

Translation

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## Summary Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 2023

Company name: ADEKA CORPORATION

Stock exchange listing: Tokyo

Code number: 4401

URL: <https://www.adeka.co.jp>

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REPRESENTATIVE DIRECTOR

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Scheduled date of filing quarterly securities report: November 10, 2023

Scheduled date of commencing dividend payments: December 5, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(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 to 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	187,660	(4.5)	14,798	(2.1)	15,531	(5.5)	10,550	5.7
September 30, 2022	196,479	17.0	15,112	(4.4)	16,431	1.6	9,980	(6.7)

(Note) Comprehensive income: Six months ended September 30, 2023:      ¥      20,882 million [      11.5%]  
Six months ended September 30, 2022:      ¥      18,728 million [      60.1%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	103.20	-
September 30, 2022	96.97	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	517,630	325,854	52.9
March 31, 2023	500,068	311,709	52.2

(Reference) Equity: As of September 30, 2023:      ¥      274,025 million  
As of March 31, 2023:      ¥      260,950 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	35.00	-	35.00	70.00
Fiscal year ending March 31, 2024	-	40.00			
Fiscal year ending March 31, 2024 (Forecast)			-	40.00	80.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	410,000	1.7	34,500	6.6	34,500	5.9	21,000	25.2	204.75

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

### \* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Principal Notes, (4) Notes to Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)" on page 12 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: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(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: 103,768,142 shares

March 31, 2023: 103,768,142 shares

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

As of September 30, 2023: 1,637,938 shares

As of March 31, 2023: 1,204,849 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 102,234,746 shares

Six months ended September 30, 2022: 102,925,022 shares

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the six months ended September 30, 2023, the global economy continued to see a recovery and showed low growth. Meanwhile, concerns about soaring resource and energy prices in accordance with the situation in Ukraine, the impact of global monetary tightening aimed at curbing inflation and the slowdown of the Chinese economy have led to an uncertain situation.

In the automobile-related sector, which is the ADEKA Group's main target market, production at automakers that had been sluggish due to semiconductor shortages and other supply chain disruptions recovered steadily. In the ICT (information and communications technology) and consumer electronics sectors, weak consumer spending and longer replacement cycles led to continued sluggish sales of smartphones and personal computers. In the food products sector, although the relaxation of movement restrictions and recovery of inbound tourism demand prompted a pickup in demand for souvenirs and eating out, the business environment remained challenging due to saving-oriented consumers persistently seeking lower price against rising costs. In the agricultural sector, demand for agrochemicals remained weak both in Japan and overseas due to unfavorable weather conditions and the impact of circulating inventory from the previous year.

Fiscal 2023 marks the last year of the Group's Medium-Term Management Plan, *ADX 2023*. The Group will steadily implement planned measures aimed at the enhancement of corporate value through the pursuit of social and economic value. Among resin additives, a new light stabilizer package for recycled resins was introduced to the market in the *ADK CYCLOAID* series products, which contributes to realizing a recycling-oriented society. In the Electronics and IT Materials Business, the Group is making an active investment in the semiconductor field with high growth potential. The Group has decided to expand facilities in South Korea, which manufactures high dielectric constant materials for advanced semiconductor memory, and has started operation of a production facility at its Chiba Plant for photoacid generators for extreme ultraviolet (EUV) photoresists. In the Life Science Business, Nichino Europe Co., Ltd. acquired all outstanding shares of Interagro (UK) Limited, a UK-based manufacturer and distributor of adjuvants and other additives as well as biostimulants, with an aim to expand its business portfolio beyond synthetic agrochemicals. Also, in India, the Group completed construction of a multi-purpose plant that is capable of manufacturing the new rice insecticide Benzpyrimoxan and other multiple agrochemical ingredients. The plant is scheduled to start operation in fiscal 2023, subject to approval and licensing procedures by the Indian authorities. In the area of creating group synergies, the Group has found a compound group that can be expected to be antiparasitic agents in its joint study's efforts combining the technologies of the Company and Nihon Nohyaku, and in July 2023, four patent applications were released internationally by the World Intellectual Property Organization (WIPO). In sustainability initiatives, the Group began to introduce an internal carbon pricing system and renewable electricity in order to achieve the targets of reducing GHG emissions by 46% (compared with Fiscal 2013) by 2030 and achieving carbon neutrality by 2050.

Financial results for the six months ended September 30, 2023 were net sales of 187,660 million yen (down 4.5% year on year), operating profit of 14,798 million yen (down 2.1% year on year), ordinary profit of 15,531 million yen (down 5.5% year on year) and profit attributable to owners of parent of 10,550 million yen (up 5.7% year on year).

An overview by reportable segment is as follows.

#### (Chemicals Products Business)

The Chemicals Products Business posted net sales of 101,555 million yen (down 7.6% year on year) and operating profit of 12,041 million yen (down 13.7% year on year).

#### 1) Polymer Additives

In products for automobile applications, sales of nucleating agents, light stabilizers, and plasticizers for rubber used for automobile components remained steady against the backdrop of a recovery in automobile production.

In products for construction materials, sales of PVC stabilizers were weak due to lower demand for home interior materials, particularly in North America.

In products for food packaging, sales of clarifying agents were weak despite solid demand due to inventory and production adjustments in the supply chain.

Sales of one-pack granule additives used in polyolefin resin and antioxidants were weak due to sluggish demand and intensified market competition in the Middle East and Europe.

Sales of flame retardants for engineering plastics used in enclosures and other applications were weak due to a prolonged slump in demand for household electrical appliances and the like. On the other hand, sales of flame retardants for polyolefin resins were steady, particularly for large household appliances, and adoption of flame retardants for electric vehicle applications increased.

Overall, the Polymer Additives Business posted year-on-year decreases in sales and profit due to lower sales volume and an increase in fixed costs.

## 2) Electronics and IT Materials

Among products for semiconductors, although product lines were adversely affected by a reduction in production by semiconductor manufacturers, especially toward the end of the second quarter, sales of high dielectric constant materials used in advanced DRAM were strong in the first half of the fiscal year as a whole, and sales of photoacid generators used in advanced photo resists were also solid. On the other hand, sales of etching solutions for electronic components used in printed circuit boards and others were weak.

Among products for displays, large panel productions recovered, and sales of photo initiators for color filters, black matrix resists, and etching solutions remained steady. On the other hand, sales of photo (light) curing resin for optical film were weak due to the shift of the panel market to China.

Overall, the Electronics and IT Materials Business posted a year-on-year increase in sales as a result of a strong sales of products for advanced semiconductors and recovery in sales of display-related materials. Meanwhile, profit slightly fell year on year due to soaring prices of raw materials and an increase in fixed costs resulting from the capital investment.

## 3) Functional Chemicals

Among functional chemicals used in automobile applications, sales of lubricant additives for engine oils were strong due to the recovery of automobile production overseas and the increased adoption of new engine oil standards. In addition, sales of epoxy resins for structural adhesives of automobiles and epoxy resin adhesives for automotive electronic components held firm.

Among products for architectural coatings, sales of reactive emulsifiers remained strong by capturing demand from the changing housing environment in India. Meanwhile, market conditions for consumer electronics, smartphones and personal computers remained sluggish, and sales of water-based resins and special epoxy resins were weak. Sales of special surfactants for cosmetics were weak due to a drop in demand mainly in Europe.

Sales of propylene glycol products and peroxides for industrial use were weak due to continued deteriorated market conditions.

Overall, the Functional Chemicals Business posted year-on-year decreases in sales and profit due to decrease in sales volume.

## (Food Products Business)

The Food Products Business reported net sales of 41,383 million yen (up 3.8% year on year) and operating profit of 1,302 million yen (compared with operating loss of 1,885 million yen in the same period a year earlier).

Domestic sales volumes of margarines and shortening for breads and confectionery, especially general-purpose products, fell partly due to a decrease in consumption expenditure resulting from rising food prices and downsizing in final products. On the other hand, sales of margarines and fillings for souvenir confectioneries were brisk due to the recovery of human traffic. As for the *Marvelous series* of functional margarines, which contributes to keeping bread and other products fresher for longer and extending their used-by date, sales of new products held firm. The *Deli-PLANTS series* of plant-based foods gained an increased number of adoption due to the pursuit of even better taste and usability and the expansion of the product lineup and the promotion of proposals for market penetration.

Overseas, recovery of both sales and profits proceeded as demand was returning in China, although not to the pre-COVID level, sales remained strong in Southeast Asia, and price revisions made progress.

Overall, the Food Products Business achieved increases in sales and profits year on year, as improved production efficiency, cost reductions, and the revision of sales price began to show positive effects. In addition, decreased depreciation due to the recording of an impairment loss in fiscal 2022 also had a positive impact.

(Life Science Business)

The Life Science Business posted net sales of 40,666 million yen (down 5.8% year on year) and operating profit of 699 million yen (down 72.7% year on year).

Among agrochemicals in Japan, although the Group strove to promote and expand sales of Benzpyrimoxan (trade name: *Orchestra*), an insecticide for paddy rice, and other mainstream self-developed products, sales remained sluggish, mainly due to the impact of unfavorable weather conditions and circulating inventory from the previous year.

Overseas, demand for herbicides for sugarcane expanded due to heavy rainfall in Brazil, the world's largest agrochemical market, and sales remained steady. In India, despite the impact of unfavorable weather conditions, sales remained high with a focus on self-developed products such as the insecticides Tolfenpyrad and Pyriproxyfen, which are being marketed and expanded in the cotton and vegetable fields. Meanwhile, demand for insecticides in North America decreased due to prolonged colder weather and fewer pests than usual, resulting in sluggish sales.

Among pharmaceuticals, sales of the topical antifungal agent *Luliconazole* were weak due to a decline in demand overseas and other factors.

Overall, the Life Science Business posted year-on-year decreases in sales and profit due to a decrease in sales of agrochemicals.

(2) Explanation of Financial Position

(Status of assets, liabilities and net assets)

Total assets increased by 17,562 million yen (up 3.5% compared with the end of the previous fiscal year) to 517,630 million yen.

The primary factor was an increase in inventories.

Liabilities increased by 3,416 million yen (up 1.8% compared with the end of the previous fiscal year) to 191,775 million yen.

The primary factor was an increase in notes and accounts payable – trade.

Net assets increased by 14,145 million yen (up 4.5% compared with the end of the previous fiscal year) to 325,854 million yen.

The primary factor was an increase in retained earnings.

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

In view of the recent business environment and development of business performance, the Group has revised the net sales, operating profit and ordinary profit for the full-year consolidated financial results forecast for the FY 2023, which was announced on May 12, 2023.

For detailed information, please refer to the "Notice of revision of Consolidated financial forecasts for the FY 2023" released today (November 10, 2023).

The fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	426,000	36,000	35,500	21,000	204.75
Revised forecast (B)	410,000	34,500	34,500	21,000	204.75
Change (B – A)	(16,000)	(1,500)	(1,000)	0	
Change (%)	(3.8)	(4.2)	(2.8)	0	
(Reference) Financial results for the fiscal year ended March 31, 2023	403,343	32,369	32,579	16,778	163.30

Net sales were revised downward because sales in the Chemicals Products Business, mainly resin additive products, are expected to fall short of the initial forecasts. Among resin additive products, demand for products in automobile applications is expected to recover steadily, while demand for one-pack granule additives and antioxidants is expected to remain sluggish in the Middle East and Europe due to economic slowdown.

Operating profit was revised downward mainly because profits from the Life Science Business are expected to fall short of the initial forecasts. This is because the results of the Life Science Business for the 1H of the FY 2023 fell short of initial forecasts and the downward pressure on generic agrochemical prices in Brazil is expected to continue from the third quarter and thereafter.

The revision to ordinary profit is mainly due to a decrease in operating profit.

There are no revisions to the dividend forecast from the previous announcement (May 12, 2023).

Our assumptions for the exchange rates for the third quarter and thereafter are 138 yen against the U.S. dollar and 149 yen against the Euro.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	81,119	83,651
Notes and accounts receivable - trade, and contract assets	99,623	99,616
Securities	5,499	5,499
Merchandise and finished goods	67,367	70,049
Work in process	8,524	8,614
Raw materials and supplies	40,822	44,633
Other	13,619	13,550
Allowance for doubtful accounts	(1,174)	(1,322)
<b>Total current assets</b>	<b>315,401</b>	<b>324,293</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,490	37,402
Machinery, equipment and vehicles, net	34,514	33,951
Land	30,515	31,412
Other, net	17,967	21,194
<b>Total property, plant and equipment</b>	<b>119,488</b>	<b>123,960</b>
Intangible assets		
Technical assets	5,471	4,974
Customer related assets	2,489	2,409
Other	10,083	10,347
<b>Total intangible assets</b>	<b>18,044</b>	<b>17,730</b>
Investments and other assets		
Investment securities	33,609	39,381
Other	13,523	12,264
<b>Total investments and other assets</b>	<b>47,133</b>	<b>51,646</b>
<b>Total non-current assets</b>	<b>184,666</b>	<b>193,337</b>
<b>Total assets</b>	<b>500,068</b>	<b>517,630</b>



(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	62,235	65,969
Short-term borrowings	22,295	23,079
Income taxes payable	3,246	4,285
Provision for bonuses	3,206	3,176
Provision for environmental measures	18	-
Other provisions	157	53
Other	38,328	41,592
Total current liabilities	129,488	138,157
Non-current liabilities		
Bonds payable	5,315	4,496
Long-term borrowings	20,777	17,173
Retirement benefit liability	20,408	20,923
Other provisions	264	64
Other	12,104	10,959
Total non-current liabilities	58,870	53,618
Total liabilities	188,358	191,775
<b>Net assets</b>		
Shareholders' equity		
Share capital	23,048	23,048
Capital surplus	20,126	20,181
Retained earnings	197,843	204,800
Treasury shares	(2,304)	(3,374)
Total shareholders' equity	238,713	244,656
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,800	9,885
Deferred gains or losses on hedges	-	(20)
Revaluation reserve for land	3,330	3,330
Foreign currency translation adjustment	11,362	16,401
Remeasurements of defined benefit plans	(257)	(226)
Total accumulated other comprehensive income	22,236	29,369
Non-controlling interests	50,759	51,829
Total net assets	311,709	325,854
Total liabilities and net assets	500,068	517,630

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	196,479	187,660
Cost of sales	149,504	140,370
Gross profit	46,974	47,289
Selling, general and administrative expenses	31,862	32,490
Operating profit	15,112	14,798
Non-operating income		
Interest income	229	1,115
Dividend income	487	415
Share of profit of entities accounted for using equity method	463	430
Foreign exchange gains	1,482	1,341
Other	479	370
Total non-operating income	3,144	3,673
Non-operating expenses		
Interest expenses	584	1,588
Loss on valuation of derivatives	1,031	1,087
Other	208	263
Total non-operating expenses	1,824	2,940
Ordinary profit	16,431	15,531
Extraordinary income		
Gain on sale of non-current assets	33	40
Gain on sale of investment securities	-	538
Total extraordinary income	33	578
Extraordinary losses		
Loss on disaster	124	-
Loss on abandonment of non-current assets	114	268
Loss on valuation of investment securities	5	-
Total extraordinary losses	244	268
Profit before income taxes	16,221	15,842
Income taxes - current	5,245	5,356
Income taxes - deferred	(681)	(685)
Total income taxes	4,563	4,670
Profit	11,657	11,171
Profit attributable to non-controlling interests	1,676	620
Profit attributable to owners of parent	9,980	10,550

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	11,657	11,171
Other comprehensive income		
Valuation difference on available-for-sale securities	(125)	2,162
Deferred gains or losses on hedges	138	(81)
Foreign currency translation adjustment	7,054	7,344
Remeasurements of defined benefit plans, net of tax	92	0
Share of other comprehensive income of entities accounted for using equity method	(87)	284
Total other comprehensive income	7,071	9,710
Comprehensive income	18,728	20,882
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,391	17,683
Comprehensive income attributable to non-controlling interests	4,337	3,198

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	16,221	15,842
Depreciation	7,946	8,257
Share of loss (profit) of entities accounted for using equity method	(463)	(430)
Increase (decrease) in retirement benefit liability	159	264
Increase (decrease) in provision for environmental measures	-	(18)
Interest and dividend income	(717)	(1,530)
Interest expenses	584	1,588
Foreign exchange losses (gains)	(701)	(400)
Loss (gain) on sale of non-current assets	(33)	(40)
Loss on abandonment of non-current assets	114	268
Loss (gain) on sale of investment securities	-	(538)
Decrease (increase) in trade receivables and contract assets	15,483	4,448
Decrease (increase) in inventories	(17,606)	(1,407)
Increase (decrease) in trade payables	(1,100)	319
Other, net	(19)	3,545
<b>Subtotal</b>	<b>19,866</b>	<b>30,169</b>
Interest and dividends received	1,023	2,346
Interest paid	(415)	(1,359)
Income taxes paid	(7,199)	(4,492)
<b>Net cash provided by (used in) operating activities</b>	<b>13,274</b>	<b>26,664</b>
<b>Cash flows from investing activities</b>		
Purchase of securities	(8,999)	(8,998)
Proceeds from sale and redemption of securities	5,999	8,998
Purchase of property, plant and equipment	(6,904)	(11,806)
Proceeds from sale of property, plant and equipment	461	77
Purchase of intangible assets	(2,233)	(1,245)
Purchase of investment securities	(19)	(81)
Purchase of shares of subsidiaries and associates	-	(2,539)
Net decrease (increase) in short-term loans receivable	12	(33)
Long-term loan advances	-	(300)
Other, net	(890)	644
<b>Net cash provided by (used in) investing activities</b>	<b>(12,574)</b>	<b>(15,284)</b>

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(357)	(1,066)
Proceeds from long-term borrowings	661	3,451
Repayments of long-term borrowings	(709)	(6,188)
Redemption of bonds	(223)	-
Purchase of treasury shares	(1,175)	(1,235)
Dividends paid	(4,344)	(3,602)
Dividends paid to non-controlling interests	(1,730)	(2,158)
Other, net	(365)	(539)
Net cash provided by (used in) financing activities	(8,244)	(11,340)
Effect of exchange rate change on cash and cash equivalents	2,746	2,424
Net increase (decrease) in cash and cash equivalents	(4,797)	2,464
Cash and cash equivalents at beginning of period	82,799	79,537
Increase in cash and cash equivalents resulting from merger	-	44
Cash and cash equivalents at end of period	78,001	82,046

(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 certain subsidiaries, the Company has adopted a method of making a reasonable estimate of the effective tax rate after application of tax effect accounting to profit before income taxes for the consolidated fiscal year to which the second quarter under review belongs and multiplying the profit before income taxes by such estimated effective tax rate.

(Segment information, etc.)

[Segment information]

I. For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

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

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Chemicals Products Business	Food Products Business	Life Science Business	Total				
Net sales								
(1) Net sales to outside customers	109,891	39,871	43,162	192,925	3,553	196,479	–	196,479
(2) Inter-segment net sales or transfers	74	37	4	116	9,676	9,793	(9,793)	–
Total	109,966	39,908	43,167	193,042	13,230	206,272	(9,793)	196,479
Segment profit (loss)	13,950	(1,885)	2,563	14,628	422	15,051	60	15,112

(Notes) 1. "Others" refers to business segments not included in the reportable segments and includes construction and construction management, logistics, and real estate businesses.

2. The adjustment of segment profit (loss) of 60 million yen includes the elimination of inter-segment transactions.

3. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.

II. For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

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

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Chemicals Products Business	Food Products Business	Life Science Business	Total				
Net sales								
(1) Net sales to outside customers	101,555	41,383	40,666	183,606	4,054	187,660	–	187,660
(2) Inter-segment net sales or transfers	75	144	3	223	9,855	10,079	(10,079)	–
Total	101,631	41,527	40,670	183,830	13,909	197,739	(10,079)	187,660
Segment profit	12,041	1,302	699	14,043	680	14,723	75	14,798

(Notes) 1. "Others" refers to business segments not included in the reportable segments and includes construction and construction management, logistics, and real estate businesses.

2. The adjustment of segment profit of 75 million yen includes the elimination of inter-segment transactions.

3. Segment profit is adjusted with operating profit in the consolidated statements of income.

(Significant subsequent events)

(Occurrence of a disputed incident)

A claim for damages was filed on October 10, 2023 against Sipcam Nichino Brasil S.A. (“SNB”), a consolidated subsidiary of the Company, which was served with the complaint on October 20, 2023. Details of the litigation are presented below.

1. Summary of the litigation

On July 26, 2023, a heavily armed robbery took place at SNB, a consolidated subsidiary of the Company, during which products that SNB had been packaging in fulfillment of a contract with FMC QUÍMICA DO BRASIL LTDA. (“FMC”) were stolen. In response, FMC filed a claim for damages against SNB on October 10, 2023.

2. Details of the plaintiff

(1) Name: FMC QUÍMICA DO BRASIL LTDA.

(2) Address: Avenida Doutor José Bonifácio Coutinho Nogueira, No. 150, Commercial Complexes 103, 105, 107, 108 and 109, Jardim Madalena District, in the municipality of Campinas, State of São Paulo, CEP 13091-611

3. Amount of damages claimed (excluding delay damages)

45 million reais

4. Future outlook

The Group has obtained an opinion from an external legal expert that the incident falls within the definition of force majeure. As there are significant differences in opinions regarding matters, including the interpretation of the scope of liabilities, we will carefully examine the contents of the complaint and take appropriate action. We will defend ourselves based on the opinion of the external legal expert mentioned above, among other things. It cannot be ruled out that the litigation may have an impact on our financial position and operating results depending on the progression of the litigation. Therefore, at this moment, it is difficult to reasonably estimate whether we will have to pay the damages and the amount of the impact they would have.