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May 14, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: DKS Co. Ltd.
Listing: Tokyo Stock Exchange
Security code: 4461
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Scheduled date of ordinary general meeting of shareholders: June 25, 2024
Scheduled date to commence dividend payments: June 26, 2024
Scheduled date to file annual securities report: June 25, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	63,118	(3.0)	2,077	75.1	2,060	71.6	1,174	–
March 31, 2023	65,081	3.8	1,186	(74.4)	1,200	(71.4)	(407)	–

Note: Comprehensive income Fiscal year ended March 31, 2024 ¥3,656 million [874.1%]
Fiscal year ended March 31, 2023 ¥375 million [(89.8)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	122.81	–	3.3	2.3	3.3
March 31, 2023	(41.87)	–	(1.1)	1.4	1.8

Reference: Share of profit (loss) of entities accounted for using equity method
Fiscal year ended March 31, 2024 ¥(3) million
Fiscal year ended March 31, 2023 ¥36 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	94,537	41,297	38.9	3,839.89
March 31, 2023	85,025	38,296	40.4	3,593.49

Reference: Equity
As of March 31, 2024 ¥36,747 million
As of March 31, 2023 ¥34,346 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	7,091	(2,008)	1,646	15,947
March 31, 2023	724	(2,883)	(1,030)	9,051

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	40.00	–	40.00	80.00	764	–	2.2
Fiscal year ended March 31, 2024	–	20.00	–	45.00	65.00	622	52.9	1.7
Fiscal year ending March 31, 2025 (Forecast)	–	35.00	–	35.00	70.00		33.5	

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	33,000	13.0	1,500	–	1,400	–	800	–	83.60
Full year	70,000	10.9	4,000	92.6	3,900	89.3	2,000	70.4	208.99

* Notes

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

(2) 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 reasons other than (i): None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(3) Number of issued shares (ordinary shares)

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

As of March 31, 2024	10,684,321 shares
As of March 31, 2023	10,684,321 shares

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

As of March 31, 2024	1,114,373 shares
As of March 31, 2023	1,126,227 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	9,566,943 shares
Fiscal year ended March 31, 2023	9,737,450 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	42,033	(3.4)	290	–	975	–	1,086	–
March 31, 2023	43,506	5.0	(826)	–	23	(99.0)	(1,177)	–

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	113.59	–
March 31, 2023	(120.93)	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	69,608	27,100	38.9	2,831.80
March 31, 2023	63,091	25,368	40.2	2,654.13

Reference: Equity
As of March 31, 2024 ¥27,100 million
As of March 31, 2023 ¥25,368 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Consequently, no statements herein constitute assurances regarding actual results by the Company. Results may differ materially from the consolidated forecasts due to various factors.

Attached Material

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

During the fiscal year under review, the Japanese economy showed signs of gradual recovery in socioeconomic activities due to improvements in the income and employment environment and the effects of various government policies. However, the outlook remains uncertain mainly due to the soaring prices of crude oil and other energy and raw materials caused by the changing international situation, the impact of global monetary tightening, and the rising prices of commodities.

Under these circumstances, the Group has worked to promptly address major changes in the business environment surrounding its current operations and to continue its corporate activities. As a result, the Company's profit turned to increase, although sales decreased year on year. Sales growth in the information and communication-related sector for high-end servers and progress in price pass-through measures to accommodate for price increases contributed to the increase in profit. In addition, company-wide cost reduction activities also contributed to profit.

The fiscal year ending March 31, 2025 is the final year of the medium-term management plan "FELIZ 115." In addition to the strong sales of radcure resin materials, we plan to gradually bring new developments to fruition, such as semiconductor-related cleaning agents and electronic control-related sealing materials. As for the Life Science business, we aim to put it on track to return to profitability and to achieve its target figures.

Concerning the results for the fiscal year ended March 31, 2024, net sales were ¥63,118 million (down 3.0% year on year), due to a significant decline in sales of flame retardants for overseas markets despite significant growth in sales of radcure resin materials in the Functional Materials segment.

In terms of profit and loss, operating income was 2,077 million yen (up 75.1% year on year) and ordinary income was 2,060 million yen (up 71.6% year on year) due to increased demand from the market recovery, progress in price pass-through measures, and various other measures including cost reduction. As a result of adding or subtracting gain on sale of investment securities, etc. to or from the above, profit attributable to owners of parent was ¥1,174 million (loss of ¥407 million in the previous fiscal year).

Results by segment are as follows.

Surfactants

Net sales in the Surfactants segment were generally weak.

In Japan, sales were sluggish in IT and electronics applications, but remained firm in rubber and plastic applications, and paint and coloring agent applications. Sales for soap and detergent applications fell significantly.

Overseas, sales for rubber and plastic applications and paint and coloring agent applications were firm.

As a result, net sales in this segment were ¥18,529 million (down 2.4% year on year). Operating income was ¥1,816 million (up 3.8% year on year) due to reductions in operating expenses.

Amenity Materials

Net sales in the Amenity Materials segment were generally firm.

In Japan, sales of cellulose polymers were sluggish in energy and environmental applications, as were sales of vinyl polymers for rubber and plastic applications. Sales of sucrose fatty acid esters were robust in food applications.

Overseas, sales of sucrose fatty acid esters were robust in food applications and personal care (cosmetics) applications.

As a result, net sales in this segment were ¥8,430 million (up 4.3% year on year).

Operating income was ¥459 million (operating loss of ¥1 million in the previous fiscal year) due to reductions in operating expenses.

Polyurethane Materials

Net sales in the Polyurethane Materials segment were generally firm.

Sales of environmentally friendly synthetic lubricants related to CFC regulations were sluggish, while sales of civil engineering chemicals related to public works remained strong.

Demand for functional polyurethane was firm for IT and electronics applications.

As a result, net sales in this segment were ¥8,870 million (up 1.2% year on year).

The Company posted an operating loss of ¥243 million for the period (operating loss of ¥247 million in the previous fiscal year) due to the impact of soaring raw materials prices.

Functional Materials

Net sales in the Functional Materials segment were generally sluggish.

In Japan, sales of radcure resin materials for IT and electronics applications grew significantly. Sales of waterborne polyurethane for IT and electronics applications were firm, but those for textile applications were sluggish. Sales of flame retardants for rubber and plastic applications fell significantly.

Overseas, sales of radcure resin materials for IT and electronics applications grew substantially, but sales of flame retardants for rubber and plastic applications fell significantly.

As a result, net sales in this segment were ¥21,439 million (down 5.0% year on year).

Operating profit was ¥1,003 million (up 256.2% year on year) due to strong growth of net sales of high-value-added radcure resin materials and reductions in operating expenses.

Electronic Device Materials

Net sales in the Electronic Device Materials segment fell significantly overall.

Sales of ionic liquids for display applications were firm, but sales of conductive pastes for solar cell applications fell significantly.

As a result, net sales in this segment were ¥5,456 million (down 11.9% year on year).

Operating loss was ¥43 million (operating income of ¥139 million in the previous fiscal year) due to an increase in operating expenses on top of a significant drop in net sales.

Life Sciences

Net sales in the Life Sciences segment decreased by ¥105 million to ¥392 million (down 21.3% year on year).

The OEM business for pharmaceutical additives and health foods made through the concentration and pulverization of extracts from natural materials was sluggish.

As for operating income, net sales fell significantly, and there was an operating loss of ¥914 million (operating loss of ¥734 million in the previous fiscal year) due to an increase in operating expenses, primarily driven by R&D expenditures.

By March 31, 2025, we aim to make our Life Sciences business profitable through the following measures. (1) B-to-C, focusing on our product, “Kainou Tochukasou,” which went on sale in August 2023 as a food with functional claims that helps maintain cognitive function speed and visual memory that are part of cognitive functions in middle-aged and senior individuals. (2) B-to-

B, targeting sales of materials such as I. Japonica-Bombyx Fungus powder and sudachi fruit peel extract. (3) Expanding the OEM business of IKEDA YAKUSOU CO., LTD., our group company.

(2) Overview of Financial Position for the Fiscal Year Under Review

(Assets)

Current assets at the end of the fiscal year ended March 31, 2024 were ¥53,614 million, up ¥8,203 million from the end of the previous fiscal year. This was primarily due to an increase of ¥6,997 million in cash and deposits, and an increase of ¥3,267 million in accounts receivable - trade, despite a decrease of ¥2,495 million in inventories such as merchandise and finished goods. Non-current assets totaled ¥40,922 million, up ¥1,308 million from the end of the previous fiscal year. This was primarily due to an increase of ¥1,367 million in investment securities and an increase of ¥537 million in retirement benefit, despite a decrease of ¥275 million in total property, plant and equipment.

As a result, total assets amounted to ¥94,537 million, up ¥9,511 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the fiscal year ended March 31, 2024 were ¥25,159 million, up ¥4,519 million from the end of the previous fiscal year. This was primarily due to a ¥2,007 million increase in notes and accounts payable - trade and a ¥1,331 million increase in short-term borrowings. Non-current liabilities totaled ¥28,081 million, up ¥1,991 million from the end of the previous fiscal year. This was primarily due to an increase of ¥1,601 million in long-term borrowings.

As a result, total liabilities at the end of the period under review were ¥53,240 million, up ¥6,511 million from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the fiscal year ended March 31, 2024 were ¥41,297 million, up ¥3,000 million from the end of the previous fiscal year. This was primarily due to a profit attributable to owners of parent of ¥1,174 million and dividends of surplus of ¥573 million resulting in increases of ¥601 million in retained earnings, of ¥1,203 million in valuation difference on available-for-sale securities, and of ¥599 million in non-controlling interests.

As a result, the equity ratio came to 38.9% (40.4% as of the end of the previous fiscal year).

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents (“cash”) at the fiscal year ended March 31, 2024 were ¥15,947 million, an increase of ¥6,895 million compared to the end of the previous fiscal year.

The respective cash flow positions and the factors thereof in the fiscal year ended March 31, 2024 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥7,091 million (¥724 million was provided in the previous fiscal year). This was due to a decrease in funds resulting primarily from an increase in trade receivables of ¥3,199 million (an increase of ¥722 million in the previous fiscal year), and an increase in funds resulting primarily from profit before income taxes of ¥2,343 million (¥224 million in the previous fiscal year), depreciation of ¥3,216 million (¥3,295 million in the previous fiscal year), a decrease in inventories of ¥2,684 million (an increase of ¥1,362 million in the previous fiscal year), and an increase in trade payables of ¥2,150 million (a decrease of ¥321 million in the previous fiscal year).

(Cash flows from investing activities)

Net cash used in investing activities was ¥2,008 million (¥2,883 million was used in the previous fiscal year). This was due to an increase in funds caused mainly by proceeds from sale of investment securities of ¥596 million (¥70 million in the previous fiscal year), combined with a decrease in funds resulting primarily from purchase of property, plant and equipment of ¥2,502 million (¥2,834 million in the previous fiscal year).

(Cash flows from financing activities)

Net cash provided by financing activities was ¥1,646 million (¥1,030 million was used in the previous fiscal year). This was due to an increase in funds resulting from proceeds from long-term borrowings of ¥8,603 million (¥7,700 million in the previous fiscal year) despite a decrease in funds resulting primarily from repayments of long-term borrowings of ¥5,534 million (¥5,879 million in the previous fiscal year), and payment of dividends of ¥573 million (¥840 million in the previous fiscal year).

(4) Future Outlook

The Group has entered the fifth year of its medium-term management plan, "FELIZ 115." Initially, we were going to focus on business expansion starting in the third year of the plan, but market stagnation due to the prolonged COVID-19 pandemic, geopolitical risks such as Russia's military invasion of Ukraine, and soaring prices of crude oil, naphtha, and other raw materials have hindered our efforts to secure profits.

In response to this situation, we will come together as a group to work on improving profitability, accelerating our efforts to address urgent management issues such as promoting new development, strengthening segment management, reviewing unprofitable businesses, redistributing management resources, and rebuilding our performance evaluation and compensation system.

For the next fiscal year, we forecast net sales of ¥70,000 million, operating income of ¥4,000 million, ordinary income of ¥3,900 million, profit attributable to owners of parent of ¥2,000 million.

(5) Basic Policy for Profit Distributions and Dividends for Current and Next Fiscal Years

Our basic policy is to maintain long-term and stable dividends to our shareholders while keeping a reasonable level of internal reserves that we deem is necessary for future business development. With regard to internal reserves, we will strive to increase corporate value by actively utilizing these for the investment necessary for future business development that will lead to strengthening international competitiveness and new growth.

Taking into consideration our business performance, we will pay a year-end dividend of ¥45 per share, an increase of ¥5 compared to the dividend paid at the end of the previous fiscal year.

Going forward, we will strive to establish a profit-creating business structure and maintain stable dividends over the long term.

Regarding the dividend for the next fiscal year, we plan to pay an interim dividend of 35 yen per share and a year-end dividend of 35 yen per share, for a total annual dividend of 70 yen per share, taking into consideration the earnings forecast for the next fiscal year.

2. Basic Concept Regarding Selection of Accounting Standards

Most of the stakeholders of the Group are domestic shareholders, creditors, business partners, etc., and there is little need to raise funds from overseas, we have applied Japanese standards as accounting standards.

In the future, we plan to consider the application of international accounting standards based on changes in the ratio of foreign shareholders and trends in the application of international accounting standards of other companies in the same industry in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	9,128	16,126
Notes receivable - trade	345	271
Accounts receivable - trade	14,759	18,027
Electronically recorded monetary claims - operating	2,218	2,364
Merchandise and finished goods	13,131	11,029
Work in process	16	20
Raw materials and supplies	3,489	3,091
Prepaid expenses	369	403
Other	1,956	2,282
Allowance for doubtful accounts	(3)	(2)
Total current assets	45,411	53,614
Non-current assets		
Property, plant and equipment		
Buildings and structures	30,640	31,396
Accumulated depreciation	(17,805)	(18,812)
Buildings and structures, net	12,834	12,583
Machinery, equipment and vehicles	35,272	37,499
Accumulated depreciation	(30,621)	(31,782)
Machinery, equipment and vehicles, net	4,650	5,717
Tools, furniture and fixtures	4,285	4,647
Accumulated depreciation	(3,484)	(3,708)
Tools, furniture and fixtures, net	800	939
Land	9,748	9,948
Leased assets	4,582	4,759
Accumulated depreciation	(2,244)	(2,644)
Leased assets, net	2,338	2,115
Construction in progress	2,369	1,162
Total property, plant and equipment	32,743	32,467
Intangible assets	341	290
Investments and other assets		
Investment securities	4,274	5,641
Long-term loans receivable	14	10
Long-term prepaid expenses	512	346
Deferred tax assets	299	127
Retirement benefit asset	1,063	1,601
Other	371	437
Allowance for doubtful accounts	(6)	(1)
Total investments and other assets	6,529	8,164
Total non-current assets	39,614	40,922
Total assets	85,025	94,537

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,972	11,979
Electronically recorded obligations - operating	379	562
Short-term borrowings	6,516	7,847
Lease liabilities	474	516
Accrued expenses	308	278
Income taxes payable	232	361
Accrued business office taxes	41	41
Provision for bonuses	712	823
Other	2,002	2,747
Total current liabilities	20,639	25,159
Non-current liabilities		
Corporate bonds	6,000	6,000
Long-term borrowings	17,348	18,950
Lease liabilities	2,131	1,823
Deferred tax liabilities	196	880
Retirement benefit liability	79	85
Asset retirement obligations	74	74
Other	259	266
Total non-current liabilities	26,089	28,081
Total liabilities	46,729	53,240
Net assets		
Shareholders' equity		
Capital stock	8,895	8,895
Capital surplus	7,276	7,266
Retained earnings	19,250	19,851
Treasury shares	(2,488)	(2,462)
Total shareholders' equity	32,933	33,551
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	467	1,670
Foreign currency translation adjustment	765	1,073
Remeasurements of defined benefit plans	180	452
Total accumulated other comprehensive income	1,413	3,196
Non-controlling interests	3,949	4,549
Total net assets	38,296	41,297
Total liabilities and net assets	85,025	94,537

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

(Consolidated statement of income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	65,081	63,118
Cost of sales	52,120	49,733
Gross profit	12,960	13,385
Selling, general and administrative expenses		
Selling expenses	4,198	4,083
General and administrative expenses	7,574	7,223
Total selling, general and administrative expenses	11,773	11,307
Operating income	1,186	2,077
Non-operating income		
Interest income	10	11
Dividend income	105	138
Share of profit of entities accounted for using equity method	36	–
Foreign exchange gains	144	163
Rental income	35	35
Other	89	170
Total non-operating income	421	520
Non-operating expenses		
Interest expenses	199	258
Corporate bond interest	37	37
Share of loss of entities accounted for using equity method	–	3
Other	170	237
Total non-operating expenses	407	537
Ordinary income	1,200	2,060
Extraordinary income		
Gain on sale of investment securities	50	408
Total extraordinary income	50	408
Extraordinary losses		
Impairment losses	786	66
Loss on disposal of non-current assets	102	58
Amortization of goodwill	137	–
Total extraordinary losses	1,027	125
Profit before income taxes	224	2,343
Income taxes - current	459	485
Income taxes - deferred	(185)	214
Total income taxes	274	700
Profit (loss)	(49)	1,642
Profit attributable to non-controlling interests	357	468
Profit (loss) attributable to owners of parent	(407)	1,174

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	(49)	1,642
Other comprehensive income		
Valuation difference on available-for-sale securities	286	1,203
Foreign currency translation adjustment	356	562
Remeasurements of defined benefit plans net of tax	(238)	268
Share of other comprehensive income of entities accounted for using equity method	21	(20)
Total other comprehensive income	425	2,013
Comprehensive income	375	3,656
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(110)	2,957
Comprehensive income attributable to non-controlling interests	486	698

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,895	7,278	20,498	(1,021)	35,650
Changes during period					
Dividends of surplus			(840)		(840)
Profit (loss) attributable to owners of parent			(407)		(407)
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares		(2)		33	31
Capital increase of consolidated subsidiaries					–
Net changes in items other than shareholders' equity					
Total changes during period	–	(2)	(1,248)	(1,466)	(2,717)
Balance at end of period	8,895	7,276	19,250	(2,488)	32,933

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	181	507	427	1,116	3,616	40,383
Changes during period						
Dividends of surplus						(840)
Profit (loss) attributable to owners of parent						(407)
Purchase of treasury shares						(1,500)
Disposal of treasury shares						31
Capital increase of consolidated subsidiaries						–
Net changes in items other than shareholders' equity	286	257	(246)	296	333	630
Total changes during period	286	257	(246)	296	333	(2,087)
Balance at end of period	467	765	180	1,413	3,949	38,296

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,895	7,276	19,250	(2,488)	32,933
Changes during period					
Dividends of surplus			(573)		(573)
Profit (loss) attributable to owners of parent			1,174		1,174
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(5)		27	21
Capital increase of consolidated subsidiaries		(4)			(4)
Net changes in items other than shareholders' equity					
Total changes during period	–	(9)	601	26	617
Balance at end of period	8,895	7,266	19,851	(2,462)	33,551

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	467	765	180	1,413	3,949	38,296
Changes during period						
Dividends of surplus						(573)
Profit (loss) attributable to owners of parent						1,174
Purchase of treasury shares						(0)
Disposal of treasury shares						21
Capital increase of consolidated subsidiaries						(4)
Net changes in items other than shareholders' equity	1,203	307	271	1,783	599	2,382
Total changes during period	1,203	307	271	1,783	599	3,000
Balance at end of period	1,670	1,073	452	3,196	4,549	41,297

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	224	2,343
Depreciation	3,295	3,216
Bad debt expenses	0	1
Amortization of goodwill	213	–
Increase (decrease) in allowance for doubtful accounts	(2)	(6)
Increase (decrease) in retirement benefit liability	(249)	(129)
Interest and dividend income	(115)	(150)
Interest expenses	199	258
Corporate bond interest	37	37
Share of loss (profit) of entities accounted for using equity method	(36)	3
Impairment losses	786	66
Loss (gain) on disposal of property, plant and equipment	102	58
Loss (gain) on sale of investment securities	(50)	(408)
Decrease (increase) in trade receivables	(722)	(3,199)
Decrease (increase) in inventories	(1,362)	2,684
Increase (decrease) in trade payables	(321)	2,150
Other	(442)	509
Subtotal	1,556	7,436
Interest and dividends received	240	168
Interest paid	(234)	(296)
Income taxes paid	(838)	(216)
Net cash provided by (used in) operating activities	724	7,091
Cash flows from investing activities		
Payments into time deposits	(78)	(178)
Proceeds from withdrawal of time deposits	78	80
Purchase of property, plant and equipment	(2,834)	(2,502)
Proceeds from sale of property, plant and equipment	10	–
Purchase of investment securities	(2)	(2)
Proceeds from sale of investment securities	70	596
Proceeds from withdrawal of investments in affiliated companies	–	141
Proceeds from collection of loans receivable	1	3
Other	(128)	(145)
Net cash provided by (used in) investing activities	(2,883)	(2,008)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	174	(293)
Proceeds from long-term borrowings	7,700	8,603
Repayments of long-term borrowings	(5,879)	(5,534)
Repayments of lease liabilities	(531)	(451)
Purchase of treasury shares	(1,500)	(0)
Dividends paid	(840)	(573)
Dividends paid to non-controlling interests	(152)	(103)
Net cash provided by (used in) financing activities	(1,030)	1,646
Effect of exchange rate change on cash and cash equivalents	89	165
Net increase (decrease) in cash and cash equivalents	(3,099)	6,895
Cash and cash equivalents at beginning of period	12,151	9,051
Cash and cash equivalents at end of period	9,051	15,947

(5) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant accounting estimate)

The following items are recorded in the consolidated financial statements for the fiscal year ended March 31, 2024 based on accounting estimates and may have a significant impact on the consolidated financial statements for the fiscal year ending March 31, 2025.

Recoverability of deferred tax assets

(1) Amount recorded in consolidated financial statements for the fiscal year ended March 31, 2024

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets (before offsetting with deferred tax liabilities)	1,324	1,200

(2) Information on significant accounting estimates for identified items

At the end of the fiscal year under review, we scheduled the timing of the reversal of deductible temporary differences and tax loss carryforwards based on future taxable income estimated according to future business plans and recorded deferred tax assets to reflect the extent of their effect on reducing the future tax burden.

In this business plan, the main assumptions include the sales volume forecast based on projected demand in the product markets to which the Company belongs.

These estimates may be affected by fluctuations in uncertain economic conditions in the future. If the actual timing and amount of taxable income generated differ from the estimates, it could have a material effect on the amount of deferred tax assets in the consolidated financial statements for the next fiscal year.

(Segment information, etc.)

a. Segment information

1. Description of Reportable Segments

Our reportable segments are subject to regular review by the Board of Directors to determine resource allocation decisions and assess performance for which separate financial information is available from constituent units of the Company.

We have six reportable segments, that is, “Surfactants,” “Amenity Materials,” “Polyurethane Materials,” “Functional Materials,” “Electronic Device Materials” and “Life Sciences,” depending on the composition and manufacturing method of the product.

“Surfactants” manufactures and sells nonionic surfactants, anionic surfactants, cationic surfactants, amphoteric surfactants, etc. “Amenity Materials” manufactures and sells sucrose fatty acid esters, cellulose polymers (CMC), vinyl polymer materials, acrylic polymer materials, etc. “Polyurethane Materials” manufactures and sells polyether polyols, urethane prepolymers, urethane systems, etc. “Functional Materials” manufactures and sells radcure resin materials, waterborne polyurethane resins, flame retardants, amide-based lubricants, etc. “Electronic Device Materials” manufactures and sells ionic liquids, conductive pastes for electronic components, pellets for injection molding, etc. “Life Sciences” manufactures and sells health foods (TENCHUKASOU, I. Japonica-Bombyx Fungus, Sudachin, etc.).

2. Explanation of measurements of sales, profit (loss), asset, and other items for each reportable segment

   The method of accounting for the reported business segments is in line with the accounting policies adopted to prepare the consolidated financial statements.

   Profit for the reportable segment is based on operating income.

3. Disclosure of sales, profit (loss), asset, and other items for each reportable segment

   Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments							Reconciling items (Note) 3	Amount recorded in consolidated financial statements (Note) 1
	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Total		
Net sales									
Revenue from contracts with customers	18,976	8,079	8,761	22,574	6,191	497	65,081	–	65,081
Revenues from external customers	18,976	8,079	8,761	22,574	6,191	497	65,081	–	65,081
Transactions with other segments	–	–	–	–	–	–	–	–	–
Total	18,976	8,079	8,761	22,574	6,191	497	65,081	–	65,081
Segment profit (loss)	1,749	(1)	(247)	281	139	(734)	1,186	–	1,186
Segment assets	18,120	9,361	9,284	28,732	3,288	1,133	69,920	15,104	85,025
Other items									
Depreciation (Note) 2	748	500	534	1,324	86	57	3,250	44	3,295
Amortization of goodwill	–	–	–	–	–	213	213	–	213
Investments in entities accounted for using equity method	301	–	–	339	–	–	640	–	640
Increase in property, plant and equipment and intangible assets	1,012	604	28	1,357	151	18	3,172	–	3,172

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments							Reconciling items (Note) 3	Amount recorded in consolidated financial statements (Note) 1
	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Total		
Net sales									
Revenue from contracts with customers	18,529	8,430	8,870	21,439	5,456	392	63,118	–	63,118
Revenues from external customers	18,529	8,430	8,870	21,439	5,456	392	63,118	–	63,118
Transactions with other segments	–	–	–	–	–	–	–	–	–
Total	18,529	8,430	8,870	21,439	5,456	392	63,118	–	63,118
Segment profit (loss)	1,816	459	(243)	1,003	(43)	(914)	2,077	–	2,077
Segment assets	17,844	9,920	8,530	29,693	3,786	1,239	71,015	23,521	94,537
Other items									
Depreciation (Note) 2	810	499	368	1,313	107	73	3,171	44	3,216
Amortization of goodwill	–	–	–	–	–	–	–	–	–
Investments in entities accounted for using equity method	304	–	–	161	–	–	465	–	465
Increase in property, plant and equipment and intangible assets	1,021	519	147	876	76	82	2,724	–	2,724

Notes: 1. Total amount of profit or loss in reportable segments and operating income in the consolidated statement of income coincide.

2. Depreciation includes depreciation expenses associated with long-term prepaid expenses.

3. The adjustment amount is surplus assets under management (cash and deposits), long-term investment funds (investment securities) and assets related to the administrative department at the filing company.

b. Information associated with reportable segments

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Information for Each Product or Service

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Total
Revenues from external customers	18,976	8,079	8,761	22,574	6,191	497	65,081

2. Information for Each Region

(1) Net sales

(Millions of yen)

Japan	Asia	Other	Total
49,574	13,578	1,927	65,081

Notes: 1. Net sales is classified by country or region based on customers' location.
2. Countries and regions are segmented by geographical proximity.
3. Major countries or regions included in each category:
(i) Asia Taiwan, China, South Korea, Indonesia
(ii) Other regions North America, Europe

(2) Property, plant and equipment

(Millions of yen)

Japan	Taiwan	Other	Total
26,548	5,964	229	32,743

Notes: 1. Property, plant and equipment is classified by country or region based on companies' location.
2. Major countries or regions included in "Other":
China, Indonesia, Netherlands

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Information for Each Product or Service

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Total
Revenues from external customers	18,529	8,430	8,870	21,439	5,456	392	63,118

2. Information for Each Region

(1) Net sales

(Millions of yen)

Japan	Asia	Other	Total
48,815	12,314	1,988	63,118

Notes: 1. Net sales is classified by country or region based on customers' location.
2. Countries and regions are segmented by geographical proximity.
3. Major countries or regions included in each category:
(i) Asia Taiwan, China, South Korea, Indonesia
(ii) Other regions North America, Europe

(2) Property, plant and equipment

(Millions of yen)

Japan	Taiwan	Other	Total
25,837	6,411	218	32,467

Notes: 1. Property, plant and equipment is classified by country or region based on companies' location.
2. Major countries or regions included in "Other":
China, Indonesia, Netherlands

c. Disclosure of impairment losses on non-current assets for each reportable segment

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Unallocated amounts and elimination	Total
Impairment losses	–	–	786	–	–	–	–	786

(Significant impairment losses related to non-current assets)

In the Polyurethane Materials segment, non-current assets belonging to the Company's asset group in the Polyurethane Materials segment declined due to delays in product price revision activities and new product development activities in response to soaring raw material prices. In conjunction with this, the book value of the assets was reduced to the recoverable amount, and that amount was recorded under extraordinary losses as an impairment loss. The recoverable amount of this asset group is measured by utility value, which is zero because no future cash flows are expected.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Unallocated amounts and elimination	Total
Impairment losses	–	–	–	–	66	–	–	66

(Significant impairment losses related to non-current assets)

In the Functional Materials segment, the book value of the business operated by Dai-ichi Ceramo Co., Ltd. was reduced to the recoverable amount and the amount reduced is recorded under extraordinary losses because the business has continuously posted negative earnings from operating activities. The recoverable amount is measured by utility value, which is zero because no future cash flows are expected within the estimated period.

d. Amortization and unamortized balance of goodwill for each reportable segment

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Unallocated amounts and elimination	Total
Amortization in the fiscal year	–	–	–	–	–	213	–	213
Balance at end of period	–	–	–	–	–	–	–	–

Note: Amortization in the fiscal year under review in the Life Sciences segment includes amortization in accordance with the provisions of paragraph (32) of the "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (final revision of JICPA Accounting Practice Committee Statement No. 7, October 28, 2022).

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	3,593.49	3,839.89
Basic earnings (loss) per share	(41.87)	122.81

Notes: 1. The amount of diluted earnings per share is not provided because there are no potential shares.

2. The basis for calculation of net assets per share is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total net assets	38,296	41,297
Deduction from total net assets	3,949	4,549
(Non-controlling interests)	(3,949)	(4,549)
Net assets attributable to ordinary shares at the end of the period	34,346	36,747
Number of ordinary shares at the end of period used for calculating the amounts of net assets per share (Thousands of shares)	9,558	9,569

3. The basis for calculation of basic earnings (loss) per share is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent	(407)	1,174
Amounts not attributable to ordinary shareholders	–	–
Profit (loss) attributable to owners of parent for ordinary shares	(407)	1,174
Average number of ordinary shares outstanding during the period (Thousands of shares)	9,737	9,566

(Significant events after reporting period)

Not applicable.