



Financial Results

1st Quarter of FY2023

(April 2023-June 2023)



Securities code: 4461
(Prime Market/Tokyo Stock Exchange)
DKS Co. Ltd.

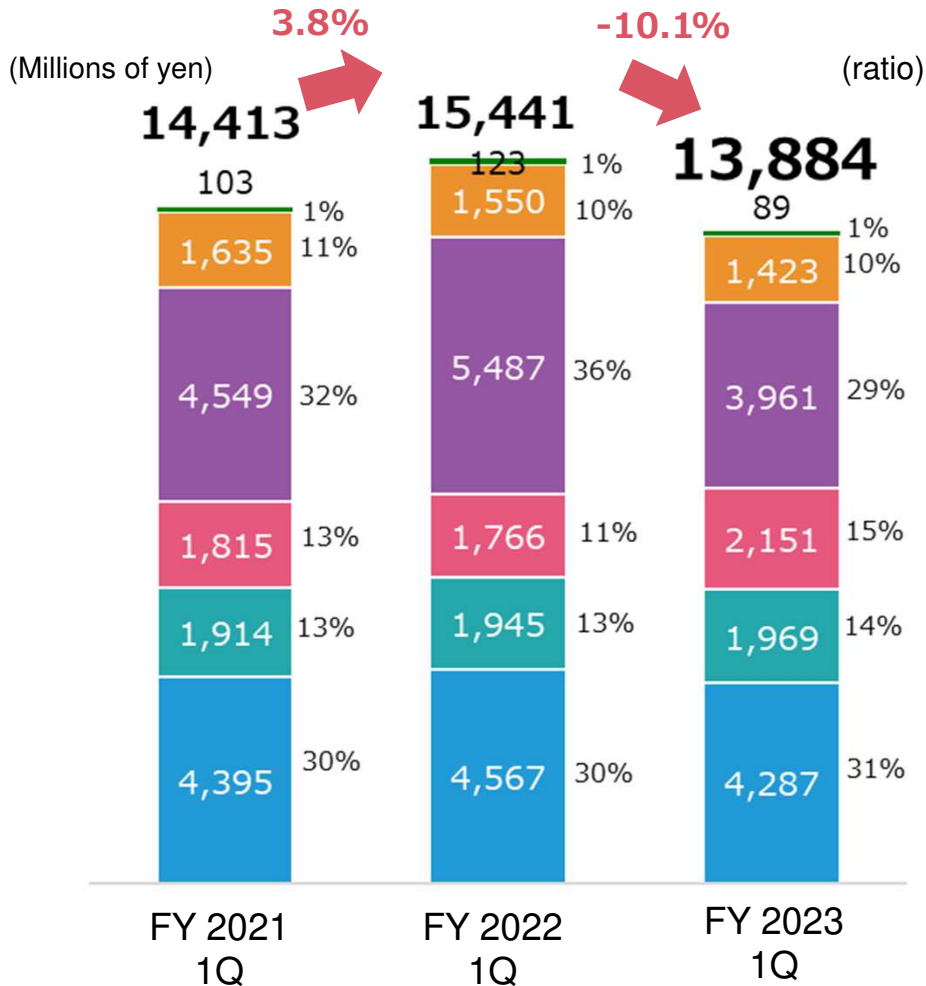
Decrease in both sales and profit: In addition to the sales decline, the surge in raw material prices pressured profit.

(Millions of yen)	FY 2022 1Q	FY 2023 1Q	YoY difference	Rate of increase/ decrease
Net sales	15,441	13,884	(1,557)	-10.0%
Operating income	291	(572)	(864)	-
Ordinary income	377	(557)	(934)	-
Profit attributable to owners of parent	98	(477)	(575)	-

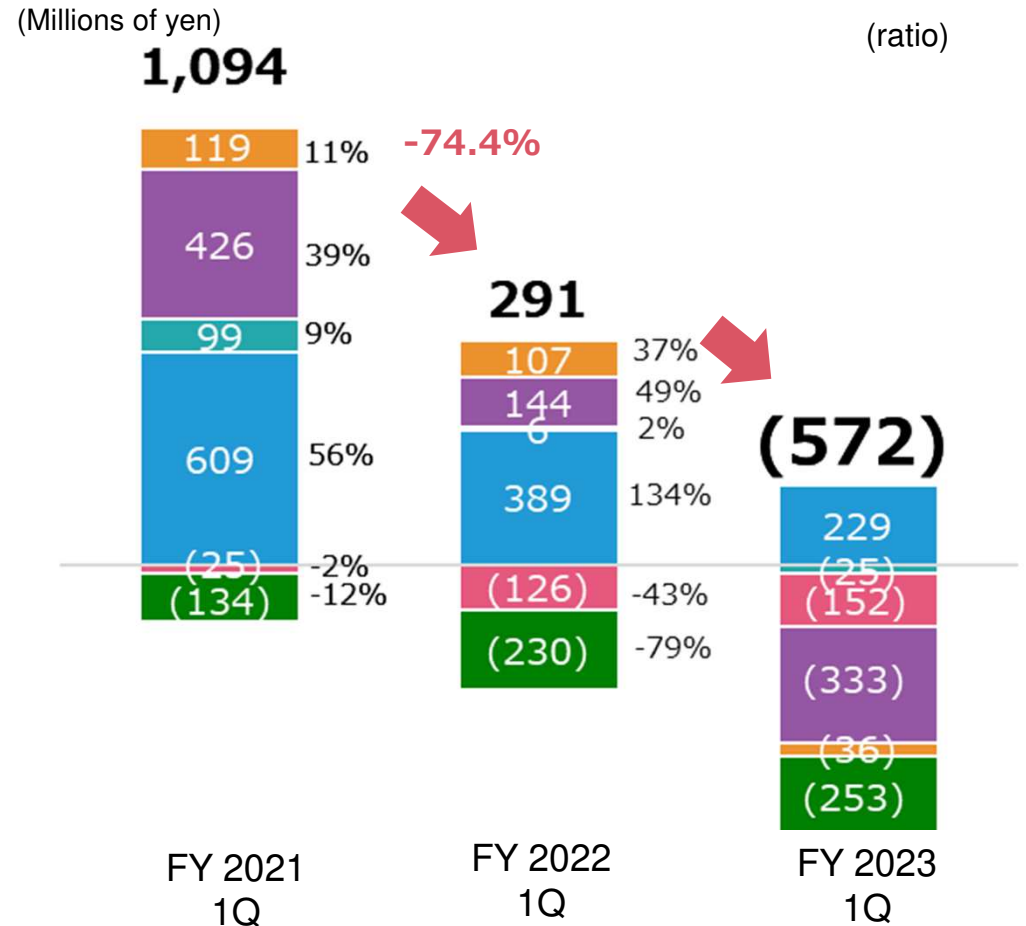
Sales  **Net Sales : Sales of flame retardants overseas fell sharply.**

Profit  **Operating Income : Profitability declined due to soaring raw material prices.**

Net Sales

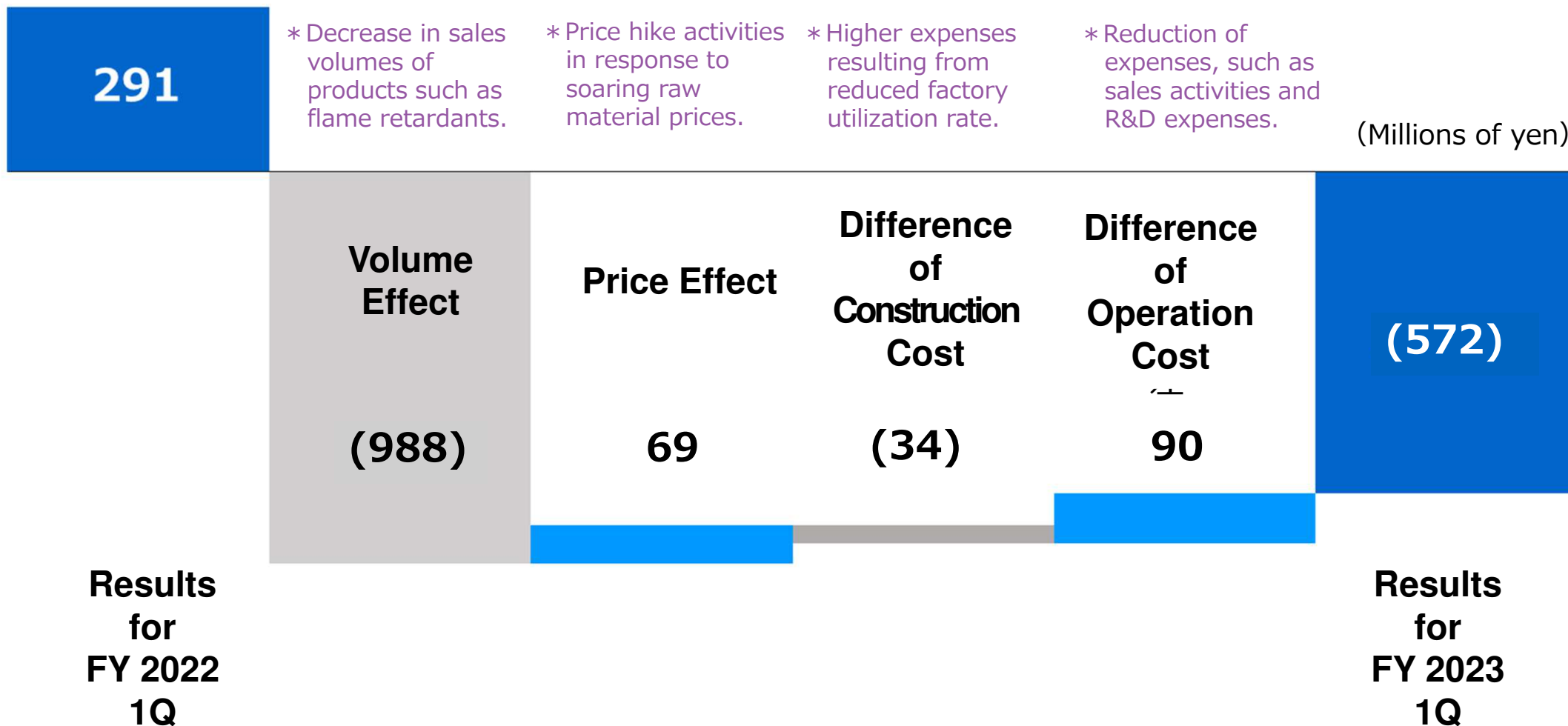


Operating Income

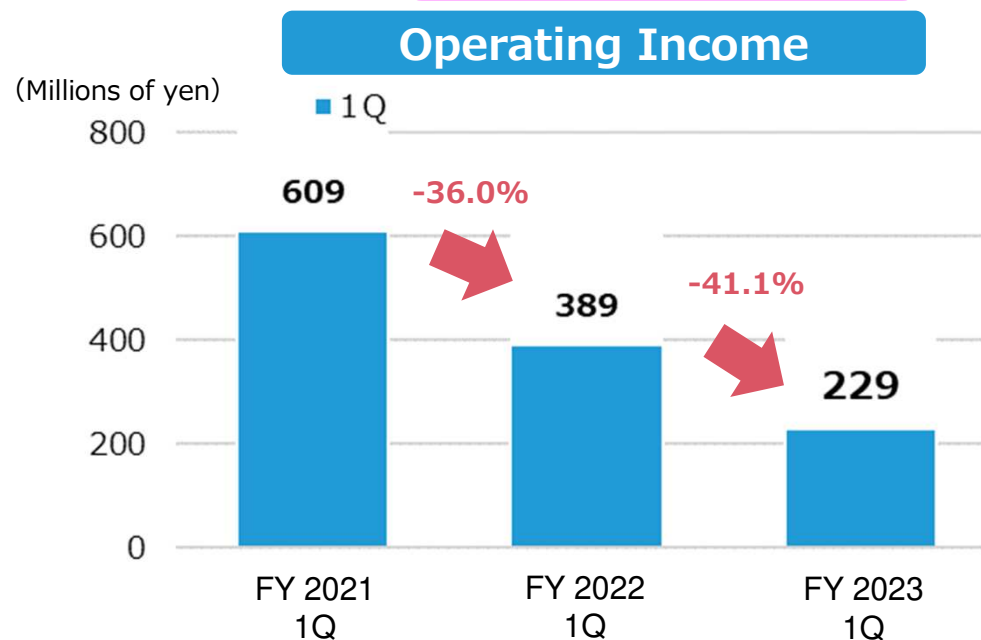
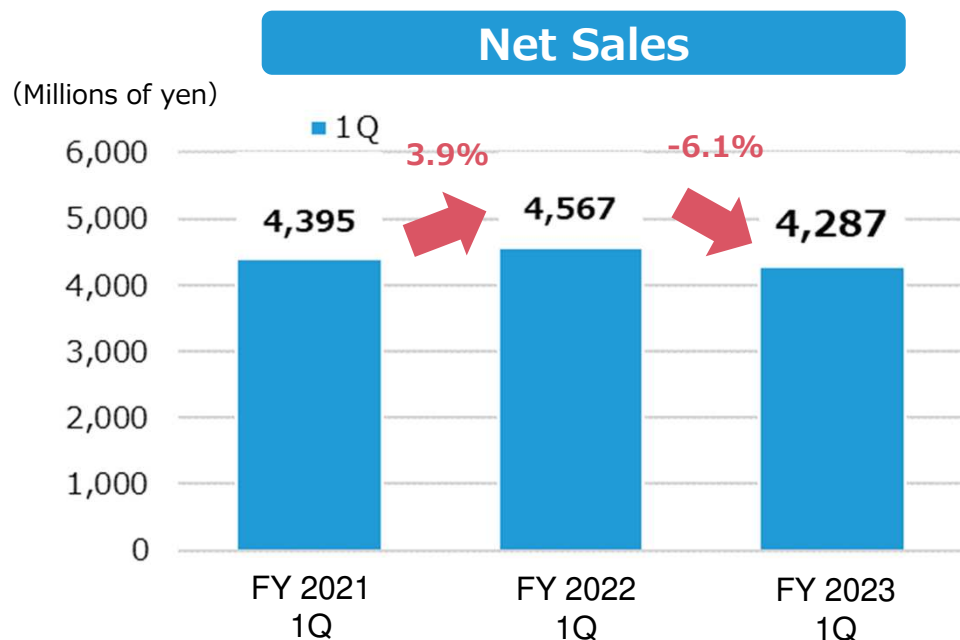
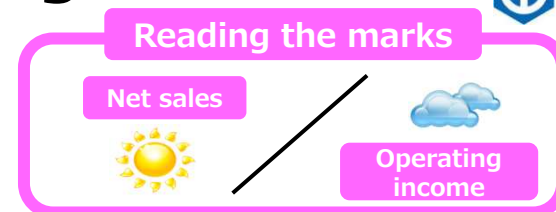


- Surfactants
- Amenity materials
- Polyurethane materials
- Functional materials
- Electronic device materials
- Life sciences

Fluctuation Analysis of Operating Income (FY2023 Q1)



We have been providing highly functional surfactants since the Company's founding in 1909.



Net sales : Overall sluggish

- Firm in sales for paints and coloring materials applications.
- Weak in sales for IT and electronics materials applications, and machinery and metal applications.
- Sales for soap and detergent applications fell sharply.

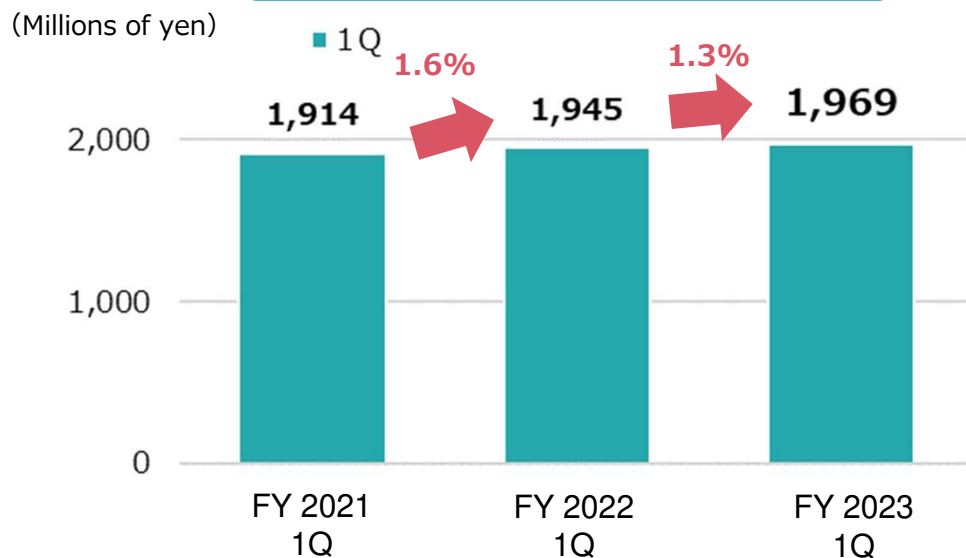
Operating income : Loss

- Decline in net sales.
- Impact of soaring raw material prices.

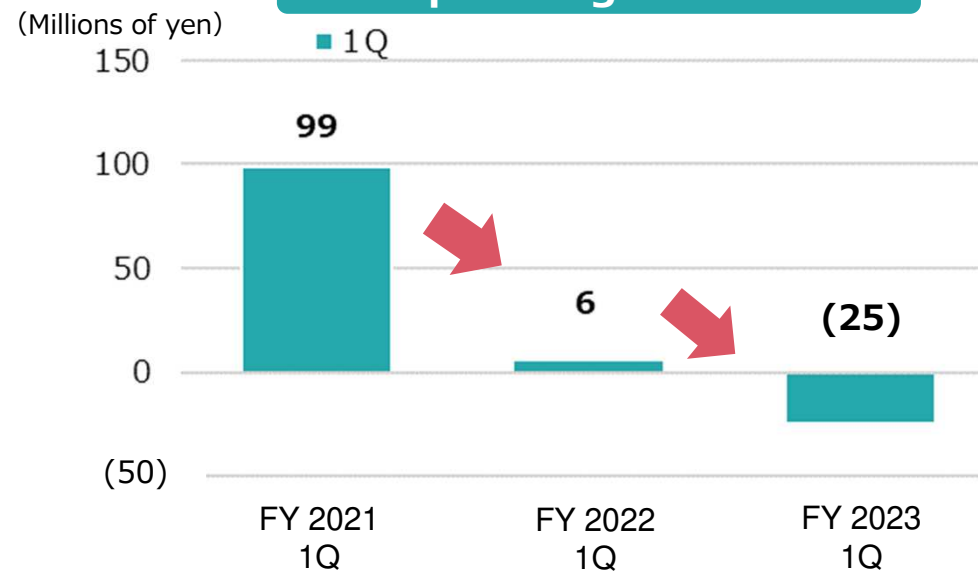
IT & electronics materials	Soap & detergents	Paints & coloring materials

This business segment provides materials and peripheral application technologies necessary for a comfortable living environment.

Net Sales



Operating Income



Net sales : Overall firm

- Sales of sucrose fatty acid esters (SEs) were sluggish for food applications.
- Overseas, SEs sold firmly for personal care (cosmetics) applications.
- Sales of cellulose polymers (CMC) for energy and environmental applications were weak.

Operating income : Loss

- Impact of soaring raw material prices.

Personal care (cosmetics)



Food



Energy

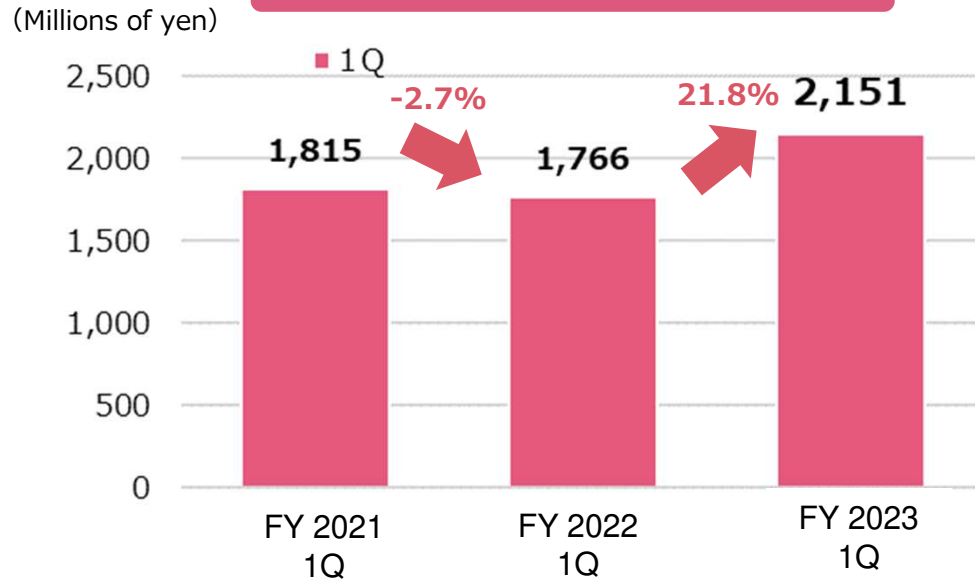


Performance of Polyurethane Materials Segment

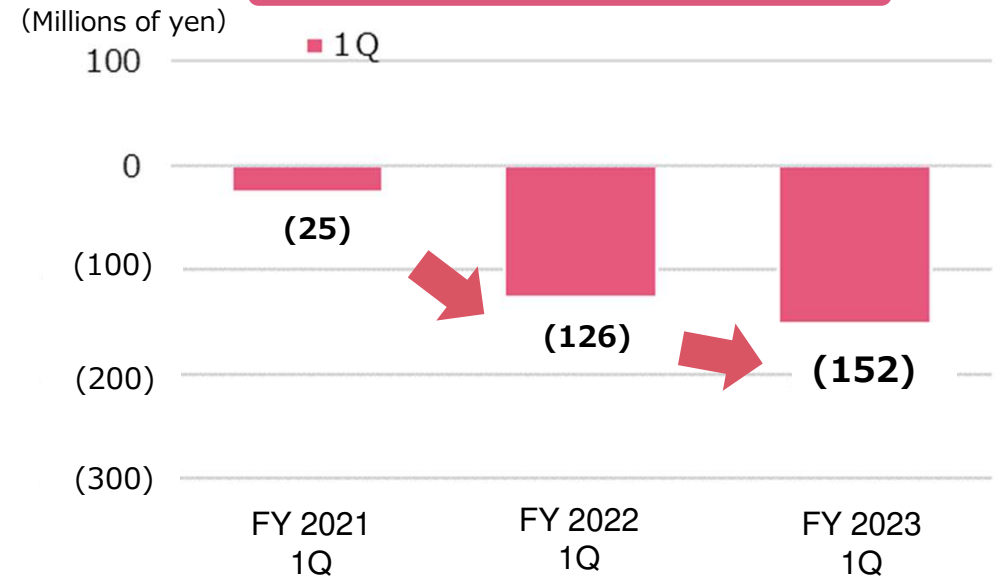


This business segment provides polyurethane raw materials such as civil engineering and construction materials, paints, adhesives, and electrical insulating materials.

Net sales



Operating income



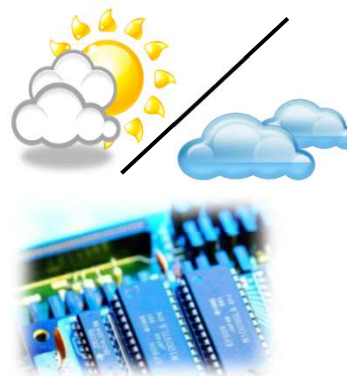
Net sales : Significant growth overall

- Sales of IT and electronics materials applications were robust.
- Strong growth in sales of civil engineering chemicals.
- Sales of synthetic lubricants were firm.

Operating income : loss

- Impact of soaring raw material prices.

IT & electronics materials



Civil engineering chemicals, rock hardening agents

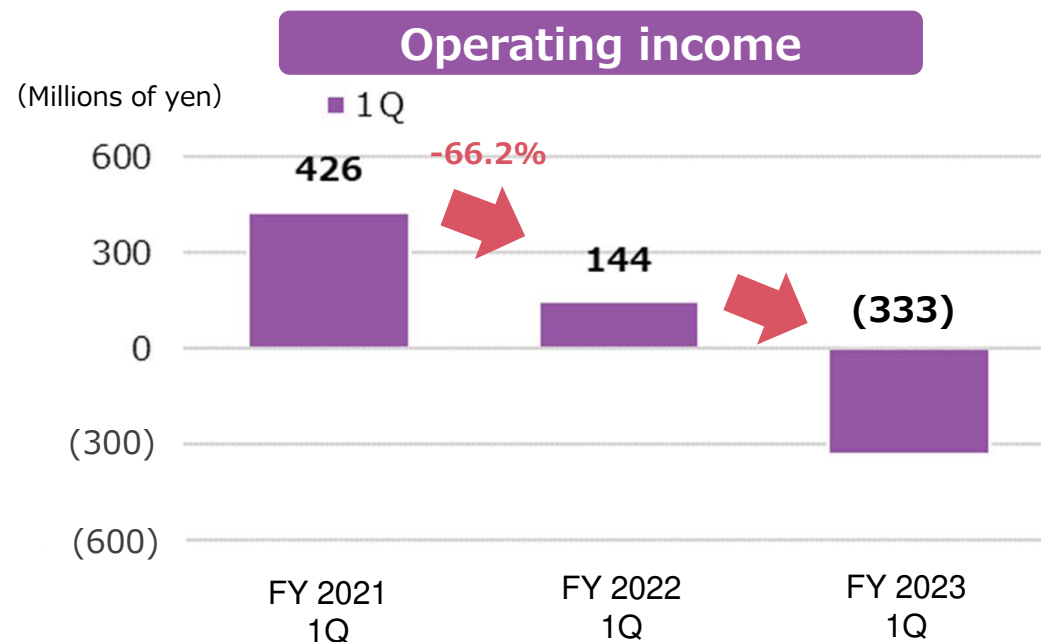
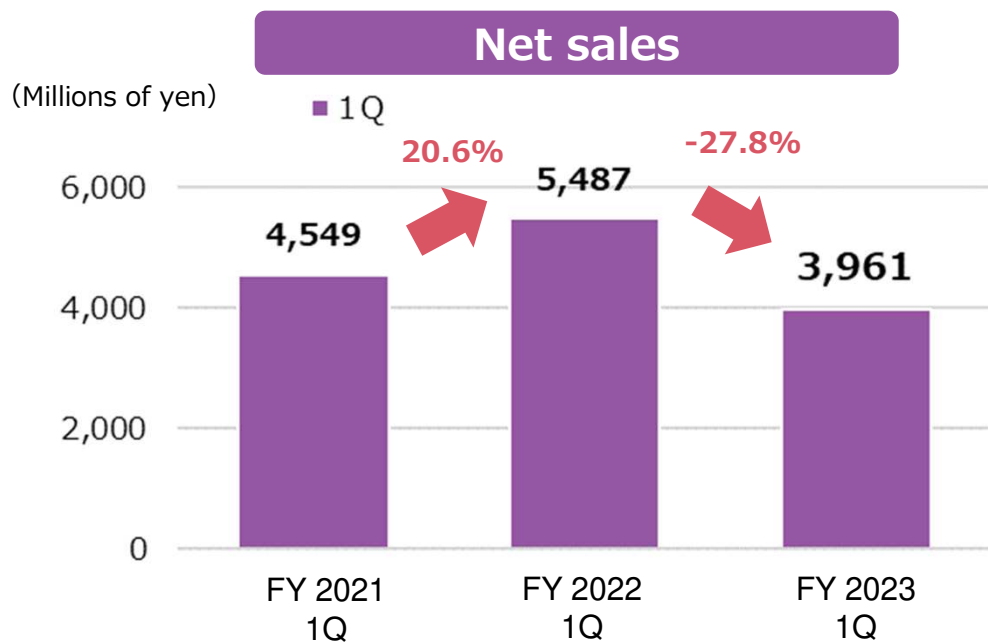


Synthetic lubricants



Performance of Functional Materials Segment

This business segment provides products such as flame retardants, radcure resins, and waterborne polyurethanes for applications in home appliances and daily necessities.



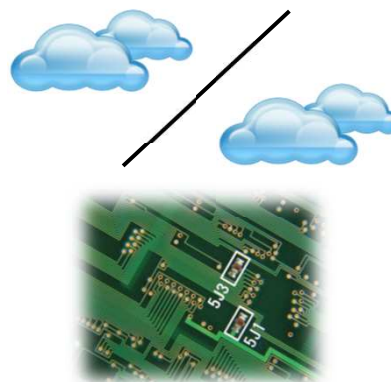
Net sales : Sharp fall in general

- Sluggish sales for electronics materials applications.
- Sales of flame retardants for rubber and plastic applications were weak domestically, and dropped significantly overseas.

Operating income : Loss

- Significant decline in net sales.
- Impact of soaring raw material prices.

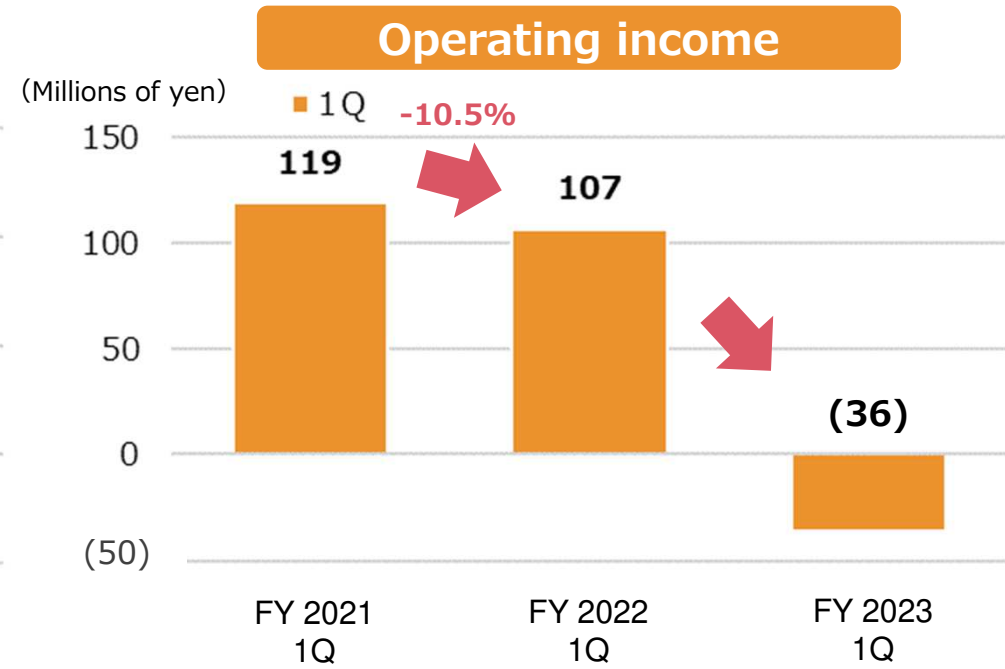
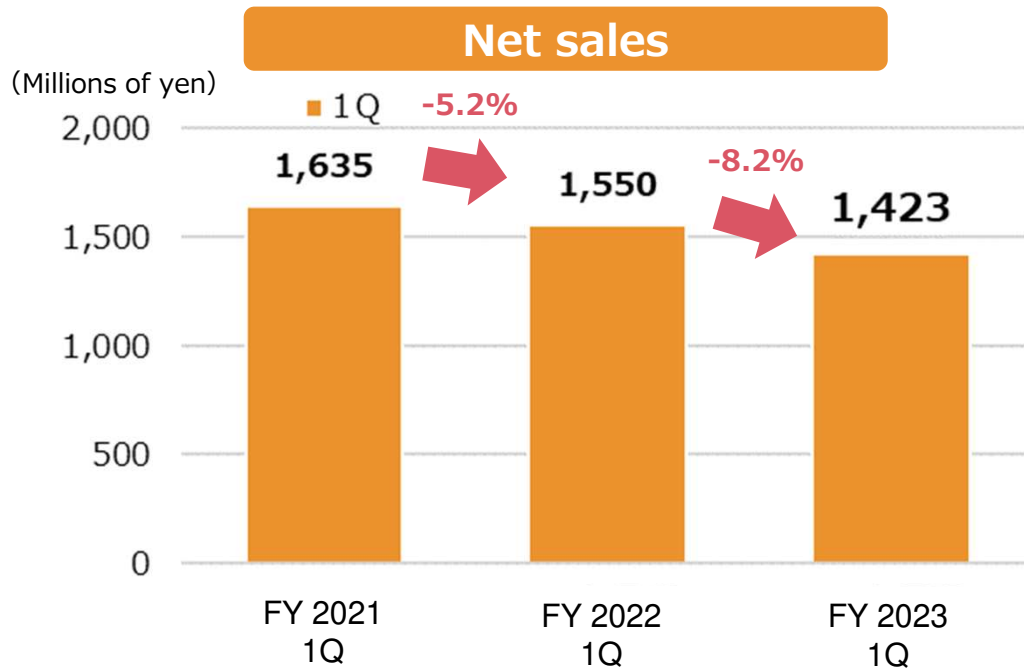
Electronics materials



Flame retardants for plastics



This business segment provides products such as ceramic materials for applications in home appliances and electronic components.



Net sales : Sharp fall in general

- Sluggish sales of conductive pastes for solar cells.
- Sales of ionic liquids for display applications were also weak.

Operating income : loss

- Significant decline in net sales.

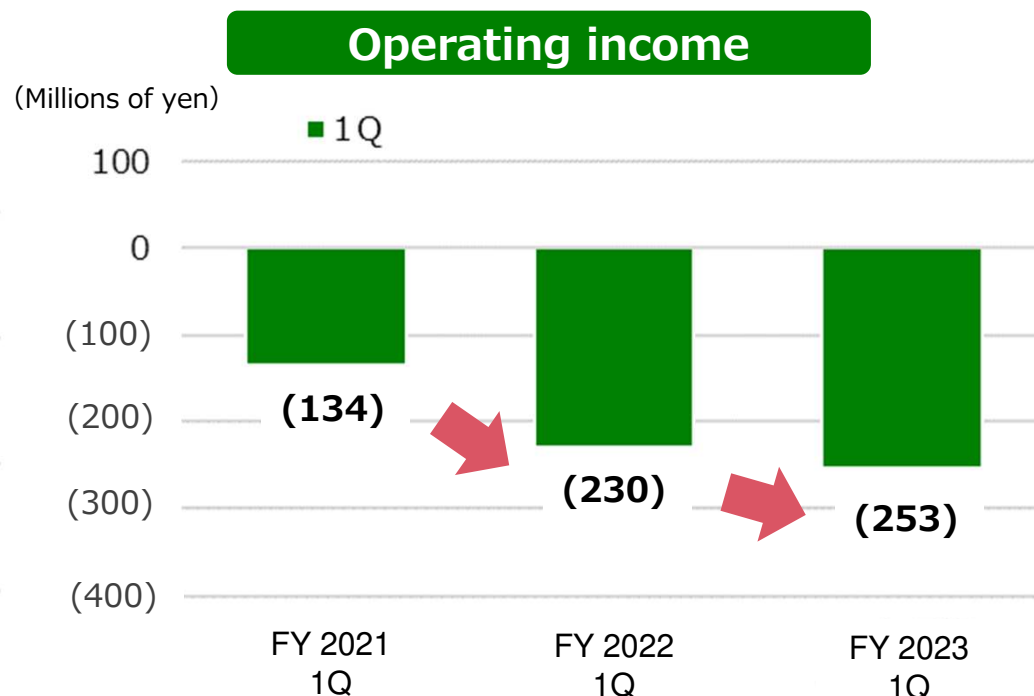
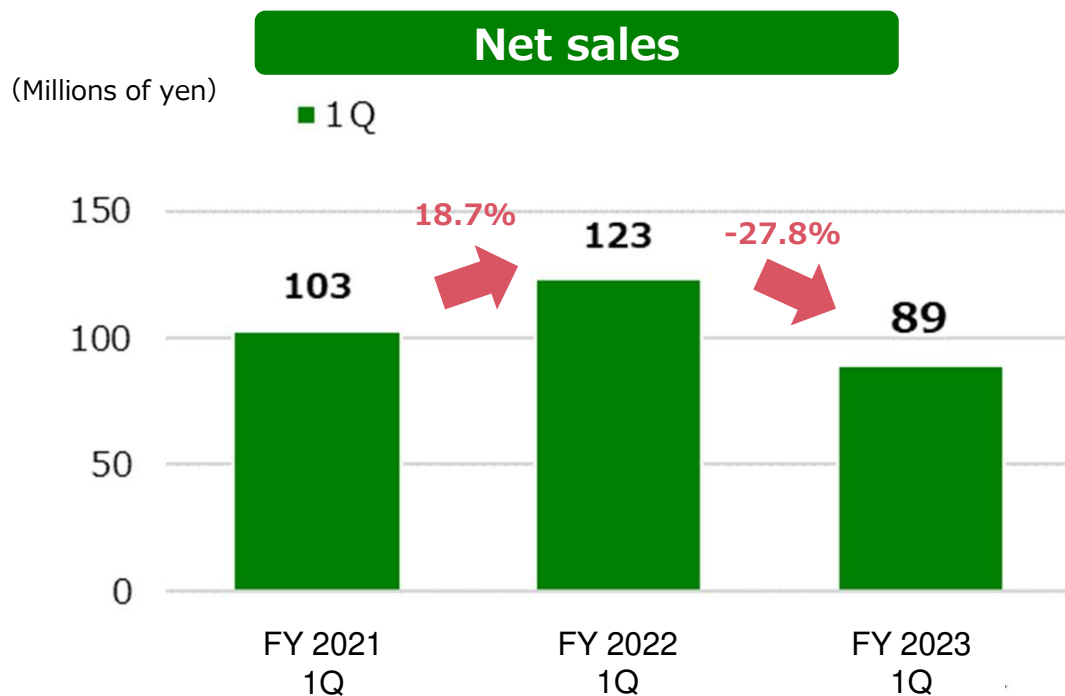
Solar cells



Displays



This business segment provides naturally derived health foods and technologies for extraction, concentration, and powdering of natural products.



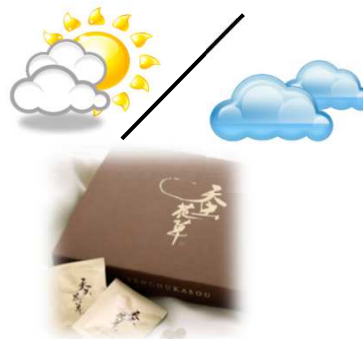
Net sales : Down ¥34 million YoY

- Sales of products related to I. Japonica-Bombyx Fungus was firm.
- The OEM business for health foods and others was sluggish.

Operating income : loss

- Significant decline in net sales.
- R&D expenses took precedence.

Tochukasou (I. Japonica-Bombyx Fungus)



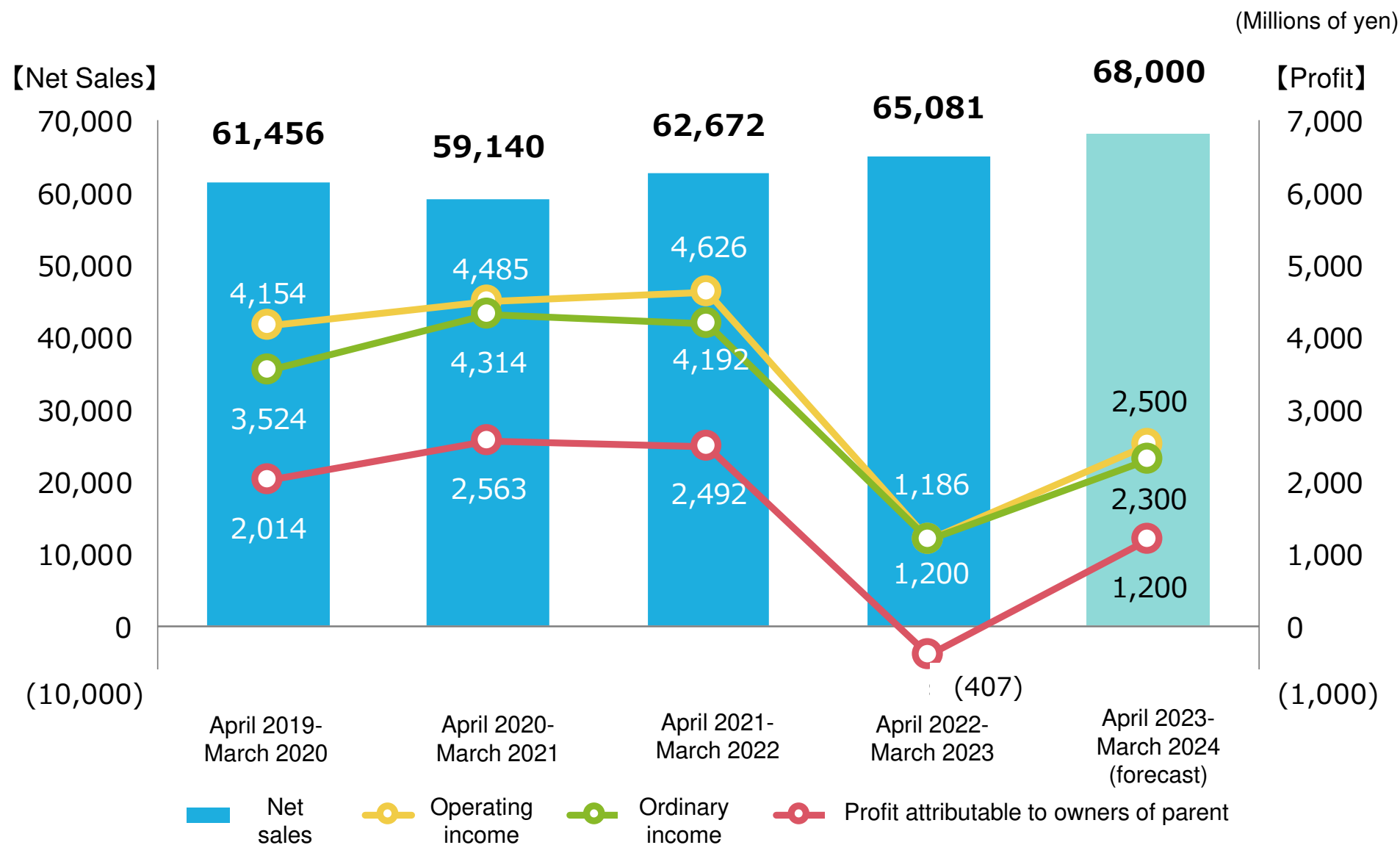
OEM business for health foods, etc.








Comparative Balance Sheet



	As of March 31, 2023	As of June 30,2023	Difference		As of March 31, 2023	As of June 30,2023	Difference
Current assets	45,411	49,534	4,122	Current liabilities	20,639	19,887	(752)
Cash and deposits	9,128	14,946	5,817	Trade payables	10,351	8,543	(1,807)
Trade receivables	17,323	16,327	(996)	Interest-bearing debt	6,990	7,244	254
Inventories	16,637	15,818	(818)	Other	3,297	4,098	801
Other	2,322	2,442	119	Non-current liabilities	26,089	32,304	6,215
Fixed assets	39,614	40,495	880	Interest-bearing debt	25,479	31,706	6,226
Tangible fixed assets	32,743	33,097	354	Other	609	597	(11)
Non-tangible fixed assets	341	343	2	Total liabilities	46,729	52,191	5,462
Total investments and other assets	6,529	7,053	524	Net assets	38,296	37,838	(458)
Total assets	85,025	90,029	5,003	Total liabilities and net assets	85,025	90,029	5,003



Market Fields	Business Situations	FY2023
<p>Automobile/ motorcycle</p>	<ul style="list-style-type: none"> • Shortage of semiconductors is slowly easing, and the outlook is for gradual improvement. • Meanwhile, excess inventory continues for molded products and similar items. 	
<p>Telecommunications (5G)</p>	<ul style="list-style-type: none"> • In addition to semiconductor shortage, the costs of components continue to soar. • The market for artificial intelligence (AI) and other technologies is becoming more active. 	
<p>Infrastructure (Linear Shinkansen)</p>	<ul style="list-style-type: none"> • Large-scaled projects are running behind our plans. 	

Market Fields	Business Situations	FY2023
<p>Displays</p>	<ul style="list-style-type: none"> • The outlook for LCD display panels remain subdued. • The worst is over, recovery is expected after the new year. 	
<p>Home appliances, housing materials (flame retardants)</p>	<ul style="list-style-type: none"> • Demand of home appliances and AV equipment are influenced by the economic slowdown in the Chinese market. • Prices of bromine have sharply declined, and the outlook for the future is unclear. • Domestic demand of thermal insulation applications for housing materials is sluggish. 	
<p>Specific Measures</p>	<ol style="list-style-type: none"> (1) Continuing price revisions and stabilizing supplies by securing raw materials. (2) Ensuring profitability by effectively passing on raw material price changes. (3) Increasing factory utilization through higher sales volumes. (4) Improving investment efficiency (cost reduction, inventory management, business streamlining). (5) Achieving development objectives, strengthening collaborations with inspiring/inspired partners. 	

Net Sales Forecast of Each Segment

(Millions of yen)

Segments	FY2022 (actual)					FY2023 (forecast)					Increase/ decrease	
	1H		2H	full year	ratio (%)	1H		2H (forecast)	full year (forecast)	ratio (%)	amount	ratio (%)
	1Q	2Q				1Q (actual)	2Q (forecast)					
Surfactants	4,567	4,967	9,442	18,976	28	4,287	4,912	10,600	19,800	29	824	4
Amenity materials	1,945	2,212	3,921	8,079	12	1,969	2,230	4,800	9,000	13	921	11
Polyurethane materials	1,766	2,452	4,542	8,761	13	2,151	2,348	4,900	9,400	14	639	7
Functional materials	5,487	6,031	11,055	22,574	35	3,961	4,938	13,700	22,600	32	26	0
Electronic device materials	1,550	1,542	3,097	6,191	10	1,423	1,576	3,700	6,700	10	509	8
Life sciences	123	118	255	497	1	89	110	300	500	1	3	1
Total	15,441	17,324	32,315	65,081	100	13,884	16,115	38,000	68,000	100	2,919	4

Operating Income Forecast of Each Segment



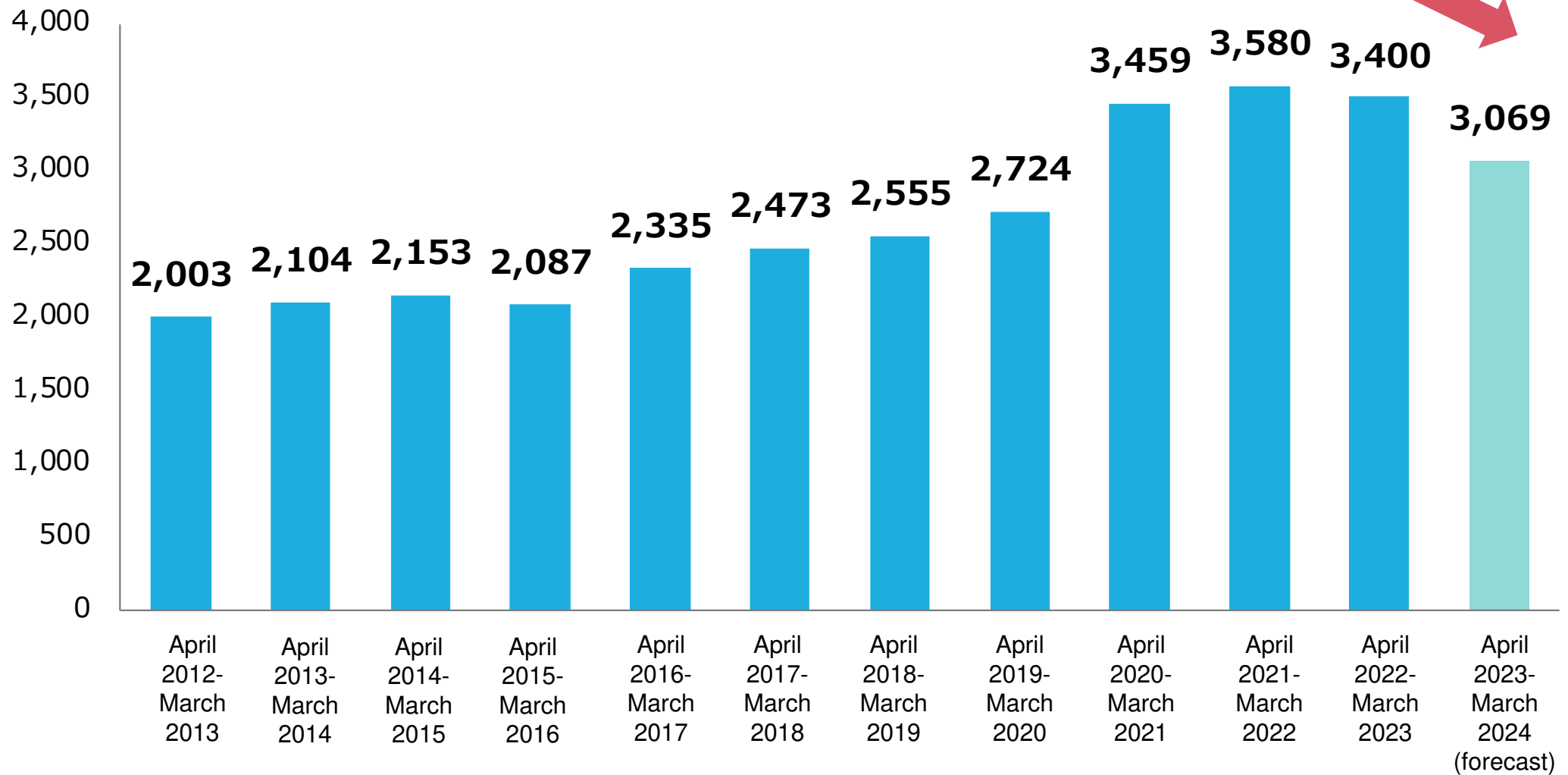
(Millions of yen)

Segments	FY2022 (actual)					FY2023 (forecast)					Increase/ decrease	
	1H		2H	full year	ratio (%)	1H		2H (forecast)	full year (forecast)	ratio (%)	amount	ratio (%)
	1Q	2Q				1Q (actual)	2Q (forecast)					
Surfactants	389	514	844	1,749	147	229	600	1,370	2,200	88	451	26
Amenity materials	6	51	(60)	(1)	(0)	(25)	105	300	380	15	381	-
Polyurethane materials	(126)	(71)	(49)	(247)	(21)	(152)	(47)	(70)	(270)	(11)	(23)	-
Functional materials	144	103	33	281	24	(333)	353	550	570	23	289	103
Electronic device materials	107	45	(13)	139	12	(36)	126	250	340	14	201	145
Life sciences	(230)	(217)	(286)	(734)	(62)	(253)	(166)	(300)	(720)	(29)	14	-
Total	291	425	468	1,186	100	(572)	972	2,100	2,500	100	1,314	111

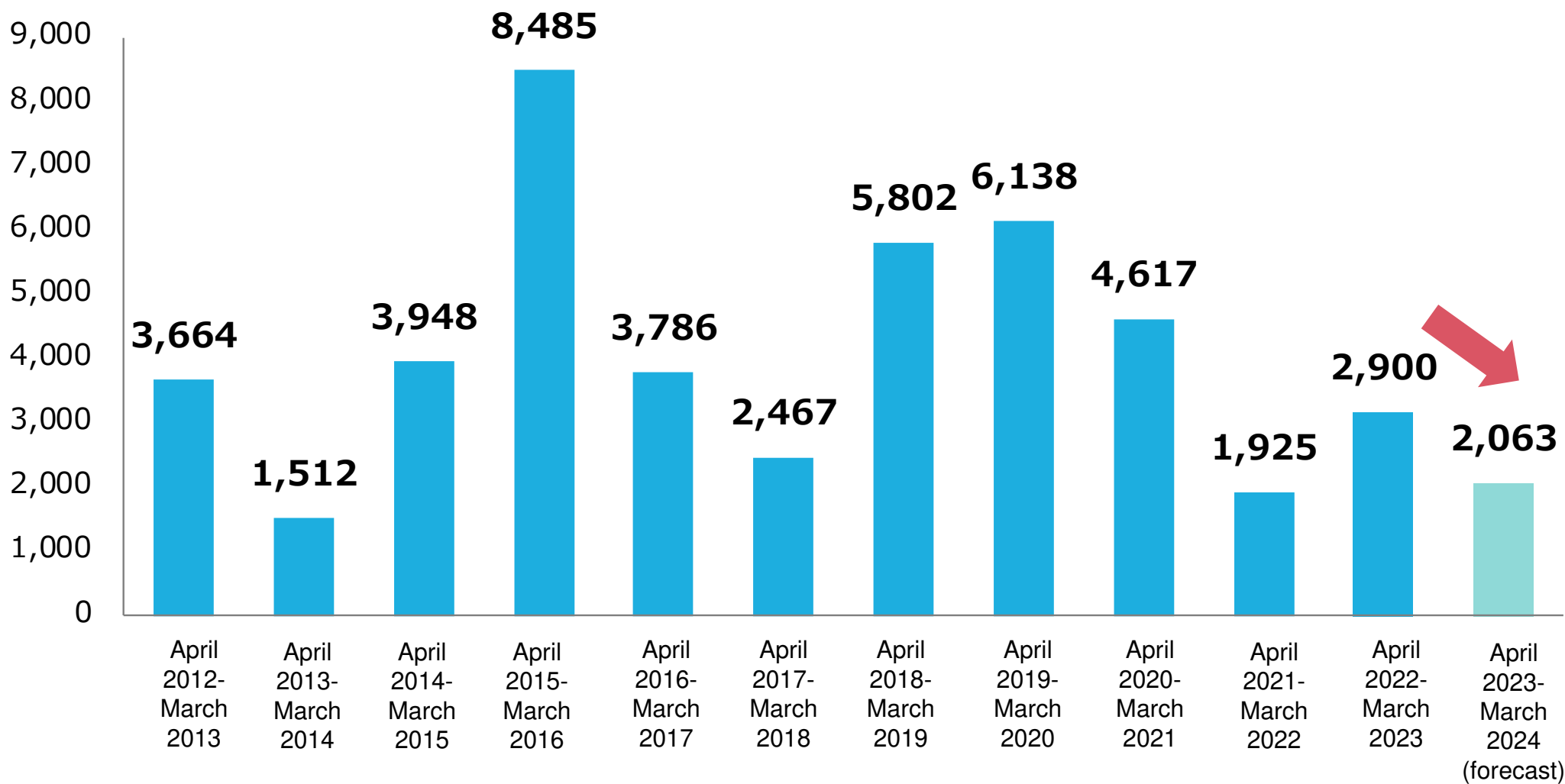
Depreciation Costs



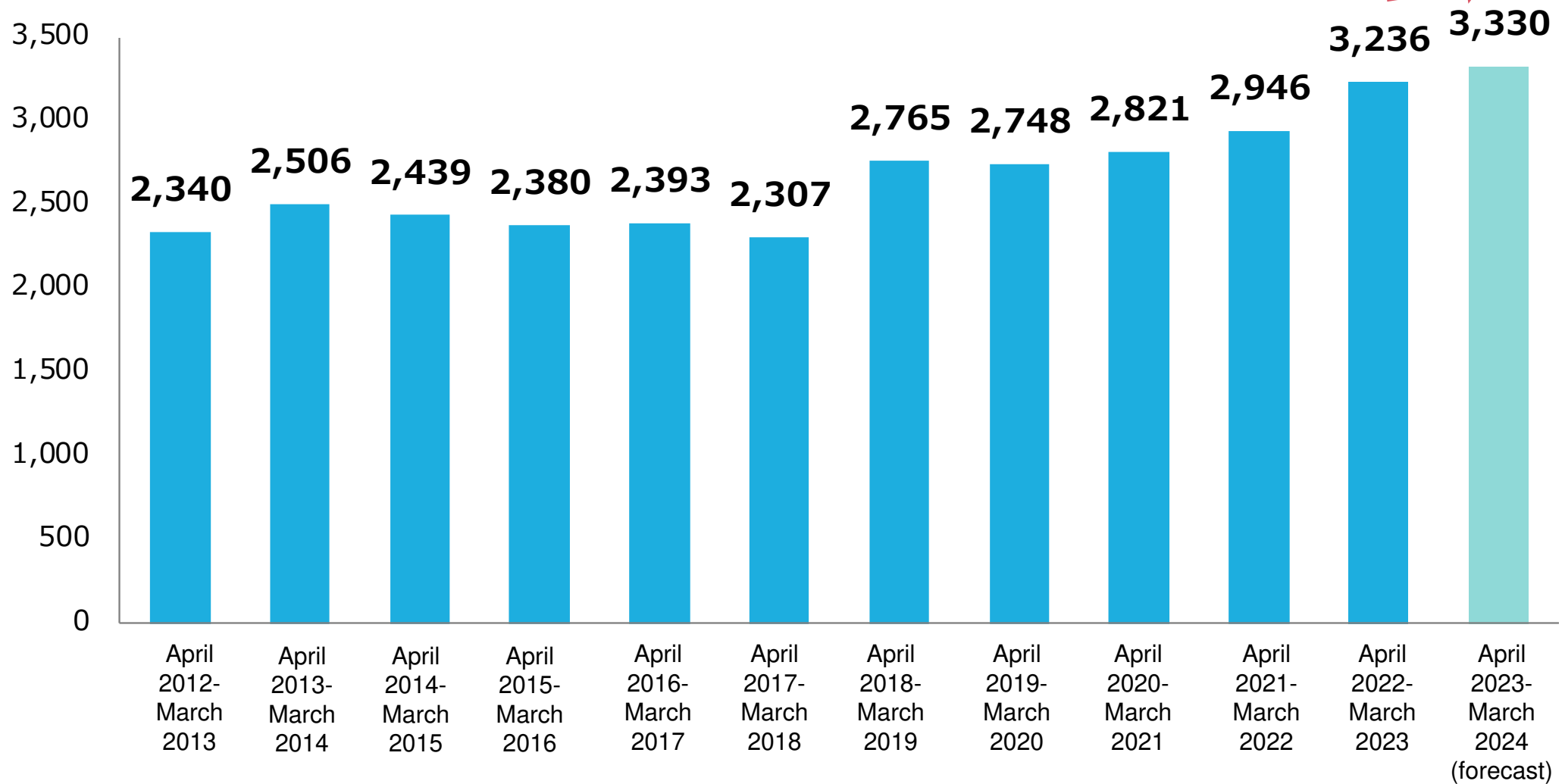
(Millions of yen)



(Millions of yen)



(Millions of yen)



Forward-looking statements

Statements contained in this report regarding the plans, projections and strategies of DKS that are not historical fact constitute forward-looking statements about future financial results and are subject to risks and uncertainties. As such, actual results might differ significantly from these forward-looking statements due to changes in various external environmental factors. Consequently, DKS hopes for your understanding as it does not guarantee the certainty of such forward-looking statements.

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