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January 29, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

Company name: DKS Co. Ltd.
Listing: Tokyo Stock Exchange
Security code: 4461
URL: https://www.dks-web.co.jp
Representative: YAMAJI Naoki, President COO
Inquiries: SHIMIZU Shinji, Director
TEL: +81-75-277-2361

Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for individual and institutional investors)

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

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024, to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	54,271	18.9	3,802	617.5	3,857	593.0	1,967	556.5
December 31, 2023	45,634	(7.1)	529	(46.4)	556	(48.4)	299	–

Note: Comprehensive income For the nine months ended December 31, 2024: ¥2,666 million [43.9%]
For the nine months ended December 31, 2023: ¥1,852 million [85.8%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	205.46	–
December 31, 2023	31.32	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	94,350	42,875	40.1	3,950.86
March 31, 2024	94,537	41,297	38.9	3,839.89

Reference: Equity
As of December 31, 2024: ¥37,832 million
As of March 31, 2024: ¥36,747 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 March 31, 2024	–	20.00	–	45.00	65.00
Fiscal year ending March 31, 2025	–	45.00	–		
Fiscal year ending March 31, 2025 (Forecast)				45.00	90.00

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

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
Full year	73,000	15.7	5,000	140.6	5,000	142.7	2,500	112.8	261.11

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

* Notes

(1) Significant changes in the scope of consolidation during the period: None
Newly included: – companies
Excluded: – 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: Yes
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None
Note: For details, kindly refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” in page 9 of attached materials.

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

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

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

As of December 31, 2024	1,108,487 shares
As of March 31, 2024	1,114,373 shares

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

Nine months ended December 31, 2024	9,573,868 shares
Nine months ended December 31, 2023	9,563,934 shares

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

* Proper use of earnings forecasts, and other special matters

(Notice concerning forward-looking statements)

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

Index

1. Overview of Operating Results 2
(1) Overview of Quarterly Operating Results 2
(2) Overview of Financial Position 4
(3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information 4
2. Quarterly Consolidated Financial Statements and Notes 5
(1) Quarterly Consolidated Balance Sheet 5
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income 7
Quarterly consolidated statement of income (cumulative) 7
Quarterly consolidated statement of comprehensive income (cumulative) 8
(3) Notes to Quarterly Consolidated Financial Statements 9
(Notes on premise of going concern) 9
(Notes when there are significant changes in amounts of equity) 9
(Changes in accounting policies) 9
(Notes on quarterly consolidated statement of cash flow) 9
(Segment information, etc.) 10
(Notes on revenue recognition) 10

1. Overview of Operating Results

(1) Overview of Quarterly Operating Results

During the nine months ended December 31, 2024, the Japanese economy experienced a period of moderate recovery, with expanding inbound demand and improvements in the income and employment environment. However, the economic outlook remained uncertain due to factors such as the global rise in resource costs and the continued high prices of raw materials, changes in consumer confidence caused by the yen's depreciation alongside soaring prices, and the influx of inexpensive chemical products from overseas.

In this environment, our group maintained a firm demand for photo-cured resin materials for high-end servers, which contributed to profits. As a result, both sales and profits increased compared with the same period of the previous year.

Our new mid-term management plan, which will start in April, is called “SMART 2030”. We have selected three keywords to describe our plan: "Uni-Top," "Sustainability," and "Challenge." We have set targets of ¥100 billion for net sales and ¥10 billion for operating income for the fiscal year ending on March 31, 2030. Through this plan, we aim to become a smart chemical partner that can solve various issues in society.

Concerning the results for the nine months ended December 31, 2024, net sales increased across all segments. In particular, net sales amounted to ¥54,271 million (up 18.9% year on year), driven mainly by the significant growth of radcure resin materials in the "Functional Materials" segment.

As for profit and loss there was an operating income of ¥3,802 million (an operating income of ¥529 million in the same period of the previous fiscal year), an ordinary income of ¥3,857 million (an ordinary income of ¥556 million in the same period of the previous fiscal year), and a profit attributable to owners of parent of ¥1,967 million (a profit attributable to owners of parent of ¥299 million in the same period of the previous fiscal year) , due to sales growth primarily in the "Functional Materials" segment.

Results by segment are as follows.

Surfactants

Net sales of surfactants segment were generally firm.

In Japan, sales were sluggish in IT and electronics applications, while those for machinery and metal applications and paints and colorants were firm, and those for soap and detergent applications increased significantly.

Overseas, sales were firm in textile applications, while sales were sluggish in rubber and plastic applications and paints and colorants.

As a result, net sales in this segment were ¥14,580 million (up 6.6% year on year).

Operating income was ¥1,152 million (down 5.9% year on year) due to an increase in operating expenses despite steady sales.

Amenity Materials

Net sales in the Amenity Materials segment generally increased significantly.

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

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

As a result, net sales in this segment were ¥6,811million (up 10.0% year on year).

Operating income was ¥668 million (up 217.4% year on year) due to increased net sales significantly.

Polyurethane Materials

Net sales in the Polyurethane Materials segment were generally firm.

Sales of civil engineering chemicals related to public works fell significantly while sales of environmentally friendly synthetic lubricants related to CFC regulations were firm. Sales of functional polyurethane increased significantly in IT and electronics applications.

As a result, net sales in this segment were ¥6,716 million (up 2.9% year on year).

Operating loss was ¥194 million (operating loss of ¥249 million in the same period of the previous fiscal year).

Functional Materials

Net sales in the Functional Materials segment generally increased significantly.

In Japan, sales of flame retardants for rubber and plastic applications were sluggish while sales of waterborne polyurethane for textile applications increased significantly, and sales of radcure resin materials for IT and electronics applications increased significantly.

Overseas, sales of flame retardants for rubber and plastic applications were firm, and sales of radcure resin materials for IT and electronics applications increased significantly.

As a result, net sales in this segment were ¥20,449 million (up 34,2% year on year).

Operating income was ¥2,956 million (operating profit of ¥129 million in the same period of the previous fiscal year) due to a significant increase in net sales.

Electronic Device Materials

Net sales in the Electronic Device Materials segment generally increased significantly.

Sales of battery materials begun, sales of ionic liquids for display applications were firm, and sales of conductive pastes for solar cell applications increased significantly.

As a result, net sales in this segment were ¥5,397 million (up 43.5% year on year).

Operating loss was ¥260 million (operating loss of ¥93 million in the same period of the previous fiscal year) due to operating expenses, mainly R&D costs, despite increased in net sales.

Life Sciences

Net sales in the Life Sciences segment increased by ¥66 million to ¥315 million (up 26.5% year on year).

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

Operating loss was ¥519 million (operating loss of ¥691 million in the same period of the previous fiscal year) due to a decrease in operating expenses, and an increase in net sales.

(2) Overview of Financial Position

(Assets)

Current assets as of December 31, 2024, were ¥54,298 million, up ¥684 million from the end of the previous fiscal year. This was primarily due to an increase of ¥3,299 million in notes and accounts receivable - trade, an increase of ¥580 million in total inventories including merchandise and finished goods, and an increase of ¥375 million in electronically recorded receivables, despite a decrease of ¥3,439 million in cash and deposits. Noncurrent assets totaled ¥40,051 million, down ¥871 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥508 million in construction in progress.

As a result, total assets amounted to ¥94,350 million, down ¥187 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of December 31, 2024, were ¥27,944 million, up ¥2,785 million from the end of the previous fiscal year. This was primarily due to an increase of ¥2,727 million in notes and accounts payable - trade, despite a decrease of ¥889 million in short-term borrowings. Non-current liabilities totaled to ¥23,530 million, down ¥4,550 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥4,580 million in long-term borrowings.

As a result, total liabilities amounted to ¥51,474 million, down ¥1,765 million from the end of the previous fiscal year.

(Net assets)

Total net assets as of December 31, 2024, were ¥42,875 million, up ¥1,578 million from the end of the previous fiscal year. This was primarily due to a profit attributable to owners of parent of ¥1,967 million and dividends of a surplus of ¥861 million, resulting in an increase retained earnings of ¥1,105 million, and an increase of ¥493 million in non-controlling interests.

As a result, the equity ratio came to 40.1% (38.9% as of the end of the previous fiscal year).

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

Consolidated financial results forecast has not changed from the forecast for the full year announced as of August 28, 2024.

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, the actual results for the Company may significantly differ due to various factors.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	16,126	12,687
Notes and accounts receivable - trade	18,299	21,598
Electronically recorded monetary claims - operating	2,364	2,740
Merchandise and finished goods	11,029	11,098
Work in process	20	20
Raw materials and supplies	3,091	3,602
Prepaid expenses	403	456
Other	2,282	2,111
Allowance for doubtful accounts	(2)	(15)
Total current assets	53,614	54,298
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,583	12,593
Machinery, equipment and vehicles, net	5,717	5,504
Tools, furniture and fixtures, net	939	1,170
Land	9,948	9,879
Leased assets, net	2,115	1,851
Construction in progress	1,162	653
Total property, plant and equipment	32,467	31,653
Intangible assets	290	261
Investments and other assets		
Investment securities	5,641	5,771
Long-term loans receivable	10	9
Long-term prepaid expenses	346	289
Deferred tax assets	127	126
Retirement benefit asset	1,601	1,604
Other	437	335
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	8,164	8,135
Total non-current assets	40,922	40,051
Total assets	94,537	94,350

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,979	14,706
Electronically recorded obligations - operating	562	604
Short-term borrowings	7,847	6,958
Lease liabilities	516	506
Accrued expenses	278	314
Income taxes payable	361	481
Accrued business office taxes	41	31
Provision for bonuses	823	907
Other	2,747	3,431
Total current liabilities	25,159	27,944
Non-current liabilities		
Corporate bonds	6,000	6,000
Long-term borrowings	18,950	14,369
Lease liabilities	1,823	1,512
Deferred tax liabilities	880	1,266
Retirement benefit liability	85	77
Asset retirement obligations	74	74
Other	266	269
Total non-current liabilities	28,081	23,530
Total liabilities	53,240	51,474
Net assets		
Shareholders' equity		
Capital stock	8,895	8,895
Capital surplus	7,266	7,275
Retained earnings	19,851	20,956
Treasury shares	(2,462)	(2,449)
Total shareholders' equity	33,551	34,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,670	1,739
Foreign currency translation adjustment	1,073	995
Remeasurements of defined benefit plans	452	419
Total accumulated other comprehensive income	3,196	3,154
Non-controlling interests	4,549	5,024
Total net assets	41,297	42,875
Total liabilities and net assets	94,537	94,350

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

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	45,634	54,271
Cost of sales	36,660	40,886
Gross profit	8,973	13,384
Selling, general and administrative expenses	8,443	9,581
Operating income (loss)	529	3,802
Non-operating income		
Interest income	6	26
Dividend income	65	79
Share of profit of entities accounted for using equity method	—	31
Foreign exchange gains	173	79
Other	166	136
Total non-operating income	411	354
Non-operating expenses		
Interest expenses	193	175
Corporate bond interest	28	28
Share of loss of entities accounted for using equity method	1	—
Other	161	95
Total non-operating expenses	384	299
Ordinary income (loss)	556	3,857
Extraordinary income		
Gain on sale of investment securities	408	—
Total extraordinary income	408	—
Extraordinary losses		
Loss on disposal of non-current assets	56	42
Total extraordinary losses	56	42
Profit (loss) before income taxes	908	3,814
Income taxes - current	252	671
Income taxes - deferred	42	332
Total income taxes	294	1,003
Profit (loss)	613	2,811
Profit attributable to non-controlling interests	313	844
Profit (loss) attributable to owners of parent	299	1,967

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit (loss)	613	2,811
Other comprehensive income		
Valuation difference on available-for-sale securities	605	68
Foreign currency translation adjustment	676	(187)
Remeasurements of defined benefit plans net of tax	(27)	(31)
Share of other comprehensive income of entities accounted for using equity method	(14)	5
Total other comprehensive income	1,239	(144)
Comprehensive income	1,852	2,666
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,272	1,925
Comprehensive income attributable to non-controlling interests	579	741

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Notes when there are significant changes in amounts of equity)

Not applicable.

(Changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes", etc.)

Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan ;"Revised Accounting Standard") and others were applied from the beginning of the current semi-annual consolidated fiscal year.

With respect to the revision concerning the classification of income taxes (taxation on other comprehensive income), the transitional treatment stipulated in the proviso of "Revised Accounting Standard" 20-3 and the proviso of Paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan; “Revised Guidance of 2022") is being followed. There is no effect of this change in accounting policy on the semi-annual consolidated financial statements.

Regarding the revision related to the revised treatment in consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries and other securities among consolidated companies, the Revised Guidance of 2022 was applied from the beginning of the current semi-annual consolidated fiscal year. This change in accounting policy has been applied retrospectively, and the semi-annual consolidated financial statements for the previous semi-annual consolidated fiscal year and consolidated financial statements for the previous consolidated fiscal year reflect this change. There is no impact on the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year from this change in accounting policy.

(Notes on quarterly consolidated statement of cash flow)

The consolidated statement of cash flow for the third quarter of the current fiscal year has not been prepared. Depreciation expenses (including amortization expenses related to intangible fixed assets and long- term prepaid expenses) for the third quarter of the current fiscal year are as follows.

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	2,418	2,415

(Segment information, etc.)

Segment information

I Nine months ended December 31, 2023 (from April 1, 2023, to December 31, 2023)

Disclosure of sales and profit (loss) for each reportable segment and information on breakdown of revenues

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Total
Net sales							
Revenue from contracts with customers	13,672	6,189	6,524	15,238	3,760	249	45,634
Revenues from external customers	13,672	6,189	6,524	15,238	3,760	249	45,634
Transactions with other segments	–	–	–	–	–	–	–
Total	13,672	6,189	6,524	15,238	3,760	249	45,634
Segment profit (loss) operating income (loss)	1,224	210	(249)	129	(93)	(691)	529

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

II Nine months ended December 31, 2024 (from April 1, 2024, to December 31, 2024)

Disclosure of sales and profit (loss) for each reportable segment and information on breakdown of revenues

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Total
Net sales							
Revenue from contracts with customers	14,580	6,811	6,716	20,449	5,397	315	54,271
Revenues from external customers	14,580	6,811	6,716	20,449	5,397	315	54,271
Transactions with other segments	–	–	–	–	–	–	–
Total	14,580	6,811	6,716	20,449	5,397	315	54,271
Segment profit (loss) operating income (loss)	1,152	688	(194)	2,956	(260)	(519)	3,802

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

(Notes on revenue recognition)

Information on revenue from contracts with customers is as stated in Notes (Segment information, etc.).