Summary of Consolidated Financial Results [Japanese GAAP]
For the Third Quarter of the Fiscal Year Ending March 31, 2025

February 3, 2025

Listed company: Nippon Kayaku Co., Ltd.
Listed stock exchange: Prime Market, Tokyo Stock Exchange
Code No.: 4272 URL: https://www.nipponkayaku.co.jp/english/

Representative (name, position): Atsuhiro Wakumoto, President
Director in charge of inquiries: Tsutomu Kawamura, Executive Director, General Manager of Finance & Accounting Division

Scheduled date for start of dividend payments: –
Preparation of supplementary materials for quarterly financial results: Yes
Quarterly results presentation meeting: Yes (for securities analysts and institutional investors)

1. Consolidated Business Results for the First Three Quarters of the Fiscal Year Ending March 31, 2025 (April 1, 2024–December 31, 2024)

(Figures shown are rounded down to the nearest million yen.)

(1) Consolidated Operating Results

(Percentages indicate amount of change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three quarters of fiscal year ending March 31, 2025	167,955	12.2	18,114	340.6	21,003	181.1	13,312	370.5
First three quarters of fiscal year ended March 31, 2024	149,753	(2.5)	4,111	(78.4)	7,473	(64.4)	2,829	(81.4)

Note: Comprehensive income
First three quarters of fiscal year ending March 31, 2025: 13,502 million yen (5.8%)
First three quarters of fiscal year ended March 31, 2024: 12,766 million yen ((27.9)%)

	Profit attributable to owners of parent per share-primary	Profit attributable to owners of parent per share-diluted
	Yen	Yen
First three quarters of fiscal year ending March 31, 2025	81.02	81.00
First three quarters of fiscal year ended March 31, 2024	17.06	17.04

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2024	378,006	271,883	71.7
As of March 31, 2024	363,173	270,548	74.2

Reference: Equity As of December 31, 2024: 270,842 million yen
As of March 31, 2024 269,560 million yen

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2. Status of Dividends

	Dividend amount per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Year
	Yen				
Fiscal year ended March 31, 2024	–	22.50	–	22.50	45.00
Fiscal year ending March 31, 2025	–	22.50	–		
Fiscal year ending March 31, 2025 (forecast)				37.50	60.00

Note: Changes to the most recent dividend forecast: Yes

3. Consolidated Business Results Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(Percentages indicate amount of change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	223,700	10.9	21,100	187.6	24,100	91.8	17,900	335.2	109.58

Note: Changes to the most recent forecast for consolidated business results: Yes

Notes
(1) Significant changes in subsidiaries during the first three quarters: None
Newly consolidated: (company name), Deconsolidated: (company name)
(2) Adoption of special accounting methods for presenting the quarterly consolidated financial statements: None
(3) Changes to accounting policies and estimates and restatements
[1] Changes to accounting policies associated with revision of accounting standards or similar items: Yes
[2] Changes other than [1]: None
[3] Changes to accounting estimates: None
[4] Restatements: None
(4) Number of shares issued (common stock)
[1] Number of shares issued at end of the fiscal period (including treasury stock)
As of December 31, 2024: 165,003,570 shares
As of March 31, 2024: 170,503,570 shares
[2] Number of treasury stock at end of the fiscal period
As of December 31, 2024: 2,871,866 shares
As of March 31, 2024: 4,638,700 shares
[3] Average number of shares during the fiscal period (cumulative)
First three quarters of fiscal year ending March 31, 2025: 164,312,092 shares
First three quarters of fiscal year ended March 31, 2024: 165,828,613 shares

*Quarterly consolidated financial statements subject to review by a certified public accountant or audit firm: No
*Analysis related to appropriate use of the business results forecasts, and other notes
(Disclaimer concerning forward-looking statements)
The information in this report constitutes forward-looking statements regarding future events and performance. This information is based on the beliefs and assumptions of management in light of information currently available to it at the time of announcement and subject to a number of uncertainties that may affect future results. Actual business results may differ substantially from the forecasts herein due to various factors. For matters pertaining to business forecasts, please refer to “(3) Analysis of Forward-looking Statements, Including Consolidated Business Results Forecasts” on page 3 of the Supplementary Information.

(How to obtain the materials for the briefing on quarterly financial results)
We have scheduled a teleconference for securities analysts and institutional investors on Monday, February 3, 2025. The materials for the briefing will be posted on the corporate website.

Supplementary Information

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1. Qualitative Information Concerning Results for the First Three Quarters

(1) Analysis of Operating Results

During the first three quarters of this consolidated fiscal year (April 1 to December 31, 2024), the global economy saw continuing uncertainty as the price inflation eased but remained at a high level and the high level of geopolitical risk persisted.

The Nippon Kayaku Group entered the third year of ***KAYAKU Vision 2025***, the mid-term business plan which began in fiscal year ended March 31, 2023, amid such conditions. We continue to implement the roadmap to the vision specified for each business while advancing initiatives to address key company-wide issues aimed at achieving the vision.

As a result, net sales for the first three quarters of this consolidated fiscal year totaled 167,955 million yen, an increase of 18,201 million yen (12.2%) year-on-year. Sales in the Life Science Business Unit underperformed slightly while sales in the Mobility & Imaging Business Unit and Fine Chemicals Business Unit outperformed the first three quarters of the previous fiscal year.

Operating income outperformed the first three quarters of the previous fiscal year in all segments, reaching 18,114 million yen, an increase of 14,003 million yen (340.6%) year-on-year.

Ordinary income totaled 21,003 million yen, an increase of 13,530 million yen (181.1%) year-on-year.

Profit attributable to owners of parent was 13,312 million yen, an increase of 10,482 million yen (370.5%) year-on-year.

Performance by business segment is as described below.

[Mobility & Imaging Business Unit]

Sales rose to 69,292 million yen, an increase of 8,583 million yen (14.1%) year-on-year.

In the safety systems business, problems with irregularities in certificates of conformance at some major auto manufacturers were resolved, but this did not result in a full rebound in demand and sales of airbag inflators and micro gas generators for seatbelt pretensioners to underperformed year-on-year. Overseas, automobile sales slumped due to an stricter screening of auto loans in Thailand and Indonesia, the main markets in the ASEAN region. In contrast, demand in the Chinese market was supported by subsidies and incentives and sales to local manufacturers in China were strong. Overseas sales of airbag inflators, micro gas generators for seatbelt pretensioners, and squibs all outperformed year-on-year as sales were boosted by increasing yen weakness. The safety systems business overall outperformed year-on-year as a result.

The Polatechno business outperformed year-on-year as demand for components for X-ray analysis systems remained firm and was also boosted by gains from yen weakness. Polarizing films outperformed year-on-year, owing to the price changes on some products implemented in the previous period. The Polatechno business overall outperformed year-on-year as a result.

Segment profit totaled 10,814 million yen, an increase of 4,953 million yen (84.5%) year-on-year. This increase was due to growth in sales in both businesses.

[Fine Chemicals Business Unit]

Sales rose to 50,527 million yen, an increase of 9,785 million yen (24.0%) year-on-year.

The functional materials business as a whole outperformed the first three quarters of the previous fiscal year. This outperformance resulted from firm demand for epoxy resins and other products groups as the semiconductor market rebounded.

The color materials business as a whole outperformed the first three quarters of the previous fiscal year. This outperformance resulted from firm sales of industrial inkjet ink, home inkjet printer colorants, and developer for thermal paper.

The catalyst business outperformed year-on-year owing to strong sales.

Segment profit totaled 7,983 million yen, an increase of 4,708 million yen (143.8%) year-on-year. Sales growth in all businesses contributed to the growth in segment profit.

[Life Science Business Unit]

Sales were 48,134 million yen, a decrease of 166 million yen (0.3%) year-on-year.

In the pharmaceuticals business, pharmaceuticals for the Japanese domestic market outperformed the first three quarters of the previous fiscal year due to increased penetration of ALAGLIO® divided granules, a photodynamic diagnostic agent, in the market and the contribution from growth of the antibody biosimilar BEVACIZUMAB BS, mainly resulting from requests from other companies to supply it as a substitution.

Sales of active pharmaceutical ingredients for the Japanese domestic market and exports, sales from contract production, and diagnostic drugs underperformed the first three quarters of the previous fiscal year, resulting in year-on-year underperformance for the pharmaceuticals business as a whole.

The agrochemicals business as a whole outperformed the first three quarters of the previous fiscal year as domestic sales covered the year-on-year underperformance in exports resulting from delayed receipt of orders amid

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intensive market competition.

Sales in the real estate were on par with the first three quarters of the previous fiscal year.

Segment profit totaled 6,020 million yen, an increase of 5,131 million yen (577.5%) compared to the same period of the previous year in which an upfront payment was recorded on a contract with AnHeart Therapeutics in the pharmaceutical business.

(2) Analysis of Financial Position

Total assets were 378,006 million yen, an increase of 14,832 million yen from the end of the previous consolidated fiscal year. The main increases were in notes and accounts receivable-trade, an increase of 8,359 million yen; raw materials and stores, an increase of 6,972 million yen; and buildings and structures, net, an increase of 3,711 million yen. The main decreases were in securities, a decrease of 5,877 million yen; investment securities, a decrease of 4,686 million yen; and cash and deposits, a decrease of 3,032 million yen.

Liabilities were 106,122 million yen, an increase of 13,498 million yen compared to the end of the previous consolidated fiscal year. The main increases were in short-term loans payable, an increase of 9,862 million yen; notes and accounts payable-trade, an increase of 5,924 million yen; and long-term loans payable, an increase of 5,487 million yen. The main decreases were in current portion of bonds payable, a decrease of 8,000 million yen; and accounts payable-other, a decrease of 2,455 million yen.

Net assets were 271,883 million yen, an increase of 1,334 million yen compared to the end of the previous consolidated fiscal year. The main increase was in treasury stock, an increase of 1,869 million yen.

(3) Analysis of Forward-looking Statements, including Consolidated Business Results Forecasts

We expect the future business environment surrounding the Nippon Kayaku Group to pose the risk of an economic downswing due to the Russian invasion of Ukraine and other geopolitical risks, increasing global inflation from high fuel and raw material prices, prolonged adjustment of real estate prices in China, and monetary tightening in various countries, despite expectations of a firm U.S. economy.

Under these conditions, the Nippon Kayaku Group aims to respond flexibly to changes in the business environment and pursue optimal use of operating capital to increase shareholder value, as well as expand existing businesses in global growth markets, accelerate the development of new businesses and new products, and enhance profits.

The business results forecasts for the fiscal year ending March 31, 2025 announced on November 11, 2024 have been revised. See “Notice of Revisions to the Business Results Forecasts and Dividend Forecast (Dividend Increase)” disclosed on February 3, 2025 for more information.

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2. Quarterly Consolidated Financial Statements and Notes to Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	As of March 31, 2024	As of December 31, 2024
	Million yen	
Assets		
Current assets		
Cash and deposits	56,749	53,716
Notes and accounts receivable-trade	60,268	68,627
Electronically recorded monetary claims-operating	1,942	1,897
Securities	9,428	3,550
Merchandise and finished goods	41,561	43,183
Work in process	1,129	886
Raw materials and stores	24,318	31,290
Other	7,951	9,557
Allowance for doubtful accounts	(204)	(267)
Total current assets	203,146	212,442
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	44,109	47,821
Machinery, equipment and vehicles, net	26,131	26,133
Other, net	28,397	33,713
Total property, plant and equipment	98,638	107,668
Intangible assets		
Goodwill	783	679
Other	2,912	3,419
Total intangible assets	3,696	4,099
Investments and other assets		
Investment securities	45,481	40,795
Net defined benefit asset	6,735	6,935
Other	5,524	6,108
Allowance for doubtful accounts	(48)	(43)
Total investments and other assets	57,692	53,795
Total non-current assets	160,027	165,563
Total assets	363,173	378,006

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	As of March 31, 2024	As of December 31, 2024
	Million yen	
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,018	24,942
Short-term loans payable	5,450	15,312
Current portion of bonds payable	8,000	–
Accounts payable-other	18,669	16,214
Income taxes payable	1,555	2,501
Other	7,121	8,295
Total current liabilities	59,815	67,266
Non-current liabilities		
Long-term loans payable	18,000	23,487
Net defined benefit liability	433	432
Other	14,375	14,936
Total non-current liabilities	32,809	38,856
Total liabilities	92,624	106,122
Net assets		
Shareholders' equity		
Common stock	14,932	14,932
Additional paid-in capital	15,840	15,857
Retained earnings	199,214	198,518
Treasury stock	(5,413)	(3,543)
Total shareholders' equity	224,573	225,764
Accumulated other comprehensive income		
Unrealized holding gains on other securities	16,508	15,309
Translation adjustments	26,241	27,694
Remeasurements of defined benefit plans	2,237	2,073
Total accumulated other comprehensive income	44,987	45,077
Non-controlling interests	987	1,040
Total net assets	270,548	271,883
Total liabilities and net assets	363,173	378,006

(2) Quarterly Consolidated Statements of Income & Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

	First three quarters of fiscal year ended March 31, 2024	First three quarters of fiscal year ending March 31, 2025
	Million yen	
Net sales	149,753	167,955
Cost of sales	104,343	113,776
Gross profit on sales	45,409	54,178
Selling, general and administrative expenses	41,298	36,063
Operating income	4,111	18,114
Non-operating income		
Interest income	585	686
Dividend income	948	966
Equity in earnings of affiliates	89	3
Foreign exchange gains	1,411	1,151
Other	803	676
Total non-operating income	3,837	3,484
Non-operating expenses		
Interest expense	131	197
Other losses	345	397
Total non-operating expenses	476	595
Ordinary income	7,473	21,003
Extraordinary income		
Gain on sales of non-current assets	170	6
Gain on sales of investment securities	1,385	1,056
Total extraordinary income	1,555	1,063
Extraordinary loss		
Impairment loss	75	–
Loss on disposal of non-current assets	461	666
Loss on valuation of investment securities	4,265	2,330
Extra retirement payments	–	158
Total extraordinary loss	4,802	3,154
Profit before income taxes	4,226	18,912
Income taxes-current	2,739	5,093
Income taxes-deferred	(1,393)	450
Total income taxes	1,345	5,544
Profit	2,881	13,368
Profit attributable to non-controlling interests	52	56
Profit attributable to owners of parent	2,829	13,312

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Quarterly Consolidated Statements of Comprehensive Income

	First three quarters of fiscal year ended March 31, 2024	First three quarters of fiscal year ending March 31, 2025
	Million yen	
Profit	2,881	13,368
Other comprehensive income		
Unrealized holding gains on other securities	5,590	(1,200)
Translation adjustments	4,345	1,497
Remeasurements of defined benefit plans	(53)	(166)
Share of other comprehensive income of companies accounted for by the equity-method	3	3
Total other comprehensive income	9,885	134
Comprehensive income	12,766	13,502
Comprehensive income attributable to:		
Owners of parent	12,654	13,402
Non-controlling interests	112	100

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(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding Assumptions for the Going Concern)

No items to report

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

[1] Acquisition of Treasury Stock

Based on resolutions of the Board of Directors on May 13, 2024 and November 11, 2024, the Company repurchased 3,859,600 shares of treasury stock for 4,890 million yen during the first three quarters of the fiscal year ending March 31, 2025.

[2] Distribution of Treasury Stock

The Company distributed 89,543 shares of Treasury stock as restricted share compensation on July 19, 2024, based on a resolution of the Board of Directors on June 26, 2024.

The Company also distributed 37,400 shares of Treasury stock as restricted shares for the Company's employee stock ownership plan on October 18, based on a resolution of the Board of Directors on August 27, 2024. This resulted in an increase of 3 million yen in other additional paid-in capital and a decrease of 44 million yen in Treasury stock.

[3] Cancellation of Treasury Stock

The Company cancelled 5,500,000 shares of Treasury stock on November 25, 2024, based on a resolution of the Board of Directors on November 11, 2024. This resulted in decreases of 15 million yen in other additional paid-in capital, 6,595 million yen in other retained earnings, and 6,611 million yen in Treasury stock.

As a result, additional paid-in capital stood at 15,857 million yen, retained earnings at 198,518 million yen, and Treasury stock at 3,543 million yen as of December 31, 2024.

(Changes to accounting policies)

(Application of Accounting Standard for Current Income Taxes and related guidance)

We have applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022; hereafter, the "2022 revised accounting standard") and related guidance from the beginning of the first quarter of the fiscal year ending March 31, 2025.

The accounting classification of income taxes (taxes assessed on other comprehensive income) was revised in accordance with the transitional treatment specified in the proviso in Paragraph 20-3 of the 2022 revised accounting standard. This had no effect on the quarterly consolidated financial statements for the first three quarters of this consolidated fiscal year.

(Segment Information and Other Items)

I. First three quarters of the fiscal year ended March 31, 2024 (April 1, 2023–December 31, 2023)

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

	Reportable segments				Adjustments (Note 1)	Consolidated (Note 2)
	Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	Total		
	Million yen					
Sales						
Sales to third parties	60,709	40,742	48,301	149,753	–	149,753
Intersegment sales and transfers	–	129	0	130	(130)	–
Total	60,709	40,872	48,301	149,883	(130)	149,753
Segment profit	5,861	3,275	888	10,025	(5,913)	4,111

Note 1: The 5,913 million yen downward adjustment to segment profit reflects a negative 5,860 million yen in corporate expense not allocable to the reportable segments and 53 million yen in eliminations for intersegment transactions. The corporate expense is mainly a general and administrative expense that is not attributed to the reportable segments.

Note 2: Segment profit has been adjusted to correspond with the total operating income as shown in the consolidated statements of income.

2. Information concerning impairment losses on non-current assets, goodwill, etc. by reportable segment
(Material impairment loss on non-current assets)
The Mobility & Imaging Business Unit recognized an impairment loss due to deteriorating profitability of the consolidated subsidiary Dejima Tech B.V. accompanying changes in the business environment.

The impairment loss recognized in first three quarters of the fiscal year ending March 31, 2024 was 75 million yen.

II. First three quarters of the fiscal year ending March 31, 2025 (April 1, 2024–December 31, 2024)
1. Information on sales and profit (loss) by reportable segment

	Reportable segments				Adjustments (Note 1)	Consolidated (Note 2)
	Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	Total		
	Million yen					
Sales						
Sales to third parties	69,292	50,527	48,134	167,955	–	167,955
Intersegment sales and transfers	–	141	0	141	(141)	–
Total	69,292	50,669	48,134	168,096	(141)	167,955
Segment profit	10,814	7,983	6,020	24,818	(6,703)	18,114

Note 1: The 6,703 million yen downward adjustment to segment profit reflects a negative 6,620 million yen in corporate expense not allocable to the reportable segments and 83 million yen in eliminations for intersegment transactions. The corporate expense is mainly a general and administrative expense that is not attributed to the reportable segments.
Note 2: Segment profit has been adjusted to correspond with the total operating income as shown in the consolidated statements of income.

2. Information concerning impairment losses on non-current assets, goodwill, etc. by reportable segment
No items to report

(Notes on Statements of Cash Flows)
We do not produce Statements of Cash Flows for the first three quarters of the fiscal year. The amounts for depreciation and amortization (excluding goodwill and including amortization of intangible assets) and amortization of goodwill for the first three quarters of the fiscal year ending March 31, 2025 are shown below.

	First three quarters of fiscal year ended March 31, 2024	First three quarters of fiscal year ending March 31, 2025
	Million yen	
Depreciation and amortization	10,251	10,222
Amortization of goodwill	420	106

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