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November 12, 2024

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

Company name: Taki Chemical Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4025
URL: https://www.takichem.co.jp/
Representative: Katsuhiko Taki, Representative Director, President
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

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

## 1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Nine months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| September 30, 2024 | 27,809 | 11.0 | 1,645 | 165.5 | 1,924 | 124.1 | 1,388 | 97.6 |
| September 30, 2023 | 25,042 | (1.6) | 619 | (67.8) | 858 | (60.7) | 702 | (57.9) |

Note: Comprehensive income For the nine months ended September 30, 2024: ¥2,782 million [(2.1)%]
For the nine months ended September 30, 2023: ¥2,841 million [61.0%]

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Nine months ended | Yen | Yen |
| September 30, 2024 | 163.85 | – |
| September 30, 2023 | 81.10 | – |

### (2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|---|---|---|---|
| As of | Millions of yen | Millions of yen | % |
| September 30, 2024 | 54,670 | 36,301 | 66.3 |
| December 31, 2023 | 51,299 | 33,899 | 65.9 |

Reference: Equity
As of September 30, 2024: ¥36,224 million
As of December 31, 2023: ¥33,819 million

## 2. Cash dividends

| | Annual dividends per share | | | | |
|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended December 31, 2023 | – | – | – | 50.00 | 50.00 |
| Fiscal year ending December 31, 2024 | – | – | – | | |
| Fiscal year ending December 31, 2024 (Forecast) | | | | 55.00 | 55.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

Breakdown of year-end dividend for the fiscal year ended December 31, 2023
Ordinary dividend: ¥45.00
Commemorative dividend: ¥5.00 (Commemorating the construction of the new head office building)

## 3. Consolidated earnings forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 38,700 | 11.0 | 2,150 | 135.5 | 2,650 | 98.1 | 1,850 | 36.4 | 218.34 |

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

***Notes**

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

Newly included: 0 companies
Excluded: 0 companies

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

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

| | |
|---|---|
| As of September 30, 2024 | 9,458,768 |
| As of December 31, 2023 | 9,458,768 |

(ii) Number of treasury shares at the end of the period

| | |
|---|---|
| As of September 30, 2024 | 981,173 |
| As of December 31, 2023 | 992,644 |

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|---|---|
| Nine months ended September 30, 2024 | 8,471,654 |
| Nine months ended September 30, 2023 | 8,663,427 |

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* Proper use of earnings forecasts, and other special matters

The earnings forecast is based on information available to the Company as of the date of this document as well as certain assumptions it believes to be reasonable, and actual results may differ materially due to various factors. Please also see "(3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information" in "1. Overview of Operating Results and Others" on page 3 of the appendix.

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# 1. Overview of Operating Results and Others

## (1) Overview of Operating Results for the Nine Months Ended September 30, 2024

Given the backdrop of rebounding economic and social activities, during the nine-month period under review, the Japanese economy continued recovering gradually due partly to the effects of various government policies. However, the situation remained uncertain due to downside risks caused by price increases, fluctuations in financial and capital markets, and other factors.

Working against this backdrop, the Group focused on enhancing the profitability of its current businesses in line with the Medium-term Management Plan 2028 launched in January 2024. As a result, net sales for the nine months under review totaled ¥27,809 million (up 11.0% versus the same period last year), operating profit was ¥1,645 million (up 165.5% versus the same period last year), ordinary profit was ¥1,924 million (up 124.1% versus the same period last year), and profit attributable to owners of parent was ¥1,388 million (up 97.6% versus the same period last year).

Operating results by segment are as shown below.

Agriculture

While fertilizer sales prices decreased, sales volume recovered, resulting in higher net sales of ¥7,096 million, an increase of 4.5% versus the same period last year. However, the segment incurred an operating loss of ¥60 million (operating loss of ¥165 million in the same period last year).

Chemicals

Net sales of water treatment chemicals totaled ¥8,827 million, a significant increase of 10.5% versus the same period last year, as the sales volume of ultra-high-basicity polyaluminum chloride increased and due to work to revise selling prices resulting from higher raw material prices.

Net sales of functional materials amounted to ¥4,577 million, a significant increase of 37.3% versus the same period last year, as the sales volume of high-purity tantalum oxide for smartphones was strong, in addition to an increase in volume of aluminum chloride with high basicity for automotive ceramic fibers mainly as a result of a recovery in demand.

Net sales of other chemical products totaled ¥116 million, down 22.0% versus the same period last year.

As a result, net sales came to ¥13,521 million, a significant increase of 17.9% versus the same period last year, and operating profit came to ¥1,459 million, a significant increase of 49.8% versus the same period last year.

Construction materials

Net sales totaled ¥2,701 million, a significant increase of 17.8% versus the same period last year, and operating profit totaled ¥16 million (operating loss of ¥333 million in the same period last year), as a result of an increase in both the sales volume and selling prices of gypsum board.

Petroleum

Net sales came to ¥1,407 million, a decrease of 2.5% versus the same period last year, and operating profit came to ¥6 million, a decrease of 14.3% versus the same period last year, due to a decline in fuel oil sales volume as a result of falling demand.

Real estate

Net sales totaled ¥1,007 million, down 1.0% versus the same period last year with rental income at shopping centers remaining at the same level as the same period last year. However, operating profit increased 5.2% versus the same period last year to ¥553 million amid a decrease in repair expenses.

Transportation

Net sales rose 2.6% versus the same period last year to ¥2,076 million, and operating profit rose 1.5% versus the same period last year to ¥215 million as transported cargo increased despite a decrease in handling volume.

## (2) Overview of Financial Position for the Nine Months Ended September 30, 2024

Total assets at the end of the third quarter of the current fiscal year came to ¥54,670 million (up ¥3,370 million from the end of the previous fiscal year). Current assets totaled ¥24,678 million (up ¥893 million from the end of the previous fiscal year) due primarily to an increase of ¥1,566 million in cash and deposits, despite a decrease of ¥1,033 million in notes and accounts receivable - trade. Non-current assets came to ¥29,992 million (up ¥2,477 million from the end of the previous fiscal year) due primarily to increases of ¥576 million in property, plant and equipment and ¥1,918 million in investment securities.

Total liabilities totaled to ¥18,369 million (up ¥968 million from the end of the previous fiscal year), due primarily to an increase of ¥633 million in deferred tax liabilities.

Net assets totaled ¥36,301 million (up ¥2,402 million from the end of the previous fiscal year) due primarily to increases of ¥964 million in retained earnings and ¥1,392 million in the valuation difference on available-for-sale securities.

## (3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information

No changes have been made to the “Notice Regarding Revisions to the Full-Year Consolidated Earnings Forecast,” which was announced on July 31, 2024.

# 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

## (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

| | As of December 31, 2023 | As of September 30, 2024 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,075 | 6,641 |
| Notes and accounts receivable - trade | 9,233 | 8,199 |
| Electronically recorded monetary claims - operating | 2,248 | 2,424 |
| Securities | – | 100 |
| Merchandise and finished goods | 4,274 | 4,217 |
| Work in process | 242 | 341 |
| Raw materials and supplies | 1,931 | 1,922 |
| Other | 790 | 845 |
| Allowance for doubtful accounts | (12) | (13) |
| Total current assets | 23,784 | 24,678 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 22,376 | 24,120 |
| Accumulated depreciation | (16,086) | (16,115) |
| Buildings and structures, net | 6,290 | 8,005 |
| Machinery, equipment and vehicles | 16,908 | 17,071 |
| Accumulated depreciation | (15,641) | (15,882) |
| Machinery, equipment and vehicles, net | 1,266 | 1,189 |
| Tools, furniture and fixtures | 1,571 | 1,655 |
| Accumulated depreciation | (1,425) | (1,415) |
| Tools, furniture and fixtures, net | 145 | 240 |
| Land | 7,086 | 7,057 |
| Leased assets | 457 | 449 |
| Accumulated depreciation | (121) | (134) |
| Leased assets, net | 336 | 314 |
| Construction in progress | 1,255 | 149 |
| Total property, plant and equipment | 16,380 | 16,957 |
| Intangible assets | | |
| Leasehold interests in land | – | 66 |
| Software | 317 | 228 |
| Right to use water facilities, etc. | 9 | 9 |
| Software in progress | – | 4 |
| Total intangible assets | 326 | 309 |
| Investments and other assets | | |
| Investment securities | 10,605 | 12,524 |
| Deferred tax assets | 57 | 53 |
| Other | 179 | 181 |
| Allowance for doubtful accounts | (34) | (34) |
| Total investments and other assets | 10,807 | 12,725 |
| Total non-current assets | 27,515 | 29,992 |
| Total assets | 51,299 | 54,670 |

(Millions of yen)

| | As of December 31, 2023 | As of September 30, 2024 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 5,904 | 6,029 |
| Short-term borrowings | 373 | 355 |
| Current portion of long-term borrowings | 60 | 62 |
| Lease liabilities | 35 | 34 |
| Accounts payable - other | 1,218 | 1,295 |
| Income taxes payable | 174 | 243 |
| Accrued consumption taxes | 109 | 173 |
| Provision for bonuses | 42 | 214 |
| Other | 584 | 561 |
| Total current liabilities | 8,503 | 8,970 |
| Non-current liabilities | | |
| Long-term borrowings | 335 | 283 |
| Lease liabilities | 342 | 316 |
| Deferred tax liabilities | 1,789 | 2,422 |
| Retirement benefit liability | 3,733 | 3,692 |
| Guarantee deposits received | 2,550 | 2,542 |
| Other | 146 | 141 |
| Total non-current liabilities | 8,897 | 9,398 |
| Total liabilities | 17,400 | 18,369 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,147 | 2,147 |
| Capital surplus | 1,420 | 1,446 |
| Retained earnings | 26,435 | 27,400 |
| Treasury shares | (1,370) | (1,352) |
| Total shareholders' equity | 28,632 | 29,640 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5,199 | 6,591 |
| Remeasurements of defined benefit plans | (12) | (8) |
| Total accumulated other comprehensive income | 5,187 | 6,583 |
| Non-controlling interests | 79 | 77 |
| Total net assets | 33,899 | 36,301 |
| Total liabilities and net assets | 51,299 | 54,670 |

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

### (Quarterly Consolidated Statement of Income)
### (First nine-month period)

(Millions of yen)

| | Nine months ended September 30, 2023 | Nine months ended September 30, 2024 |
|---|---|---|
| Net sales | 25,042 | 27,809 |
| Cost of sales | 19,967 | 21,472 |
| Gross profit | 5,075 | 6,337 |
| Selling, general and administrative expenses | 4,455 | 4,692 |
| Operating profit | 619 | 1,645 |
| Non-operating income | | |
| Interest income | 3 | 3 |
| Dividend income | 208 | 225 |
| Other | 55 | 70 |
| Total non-operating income | 267 | 299 |
| Non-operating expenses | | |
| Interest expenses | 8 | 9 |
| Loss on retirement of non-current assets | 12 | – |
| Waste disposal costs | 3 | 7 |
| Other | 2 | 3 |
| Total non-operating expenses | 27 | 19 |
| Ordinary profit | 858 | 1,924 |
| Extraordinary income | | |
| Gain on sale of non-current assets | – | 89 |
| Gain on sale of investment securities | – | 22 |
| Insurance claim income | – | 33 |
| Subsidy income | 214 | – |
| Total extraordinary income | 214 | 145 |
| Extraordinary losses | | |
| Loss on disaster | – | 94 |
| Loss on retirement of non-current assets | – | 16 |
| Loss on tax purpose reduction entry of non-current assets | – | 4 |
| Total extraordinary losses | – | 115 |
| Profit before income taxes | 1,073 | 1,955 |
| Income taxes - current | 491 | 555 |
| Income taxes - deferred | (87) | 14 |
| Total income taxes | 403 | 569 |
| Profit | 669 | 1,385 |
| Loss attributable to non-controlling interests | (32) | (2) |
| Profit attributable to owners of parent | 702 | 1,388 |

**(Quarterly Consolidated Statement of Comprehensive Income)**
**(First nine-month period)**

(Millions of yen)

| | Nine months ended September 30, 2023 | Nine months ended September 30, 2024 |
|---|---|---|
| Profit | 669 | 1,385 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,170 | 1,392 |
| Remeasurements of defined benefit plans, net of tax | 1 | 4 |
| Total other comprehensive income | 2,171 | 1,396 |
| Comprehensive income | 2,841 | 2,782 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,874 | 2,784 |
| Comprehensive income attributable to non-controlling interests | (32) | (2) |

## (3) Notes to Quarterly Consolidated Financial Statements

### (Notes on Significant Changes in Shareholders' Equity)

Not applicable

### (Notes on Going Concern Assumption)

Not applicable

### (Notes to Quarterly Consolidated Statement of Income)

Insurance claim income and loss on disaster

The Group recorded extraordinary losses for the amount incurred from the damage to factory buildings and product inventories, among others, caused by the hailstorm that struck southwest Harima, Hyogo Prefecture, on April 16, 2024. The amount of insurance claim income for this damage is recorded in extraordinary income.

Expenses to be incurred in the future will be recorded when a reasonable estimate becomes available. As for the amount of insurance claim income, we will record the relevant amount as extraordinary income when it is determined.

### (Notes on Quarterly Consolidated Statement of Cash Flows)

Quarterly consolidated statement of cash flows for the nine months ended September 30, 2024 is not prepared. The amounts of depreciation (including amortization of intangible assets) for the nine months ended September 30, 2023 and 2024 are as follows:

(Millions of yen)

| | Nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023) | Nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024) |
|---|---|---|
| Depreciation | 865 | 929 |

**(Notes on Segment Information, etc.)**

I. Nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

1. Information on amounts of net sales and profit or loss for each reportable segment, and information on disaggregation of revenue

(Millions of yen)

| | Reportable segments | | | | | | | Adjust-ments (Note 1) | Quarterly consolidated statement of income amounts (Note 2) |
|---|---|---|---|---|---|---|---|---|---|
| | Agriculture | Chemicals | Construc-tion materials | Petroleum | Real estate | Transpor-tation | Total | | |
| Net sales | | | | | | | | | |
| Agriculture | 6,793 | – | – | – | – | – | 6,793 | – | 6,793 |
| Water treatment chemicals | – | 7,989 | – | – | – | – | 7,989 | – | 7,989 |
| Functional materials | – | 3,333 | – | – | – | – | 3,333 | – | 3,333 |
| Construction materials | – | – | 2,292 | – | – | – | 2,292 | – | 2,292 |
| Petroleum | – | – | – | 1,424 | – | – | 1,424 | – | 1,424 |
| Real estate | – | – | – | – | 14 | – | 14 | – | 14 |
| Transportation | – | – | – | – | – | 1,931 | 1,931 | – | 1,931 |
| Others | – | 149 | – | – | – | – | 149 | – | 149 |
| Revenue from contracts with customers | 6,793 | 11,471 | 2,292 | 1,424 | 14 | 1,931 | 23,928 | – | 23,928 |
| Other revenue (Note 3) | – | – | – | 19 | 1,002 | 92 | 1,114 | – | 1,114 |
| Sales to external customers | 6,793 | 11,471 | 2,292 | 1,443 | 1,017 | 2,024 | 25,042 | – | 25,042 |
| Intersegment sales or transfers | – | 45 | – | 100 | 55 | 358 | 559 | (559) | – |
| Total | 6,793 | 11,516 | 2,292 | 1,544 | 1,072 | 2,382 | 25,602 | (559) | 25,042 |
| Segment profit (loss) | (165) | 974 | (333) | 8 | 526 | 212 | 1,222 | (603) | 619 |

Notes: 1. The adjustment to segment profit (loss) of negative ¥603 million represents corporate expenses, etc. not allocated to each reportable segment.
2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.
3. Other revenue consists of transactions included in the scope of the Accounting Standard for Lease Transactions.

2. Information on impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable

II. Nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

1. Information on amounts of net sales and profit or loss for each reportable segment, and information on disaggregation of revenue

(Millions of yen)

| | Reportable segments | | | | | | | Adjustments (Note 1) | Quarterly consolidated statement of income amounts (Note 2) |
|---|---|---|---|---|---|---|---|---|---|
| | Agriculture | Chemicals | Construction materials | Petroleum | Real estate | Transportation | Total | | |
| Net sales | | | | | | | | | |
| Agriculture | 7,096 | – | – | – | – | – | 7,096 | – | 7,096 |
| Water treatment chemicals | – | 8,827 | – | – | – | – | 8,827 | – | 8,827 |
| Functional materials | – | 4,577 | – | – | – | – | 4,577 | – | 4,577 |
| Construction materials | – | – | 2,701 | – | – | – | 2,701 | – | 2,701 |
| Petroleum | – | – | – | 1,391 | – | – | 1,391 | – | 1,391 |
| Real estate | – | – | – | – | 7 | – | 7 | – | 7 |
| Transportation | – | – | – | – | – | 2,001 | 2,001 | – | 2,001 |
| Others | – | 116 | – | – | – | – | 116 | – | 116 |
| Revenue from contracts with customers | 7,096 | 13,521 | 2,701 | 1,391 | 7 | 2,001 | 26,719 | – | 26,719 |
| Other revenue (Note 3) | – | – | – | 15 | 999 | 75 | 1,090 | – | 1,090 |
| Sales to external customers | 7,096 | 13,521 | 2,701 | 1,407 | 1,007 | 2,076 | 27,809 | – | 27,809 |
| Intersegment sales or transfers | – | 48 | – | 89 | 59 | 357 | 555 | (555) | – |
| Total | 7,096 | 13,569 | 2,701 | 1,496 | 1,066 | 2,433 | 28,364 | (555) | 27,809 |
| Segment profit (loss) | (60) | 1,459 | 16 | 6 | 553 | 215 | 2,192 | (546) | 1,645 |

Notes: 1. The adjustment to segment profit (loss) of negative ¥546 million represents corporate expenses, etc. not allocated to each reportable segment.
2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.
3. Other revenue consists of transactions included in the scope of the Accounting Standard for Lease Transactions.

2. Information on impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable