditures for the period under review amounted to 815 million yen.

<Major Capital Expenditures>

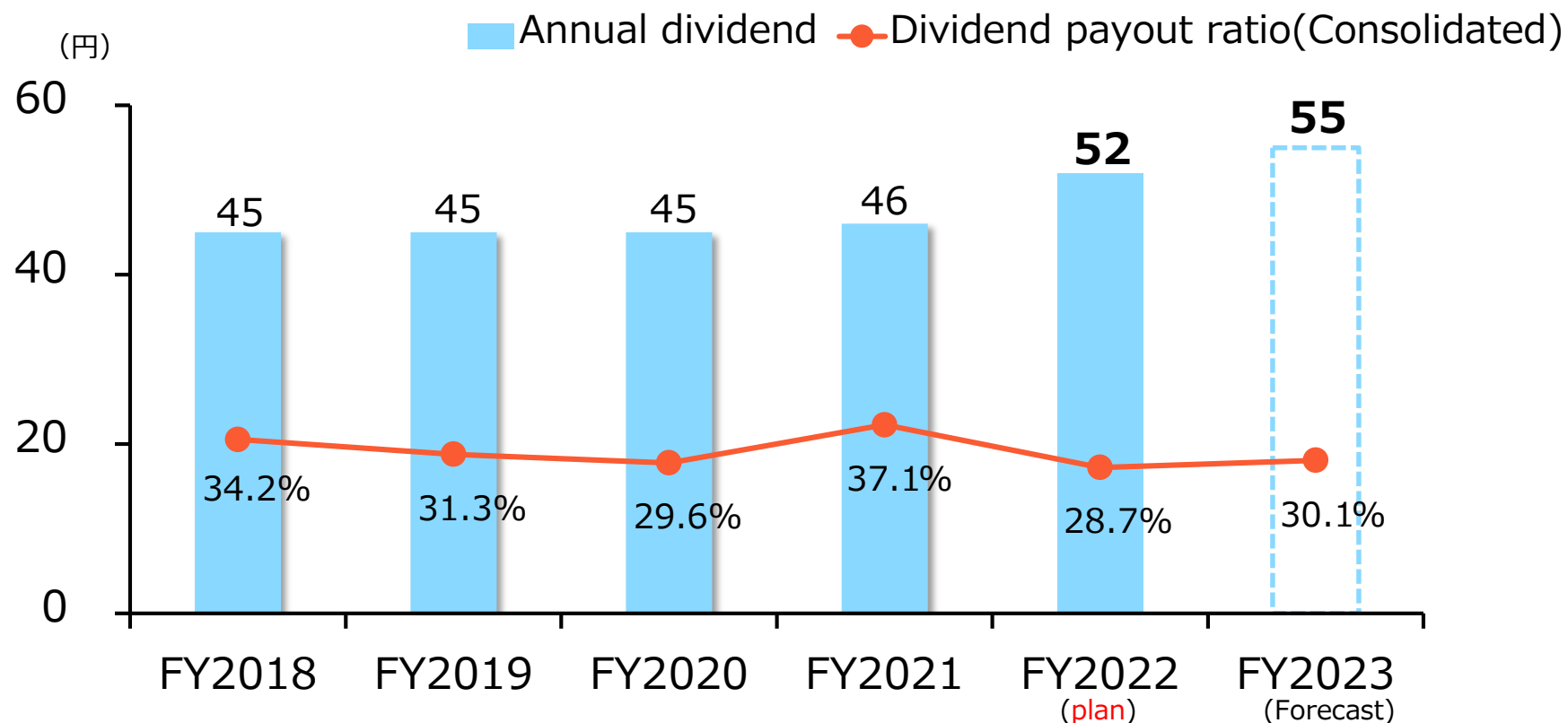
- Building equipment renewal 205 million yen
- Production Efficiency 168 million yen
- Research & Development 160 million yen



3. Shareholder Returns

Shareholder returns

- The dividend per share for FY2022 is planned to be 52 yen, an increase of 6 yen from the previous year.



※ Share buyback: 120 million yen (100,000 shares) from December 2016 to May 2017
Retirement of treasury stock: 300,000 shares in July 2017

4. Topics

Compliance with Prime Market Listing Maintenance Criteria (End of March 2023)

【Compliance with Prime Market Listing Maintenance Criteria】

- We did not meet the following two criteria for listing on the prime market (market capitalization of tradable shares and average daily trading value). However, the Company has received "Compliance with Listing Maintenance Criteria (Distribution Criteria)" and "Compliance with Listing Maintenance Criteria (Trading Value Criteria)" from the Tokyo Stock Exchange, confirming that it complies with the listing criteria.

Item	Prime Market Continued Listing Criteria	The Company Figures		Status of Group Satisfaction (End of March 2023)
		End of June 2021	End of March 2023 (※)	
Tradeable Share Market Cap	10 billion yen	7.23 billion yen	12.49 billion yen	○
Average Daily Trading Value	20,000 thousand yen	19,843 thousand yen	44,672 thousand yen	○

※ "Average Daily Trading Value" is based on End of December 2022.

Issued "Chino Report 2022"

In October 2022, we issued the **"Chino Report 2022"**, which reports financial and non-financial information in an integrated manner.

This annual report is intended to provide a deeper understanding of **the Group's business activities and medium- to long-term management initiatives**. Please read on.

(URL : https://www.chino.co.jp/csr/csr_report/)



(Converting 100% of purchased electricity at domestic production sites to renewable energy)

Conversion of purchased electric power to renewable energy at Fujioka Plant completed in July 2022.

As a result, 100% of the electricity purchased for the head office and all domestic production sites is now procured from renewable energy sources.

< CO₂ emissions from business activities (Scope1+2(*)) Emission Reduction >

【Estimated for FY2022】 Reduce emissions by approximately 70% compared to FY2020

【Target for FY2040】 Carbon neutrality of business activities

(completely zero greenhouse gas emissions for Scope 1 and 2 in business activities)

*Scope1 : Direct greenhouse gas emissions from in-house fuel use

Scope2 : Indirect greenhouse gas emissions from the use of electricity and heat purchased by the company

The Group will continue to promote sustainability management and contribute to the realization of a "decarbonized society" and a "safe and secure society" through its business activities.

5. Achievement of FY2022 forecast

Achievement of FY2022 forecast

- Net sales : Despite the impact of supply shortages in semiconductors and other materials, sales exceeded the previous forecast due to increased demand from major customers (automotive, electronic components, etc.) and in the hydrogen-related field for decarbonization.
- Profit : In addition to the effect of increased revenues, the Company's ongoing cost reduction efforts and sales price revisions have resulted in higher revenues than previously forecasted.

(Millions of yen)

	FY2022 Results	FY2022 Forecast <small>(Announced on February 9,2023)</small>	Change	
Net sales	23,793	23,600	193	0.8%
Operating profit	2,018	1,750	268	15.3%
Ordinary profit	2,294	1,950	344	17.7%
Profit attributable to owners of parent	1,536	1,200	336	28.0%

6. Forecast for FY2023

Forecast for FY2023

● Looking at the economic environment surrounding the Chino Group, the impact of the insufficient supply of components, and surging energy prices shows no sign of abating, and uncertainty about the future is growing, reflecting concerns regarding an economic slowdown linked to changes in national monetary policies and the global financial instability. However, the Group expects that demand will remain firm in the automotive and electronic component sectors, the Group's main customers, and it will continue to expand overall in the hydrogen-related sectors given efforts to realize a decarbonized society. So we have increased our FY2023 forecasts for both sales and profit compared to the previous year.

(Millions of yen)

	FY2023 Forecast (Announced on May 12, 2023)	FY2022 Results	Change	
Net sales	26,000	23,793	2,207	9.3%
Operating profit	2,150	2,018	132	6.5%
Ordinary profit	2,350	2,294	56	2.4%
Profit attributable to owners of parent	1,550	1,536	14	0.9%

The forward-looking statements contained in this document are not guarantees of future performance. Based on information currently available to the Company and its group companies. This includes potential risk and uncertainties.

Accordingly, actual results may differ from these forecasts due to the economic environment surrounding our business, demand trends, and other factors.

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