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May 15, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (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 23, 2023  
 Scheduled date to commence dividend payments: June 26, 2023  
 Scheduled date to file annual securities report: June 23, 2023  
 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, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

|                                  | Net sales       |     | Operating income |        | Ordinary income |        | Profit attributable to owners of parent |       |
|----------------------------------|-----------------|-----|------------------|--------|-----------------|--------|---|-------|
|                                  | Millions of yen | %   | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %     |
| Fiscal year ended March 31, 2023 | 65,081          | 3.8 | 1,186            | (74.4) | 1,200           | (71.4) | (407)                                   | –     |
| Fiscal year ended March 31, 2022 | 62,672          | 6.0 | 4,626            | 3.1    | 4,192           | (2.8)  | 2,492                                   | (2.8) |

Note: Comprehensive income Fiscal year ended March 31, 2023 ¥375 million [(89.8)%]  
 Fiscal year ended March 31, 2022 ¥3,697 million [(4.3)%]

|                                  | 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                        | %                | %  | %                                      |
| Fiscal year ended March 31, 2023 | (41.87)                  | –                          | (1.1)            | 1.4                                      | 1.8                                    |
| March 31, 2022                   | 244.81                   | –                          | 7.0              | 4.9                                      | 7.4                                    |

Reference: Share of profit (loss) of entities accounted for using equity method  
 Fiscal year ended March 31, 2023 ¥36 million  
 Fiscal year ended March 31, 2022 ¥55 million

#### (2) Consolidated financial position

|                      | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| As of                | Millions of yen | Millions of yen | %            | Yen                  |
| As of March 31, 2023 | 85,025          | 38,296          | 40.4         | 3,593.49             |
| As of March 31, 2022 | 86,469          | 40,383          | 42.5         | 3,610.31             |

Reference: Equity  
 As of March 31, 2023 ¥34,346 million  
 As of March 31, 2022 ¥36,767 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                            |
| Fiscal year ended March 31, 2023 | 724                                  | (2,883)                              | (1,030)                              | 9,051                                      |
| Fiscal year ended March 31, 2022 | 5,520                                | (2,700)                              | (2,336)                              | 12,151                                     |

### 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 |                              |                             |   |
| Fiscal year ended March 31, 2022             | Yen                        | Yen                | Yen               | Yen             | Yen   | Millions of yen              | %                           | %   |
| Fiscal year ended March 31, 2022             | –                          | 35.00              | –                 | 45.00           | 80.00 | 814                          | 32.7                        | 2.3   |
| Fiscal year ended March 31, 2023             | –                          | 40.00              | –                 | 40.00           | 80.00 | 764                          | –                           | 2.2   |
| Fiscal year ending March 31, 2024 (Forecast) | –                          | 20.00              | –                 | 30.00           | 50.00 |                              | 39.8                        |   |

### 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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 | 30,000          | (8.4) | 400              | (44.2) | 300             | (65.6) | 100                                     | – | 10.46                    |
| Full year | 68,000          | 4.5   | 2,500            | 110.8  | 2,300           | 91.7   | 1,200                                   | – | 125.55                   |

#### \* 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: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, kindly refer to “3. Consolidated Financial Statements and Notes, (5) Notes to consolidated financial statements (Changes in accounting policies)” in page 13 of attached materials.

(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, 2023 | 10,684,321 shares |
| As of March 31, 2022 | 10,684,321 shares |

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

|                      |                  |
|----------------------|------------------|
| As of March 31, 2023 | 1,126,227 shares |
| As of March 31, 2022 | 500,351 shares   |

(iii) Average number of shares outstanding during the period

|                                  |                   |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2023 | 9,737,450 shares  |
| Fiscal year ended March 31, 2022 | 10,181,694 shares |

**[Reference] Overview of non-consolidated financial results**

**Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

|  | Net sales       |       | Operating income |        | Ordinary income |        | Profit          |        |
|--|-----------------|-------|------------------|--------|-----------------|--------|-----------------|--------|
|  | Millions of yen | %     | Millions of yen  | %      | Millions of yen | %      | Millions of yen | %      |
| Fiscal year ended<br>Fiscal year ended<br>March 31, 2023 | 43,506          | 5.0   | (826)            | –      | 23              | (99.0) | (1,177)         | –      |
| Fiscal year ended<br>March 31, 2022                      | 41,452          | (3.7) | 1,967            | (15.9) | 2,298           | (11.9) | 1,750           | (20.1) |

|                                     | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| Fiscal year ended                   | Yen                      | Yen                        |
| Fiscal year ended<br>March 31, 2023 | (120.93)                 | –                          |
| Fiscal year ended<br>March 31, 2022 | 171.92                   | –                          |

**(2) Non-consolidated financial position**

|                      | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| As of                | Millions of yen | Millions of yen | %            | Yen                  |
| As of March 31, 2023 | 63,091          | 25,368          | 40.2         | 2,654.13             |
| As of March 31, 2022 | 66,340          | 28,520          | 43.0         | 2,800.53             |

Reference: Equity

As of March 31, 2023 ¥25,368 million

As of March 31, 2022 ¥28,520 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.

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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 a gentle recovery as restrictions on movement to combat COVID-19 eased. On the other hand, the semiconductor shortage, supply chain disruptions limiting the supply of raw materials, and soaring raw material prices due to the protracted situation in Ukraine hampered corporate growth. As such, the outlook remains uncertain.

Under these circumstances, the Group recorded higher sales but lower profits year on year. The aforementioned external factors along with delays in price pass-on and new product development resulted in a major breakdown of the assumptions in place during the establishment of medium-term management plan, “FELIZ 115.” The environment surrounding the Company in the fiscal year ending March 31, 2024, the fourth year of the plan, will be difficult, so we do not expect a quick recovery.

First, we will work to improve profitability and secure profits by steadily implementing price pass-on and reducing costs. We will also accelerate product development, increase production of competitive products, and improve our plant operating rates. In the Life Sciences business, we aim to quickly return to profitability through sales promotion and business expansion as the notification for food with functional claims is complete for products containing *I. Japonica-Bombyx Fungus*.

Concerning the results for the fiscal year ended March 31, 2023, net sales were ¥65,081 million (up 3.8% year on year), thanks to significant sales growth of flame retardants for overseas markets in the Functional Materials segment.

Operating income was ¥1,186 million (down 74.4% year on year). Profit decreased mainly in the Surfactants and Functional Materials segments due primarily to an increase in R&D expenses for the future and a sharp rise in raw material prices that exceeded price pass-on measures. In addition, ordinary income was ¥1,200 million (down 71.4% year on year), despite recovery of non-operating income and expenses. On top of this, an impairment loss was recorded for non-current assets in the Polyurethane Materials segment as an extraordinary loss, so the loss attributable to owners of parent after deducting income tax expenses came to ¥407 million (profit of ¥2,492 million in the previous fiscal year).

Results by segment are as follows.

#### Surfactants

Net sales in the Surfactants segment were generally firm.

In Japan, sales were sluggish in IT and electronics applications, and paint and coloring agent applications, but remained firm in machinery and metal applications. Sales for soap and detergent applications grew significantly.

Overseas, sales for rubber and plastic applications were sluggish, but sales remained firm in textile applications.

As a result, net sales in this segment were ¥18,976 million (up 2.2% year on year).

Operating income was ¥1,749 million (down 29.4% year on year) due to the impact of soaring raw materials prices.

#### Amenity Materials

Net sales in the Amenity Materials segment were generally sluggish.

In Japan, sales of sucrose fatty acid esters remained firm for food applications, and sales of vinyl polymers were also firm for rubber and plastic applications. Sales of cellulose polymers were sluggish in energy and environmental 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 ¥8,079 million (down 0.2% year on year).

There was an operating loss of ¥1 million (operating income of ¥566 million in the previous fiscal year) due to the impact of soaring raw material prices and increased operating expenses.

#### Polyurethane Materials

Net sales in the Polyurethane Materials segment were generally firm.

Sales of civil engineering chemicals related to public works were strong, and sales of environmentally friendly synthetic lubricants related to CFC regulations grew significantly.

Sales of functional polyurethanes were sluggish in construction and other applications, but sales in IT and electronics applications were firm.

As a result, net sales in this segment were ¥8,761 million (up 5.6% year on year).

The Company posted an operating loss of ¥247 million (operating income of ¥55 million in the previous fiscal year) due to the impact of soaring raw materials prices.

#### Functional Materials

Net sales in the Functional Materials segment generally increased significantly.

In Japan, sales of waterborne polyurethane for IT and electronics applications dropped sharply, but sales of radcure resin materials for IT and electronics applications grew significantly. Sales of flame retardants for rubber and plastic applications also grew significantly.

Overseas, sales of flame retardants for rubber and plastics grew significantly, as did sales of radcure resin materials for IT and electronics applications.

As a result, net sales in this segment were ¥22,574 million (up 13.3% year on year).

Operating income was ¥281 million (down 79.2% year on year) due to an increase in operating expenses, mainly R&D expenses, in addition to the impact of soaring raw material prices.

#### Electronic Device Materials

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

Sales of ionic liquids for display applications and conductive pastes for solar cell applications fell significantly.

As a result, net sales in this segment were ¥6,191 million (down 15.4% year on year).

Due to the significant drop in net sales, operating income was ¥139 million (down 80.6% year on year).

#### Life Sciences

Net sales in the Life Sciences segment increased by ¥20 million (4.4%) year on year, to ¥497 million. Improvement of cognitive function has been confirmed for intake of I. Japonica-Bombyx Fungus containing “Naturido” in clinical trials targeting healthy adults and persons with mild cognitive impairment. In February 2023, notification to the Consumer Affairs Agency for food with functional claims is complete for “Kainou Tochukaso (original Japanese name)” and we plan to launch the product around the summer.

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

As for operating income, although net sales increased, there was an operating loss of ¥734 million (operating loss of ¥543 million in the previous fiscal year) due to an increase in operating expenses, mainly R&D expenses.

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

Current assets at the end of the fiscal year ended March 31, 2023 were ¥45,411 million, down ¥1,122 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥3,095 million in cash and deposits, despite an increase of ¥685 million in electronically recorded monetary claims - operating and an increase of ¥1,128 million in inventories such as merchandise and finished goods. Non-current assets totaled ¥39,614 million, down ¥321 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥615 million in property, plant and equipment.

As a result, total assets amounted to ¥85,025 million, down ¥1,443 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the fiscal year ended March 31, 2023 were ¥20,639 million, down ¥1,086 million from the end of the previous fiscal year. This was primarily due to a ¥232 million decrease in notes and accounts payable-trade, a ¥194 million decrease in short-term borrowings, and a ¥343 million decrease in income taxes payable. Non-current liabilities totaled ¥26,089 million, up ¥1,730 million from the end of the previous fiscal year. This was primarily due to an increase of ¥2,296 million in long-term borrowings.

As a result, total liabilities at the end of the period under review were ¥46,729 million, up ¥643 million from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the fiscal year ended March 31, 2023 were ¥38,296 million, down ¥2,087 million from the end of the previous fiscal year. This was primarily due to an increase in treasury shares of ¥1,466 million due to purchase of treasury shares and a decrease in retained earnings of ¥1,248 million resulting from loss attributable to owners of parent of ¥407 million and dividend of surplus of ¥840 million, despite an increase in non-controlling interests of ¥333 million.

As a result, the equity ratio came to 40.4% (42.5% 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, 2023 were ¥9,051 million, a decrease of ¥3,099 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, 2023 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥724 million (¥5,520 million was provided in the previous fiscal year). This was due to a decrease in funds resulting primarily from an increase in inventories of ¥1,362 million (an increase of ¥2,016 million in the previous fiscal year) and an increase in trade receivables of ¥722 million (a decrease of ¥519 million in the previous fiscal year), and an increase in funds resulting primarily from depreciation of ¥3,295 million (¥3,430 million in the previous fiscal year).

(Cash flows from investing activities)

Net cash used in investing activities was ¥2,883 million (¥2,700 million was used in the previous fiscal year). This was due to a decrease in funds due to expenditures from purchase of property, plant and equipment of ¥2,834 million (¥2,661 million for the previous fiscal year).

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,030 million (¥2,336 million was used in the previous fiscal year). This was due to a decrease in funds resulting primarily from repayment of long-term borrowings of ¥5,879 million (¥6,595 million in the previous fiscal year), purchase of treasury shares of ¥1,500 million, and payment of dividends of ¥840 million (¥712 million in the previous fiscal year) despite an increase in funds from proceeds from long-term borrowings of ¥7,700 million (¥4,890 million in the previous fiscal year).

**(4) Future Outlook**

The Group has entered the fourth 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 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 ¥68,000 million, operating income of ¥2,500 million, ordinary income of ¥2,300 million, profit attributable to owners of parent of ¥1,200 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.

Although the business circumstances have been difficult, we will pay a year-end dividend of ¥40 to maintain stable dividends to our shareholders.

Furthermore, in the next fiscal year, because we do not expect a quick recovery from the continuing poor market conditions, we are planning to pay an interim dividend of ¥20 per share and a year-end dividend of ¥30 per share, for a total annual dividend of ¥50 per share. We will accelerate our efforts to address urgent management issues as we work to improve profitability and secure profits.



## **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, 2022 | As of March 31, 2023 |
|---|----------------------|----------------------|
| <b>Assets</b>                                       |                      |                      |
| Current assets                                      |                      |                      |
| Cash and deposits                                   | 12,224               | 9,128                |
| Notes receivable - trade                            | 526                  | 345                  |
| Accounts receivable - trade                         | 14,432               | 14,759               |
| Electronically recorded monetary claims - operating | 1,532                | 2,218                |
| Merchandise and finished goods                      | 11,582               | 13,131               |
| Work in process                                     | 21                   | 16                   |
| Raw materials and supplies                          | 3,905                | 3,489                |
| Prepaid expenses                                    | 317                  | 369                  |
| Other   | 1,996                | 1,956                |
| Allowance for doubtful accounts                     | (4)                  | (3)                  |
| <b>Total current assets</b>                         | <b>46,534</b>        | <b>45,411</b>        |
| Non-current assets                                  |                      |                      |
| Property, plant and equipment                       |                      |                      |
| Buildings and structures                            | 30,486               | 30,640               |
| Accumulated depreciation                            | (16,944)             | (17,805)             |
| Buildings and structures, net                       | 13,541               | 12,834               |
| Machinery, equipment and vehicles                   | 37,426               | 35,272               |
| Accumulated depreciation                            | (31,870)             | (30,621)             |
| Machinery, equipment and vehicles, net              | 5,555                | 4,650                |
| Tools, furniture and fixtures                       | 4,144                | 4,285                |
| Accumulated depreciation                            | (3,413)              | (3,484)              |
| Tools, furniture and fixtures, net                  | 730                  | 800                  |
| Land  | 9,638                | 9,748                |
| Leased assets                                       | 4,804                | 4,582                |
| Accumulated depreciation                            | (2,004)              | (2,244)              |
| Leased assets, net                                  | 2,800                | 2,338                |
| Construction in progress                            | 1,091                | 2,369                |
| <b>Total property, plant and equipment</b>          | <b>33,358</b>        | <b>32,743</b>        |
| Intangible assets                                   |                      |                      |
| Goodwill  | 213                  | -                    |
| Other   | 405                  | 341                  |
| <b>Total intangible assets</b>                      | <b>618</b>           | <b>341</b>           |
| Investments and other assets                        |                      |                      |
| Investment securities                               | 4,004                | 4,274                |
| Long-term loans receivable                          | 16                   | 14                   |
| Long-term prepaid expenses                          | 231                  | 512                  |
| Deferred tax assets                                 | 172                  | 299                  |
| Retirement benefit asset                            | 1,228                | 1,063                |
| Other   | 310                  | 371                  |
| Allowance for doubtful accounts                     | (6)                  | (6)                  |
| <b>Total investments and other assets</b>           | <b>5,958</b>         | <b>6,529</b>         |
| <b>Total non-current assets</b>                     | <b>39,935</b>        | <b>39,614</b>        |
| <b>Total assets</b>                                 | <b>86,469</b>        | <b>85,025</b>        |

(Millions of yen)

|   | As of March 31, 2022 | As of March 31, 2023 |
|---|----------------------|----------------------|
| <b>Liabilities</b>                                    |                      |                      |
| Current liabilities                                   |                      |                      |
| Notes and accounts payable - trade                    | 10,204               | 9,972                |
| Electronically recorded obligations - operating       | 429                  | 379                  |
| Short-term borrowings                                 | 6,711                | 6,516                |
| Lease liabilities                                     | 558                  | 474                  |
| Accrued expenses                                      | 348                  | 308                  |
| Income taxes payable                                  | 576                  | 232                  |
| Accrued business office taxes                         | 41                   | 41                   |
| Provision for bonuses                                 | 816                  | 712                  |
| Other   | 2,040                | 2,002                |
| Total current liabilities                             | 21,726               | 20,639               |
| Non-current liabilities                               |                      |                      |
| Corporate bonds                                       | 6,000                | 6,000                |
| Long-term borrowings                                  | 15,051               | 17,348               |
| Lease liabilities                                     | 2,551                | 2,131                |
| Deferred tax liabilities                              | 318                  | 196                  |
| Retirement benefit liability                          | 107                  | 79                   |
| Asset retirement obligations                          | 74                   | 74                   |
| Other   | 255                  | 259                  |
| Total non-current liabilities                         | 24,359               | 26,089               |
| Total liabilities                                     | 46,086               | 46,729               |
| <b>Net assets</b>                                     |                      |                      |
| Shareholders' equity                                  |                      |                      |
| Capital stock   | 8,895                | 8,895                |
| Capital surplus                                       | 7,278                | 7,276                |
| Retained earnings                                     | 20,498               | 19,250               |
| Treasury shares                                       | (1,021)              | (2,488)              |
| Total shareholders' equity                            | 35,650               | 32,933               |
| Accumulated other comprehensive income                |                      |                      |
| Valuation difference on available-for-sale securities | 181                  | 467                  |
| Foreign currency translation adjustment               | 507                  | 765                  |
| Remeasurements of defined benefit plans               | 427                  | 180                  |
| Total accumulated other comprehensive income          | 1,116                | 1,413                |
| Non-controlling interests                             | 3,616                | 3,949                |
| Total net assets                                      | 40,383               | 38,296               |
| <b>Total liabilities and net assets</b>               | <b>86,469</b>        | <b>85,025</b>        |

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**  
**(Consolidated statement of income)**

(Millions of yen)

|   | Fiscal year ended March 31,<br>2022 | Fiscal year ended March 31,<br>2023 |
|---|-------------------------------------|-------------------------------------|
| Net sales   | 62,672                              | 65,081                              |
| Cost of sales   | 46,954                              | 52,120                              |
| Gross profit  | 15,718                              | 12,960                              |
| Selling, general and administrative expenses                  |                                     |                                     |
| Selling expenses  | 4,173                               | 4,198                               |
| General and administrative expenses                           | 6,918                               | 7,574                               |
| Total selling, general and administrative expenses            | 11,092                              | 11,773                              |
| Operating income  | 4,626                               | 1,186                               |
| Non-operating income  |                                     |                                     |
| Interest income   | 7                                   | 10                                  |
| Dividend income   | 85                                  | 105                                 |
| Share of profit of entities accounted for using equity method | 55                                  | 36                                  |
| Foreign exchange gains  | 55                                  | 144                                 |
| Rental income   | 35                                  | 35                                  |
| Other   | 79                                  | 89                                  |
| Total non-operating income                                    | 319                                 | 421                                 |
| Non-operating expenses  |                                     |                                     |
| Interest expenses   | 188                                 | 199                                 |
| Corporate bond interest                                       | 37                                  | 37                                  |
| Inactive facility expenses                                    | 365                                 | -                                   |
| Other   | 162                                 | 170                                 |
| Total non-operating expenses                                  | 753                                 | 407                                 |
| Ordinary income   | 4,192                               | 1,200                               |
| Extraordinary income  |                                     |                                     |
| Gain on sale of investment securities                         | -                                   | 50                                  |
| Reversal for provision for waste disposal costs               | 194                                 | -                                   |
| Total extraordinary income                                    | 194                                 | 50                                  |
| Extraordinary losses  |                                     |                                     |
| Impairment losses   | -                                   | 786                                 |
| Amortization of goodwill                                      | -                                   | 137                                 |
| Loss on disposal of non-current assets                        | 173                                 | 102                                 |
| Loss on valuation of investment securities                    | 34                                  | -                                   |
| Total extraordinary losses                                    | 207                                 | 1,027                               |
| Profit before income taxes                                    | 4,179                               | 224                                 |
| Income taxes - current  | 1,087                               | 459                                 |
| Income taxes - deferred                                       | 52                                  | (185)                               |
| Total income taxes  | 1,139                               | 274                                 |
| Profit (loss)   | 3,039                               | (49)                                |
| Profit attributable to non-controlling interests              | 546                                 | 357                                 |
| Profit (loss) attributable to owners of parent                | 2,492                               | (407)                               |

**(Consolidated statement of comprehensive income)**

(Millions of yen)

|  | Fiscal year ended March 31,<br>2022 | Fiscal year ended March 31,<br>2023 |
|--|-------------------------------------|-------------------------------------|
| Profit (loss)  | 3,039                               | (49)                                |
| Other comprehensive income   |                                     |                                     |
| Valuation difference on available-for-sale securities                                | (303)                               | 286                                 |
| Foreign currency translation adjustment  | 768                                 | 356                                 |
| Remeasurements of defined benefit plans net of tax                                   | 142                                 | (238)                               |
| Share of other comprehensive income of entities<br>accounted for using equity method | 50                                  | 21                                  |
| Total other comprehensive income   | 658                                 | 425                                 |
| Comprehensive income   | 3,697                               | 375                                 |
| Comprehensive income attributable to   |                                     |                                     |
| Comprehensive income attributable to owners of<br>parent                             | 2,824                               | (110)                               |
| Comprehensive income attributable to non-<br>controlling interests                   | 872                                 | 486                                 |

**(3) Consolidated statement of changes in equity**

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 8,895                | 7,267           | 18,733            | (1,040)         | 33,856                     |
| Cumulative effects of changes in accounting policies |                      |                 | (15)              |                 | (15)                       |
| Restated balance                                     | 8,895                | 7,267           | 18,718            | (1,040)         | 33,841                     |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (712)             |                 | (712)                      |
| Profit (loss) attributable to owners of parent       |                      |                 | 2,492             |                 | 2,492                      |
| Purchase of treasury shares                          |                      |                 |                   | (0)             | (0)                        |
| Disposal of treasury shares                          |                      | 11              |                   | 18              | 29                         |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | -                    | 11              | 1,780             | 18              | 1,809                      |
| Balance at end of period                             | 8,895                | 7,278           | 20,498            | (1,021)         | 35,650                     |

|  | 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                       | 484   | 24                                      | 282                                     | 791  | 2,756                     | 37,404           |
| Cumulative effects of changes in accounting policies |   |   |   |  |                           | (15)             |
| Restated balance                                     | 484   | 24                                      | 282                                     | 791  | 2,756                     | 37,389           |
| Changes during period                                |   |   |   |  |                           |                  |
| Dividends of surplus                                 |   |   |   |  |                           | (712)            |
| Profit (loss) attributable to owners of parent       |   |   |   |  |                           | 2,492            |
| Purchase of treasury shares                          |   |   |   |  |                           | (0)              |
| Disposal of treasury shares                          |   |   |   |  |                           | 29               |
| Net changes in items other than shareholders' equity | (303)   | 482                                     | 145                                     | 324  | 860                       | 1,184            |
| Total changes during period                          | (303)   | 482                                     | 145                                     | 324  | 860                       | 2,994            |
| Balance at end of period                             | 181   | 507                                     | 427                                     | 1,116  | 3,616                     | 40,383           |

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                     |
| Cumulative effects of changes in accounting policies |                      |                 |                   |                 | –                          |
| Restated balance                                     | 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                         |
| 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           |
| Cumulative effects of changes in accounting policies |   |   |   |  |                           | –                |
| Restated balance                                     | 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               |
| 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           |

**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

|  | Fiscal year ended March 31,<br>2022 | Fiscal year ended March 31,<br>2023 |
|--|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                          |                                     |                                     |
| Profit before income taxes   | 4,179                               | 224                                 |
| Depreciation   | 3,430                               | 3,295                               |
| Amortization of goodwill   | 150                                 | 213                                 |
| Increase (decrease) in allowance for doubtful accounts               | (9)                                 | (2)                                 |
| Increase (decrease) in retirement benefit liability                  | (417)                               | (249)                               |
| Increase (decrease) in provision for waste disposal costs            | (385)                               | -                                   |
| Interest and dividend income   | (93)                                | (115)                               |
| Interest expenses  | 188                                 | 199                                 |
| Corporate bond interest  | 37                                  | 37                                  |
| Share of loss (profit) of entities accounted for using equity method | (55)                                | (36)                                |
| Impairment losses  | -                                   | 786                                 |
| Loss (gain) on disposal of property, plant and equipment             | 173                                 | 102                                 |
| Loss (gain) on valuation of investment securities                    | 34                                  | -                                   |
| Loss (gain) on sale of investment securities                         | -                                   | (50)                                |
| Decrease (increase) in trade receivables                             | 519                                 | (722)                               |
| Decrease (increase) in inventories                                   | (2,016)                             | (1,362)                             |
| Increase (decrease) in trade payables                                | 744                                 | (321)                               |
| Other  | 213                                 | (442)                               |
| Subtotal   | 6,693                               | 1,556                               |
| Interest and dividends received                                      | 181                                 | 240                                 |
| Interest paid  | (227)                               | (234)                               |
| Income taxes paid  | (1,127)                             | (838)                               |
| Net cash provided by (used in) operating activities                  | 5,520                               | 724                                 |
| <b>Cash flows from investing activities</b>                          |                                     |                                     |
| Payments into time deposits  | (69)                                | (78)                                |
| Proceeds from withdrawal of time deposits                            | 68                                  | 78                                  |
| Purchase of property, plant and equipment                            | (2,661)                             | (2,834)                             |
| Proceeds from sale of property, plant and equipment                  | -                                   | 10                                  |
| Purchase of investment securities                                    | (2)                                 | (2)                                 |
| Proceeds from sale of investment securities                          | -                                   | 70                                  |
| Proceeds from collection of loans receivable                         | 1                                   | 1                                   |
| Other  | (36)                                | (128)                               |
| Net cash provided by (used in) investing activities                  | (2,700)                             | (2,883)                             |
| <b>Cash flows from financing activities</b>                          |                                     |                                     |
| Net increase (decrease) in short-term borrowings                     | 673                                 | 174                                 |
| Proceeds from long-term borrowings                                   | 4,890                               | 7,700                               |
| Repayments of long-term borrowings                                   | (6,595)                             | (5,879)                             |
| Repayments of lease liabilities                                      | (571)                               | (531)                               |
| Purchase of treasury shares  | (0)                                 | (1,500)                             |
| Dividends paid   | (712)                               | (840)                               |
| Dividends paid to non-controlling interests                          | (40)                                | (152)                               |
| Proceeds from share issuance to non-controlling shareholders         | 20                                  | -                                   |
| Net cash provided by (used in) financing activities                  | (2,336)                             | (1,030)                             |
| Effect of exchange rate change on cash and cash equivalents          | 135                                 | 89                                  |
| Net increase (decrease) in cash and cash equivalents                 | 619                                 | (3,099)                             |



(Millions of yen)

|  | Fiscal year ended March 31,<br>2022 | Fiscal year ended March 31,<br>2023 |
|--|-------------------------------------|-------------------------------------|
| Cash and cash equivalents at beginning of period | 11,531                              | 12,151                              |
| Cash and cash equivalents at end of period       | 12,151                              | 9,051                               |

**(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, 2023 based on accounting estimates and may have a significant impact on the consolidated financial statements for the next consolidated fiscal year.

Recoverability of deferred tax assets

- (1) Amount recorded in consolidated financial statements for the fiscal year ended March 31, 2023

(Millions of yen)

|   | As of March 31, 2022 | As of March 31, 2023 |
|---|----------------------|----------------------|
| Deferred tax assets (before offsetting with deferred tax liabilities) | 1,037                | 1,324                |

- (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 progress on price pass-through in response to soaring raw material and energy prices and 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.

**(Changes in accounting policies)**Application of Accounting Standard for Fair Value Measurement, etc.

We have applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; “Fair Value Measurement Implementation Guidance”) from the beginning of the fiscal year under review and decided to apply new accounting standards set forth in the Fair Value Measurement Implementation Guidance prospectively in accordance with the transitional treatment provided for in Section 27-2 of the Fair Value Measurement Implementation Guidance.

There is no impact of application of this implementation guidance on the consolidated financial statements.

**(Notes on Consolidated statement of income)**Inactive facility expenses

Expenses related to inactive equipment in the fiscal year ended March 31, 2022 are fixed costs related to the period during which operation of radcure resin materials manufacturing equipment in the Chitose Plant of the Yokkaichi Branch was suspended, etc.

**(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, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

|   | Reportable segments |                   |                        |                      |                             |               |        | Reconciling items<br>(Note) 3 | Amount recorded in consolidated financial statements<br>(Note) 1 |
|---|---------------------|-------------------|------------------------|----------------------|-----------------------------|---------------|--------|-------------------------------|--|
|   | Surfactants         | Amenity Materials | Polyurethane Materials | Functional Materials | Electronic Device Materials | Life Sciences | Total  |                               |  |
| Net sales   |                     |                   |                        |                      |                             |               |        |                               |  |
| Revenue from contracts with customers                           | 18,564              | 8,092             | 8,294                  | 19,928               | 7,316                       | 476           | 62,672 | –                             | 62,672   |
| Revenues from external customers                                | 18,564              | 8,092             | 8,294                  | 19,928               | 7,316                       | 476           | 62,672 | –                             | 62,672   |
| Transactions with other segments                                | –                   | –                 | –                      | –                    | –                           | –             | –      | –                             | –  |
| Total   | 18,564              | 8,092             | 8,294                  | 19,928               | 7,316                       | 476           | 62,672 | –                             | 62,672   |
| Segment profit (loss)   | 2,476               | 566               | 55                     | 1,355                | 715                         | (543)         | 4,626  | –                             | 4,626  |
| Segment assets  | 18,009              | 9,187             | 10,766                 | 26,732               | 3,427                       | 1,332         | 69,455 | 17,014                        | 86,469   |
| Other items   |                     |                   |                        |                      |                             |               |        |                               |  |
| Depreciation (Note) 2   | 922                 | 458               | 743                    | 1,131                | 72                          | 55            | 3,383  | 46                            | 3,430  |
| Amortization of goodwill  | –                   | –                 | –                      | –                    | –                           | 150           | 150    | –                             | 150  |
| Investments in entities accounted for using equity method       | 301                 | –                 | –                      | 393                  | –                           | –             | 694    | –                             | 694  |
| Increase in property, plant and equipment and intangible assets | 549                 | 366               | 69                     | 762                  | 96                          | 80            | 1,925  | –                             | 1,925  |

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

(Millions of yen)

|   | Reportable segments |                   |                        |                      |                             |               |        | Reconciling items<br>(Note) 3 | Amount recorded in consolidated financial statements<br>(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  |

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, 2022 (April 1, 2021 to March 31, 2022)

## 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 | 18,564      | 8,092             | 8,294                  | 19,928               | 7,316                       | 476           | 62,672 |

## 2. Information for Each Region

## (1) Net sales

(Millions of yen)

| Japan  | Asia   | Other | Total  |
|--------|--------|-------|--------|
| 48,596 | 12,512 | 1,563 | 62,672 |

- 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  |
|--------|--------|-------|--------|
| 27,668 | 5,545  | 144   | 33,358 |

- 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, 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

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

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Not applicable.

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.

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

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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 | -           | -                 | -                      | -                    | -                           | 150           | -                                   | 150   |
| Balance at end of period        | -           | -                 | -                      | -                    | -                           | 213           | -                                   | 213   |

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).

**(Per share information)**

(Yen)

|                                 | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---------------------------------|----------------------------------|----------------------------------|
| Net assets per share            | 3,610.31                         | 3,593.49                         |
| Basic earnings (loss) per share | 244.81                           | (41.87)                          |

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, 2022 | Fiscal year ended March 31, 2023 |
|---|----------------------------------|----------------------------------|
| Total net assets  | 40,383                           | 38,296                           |
| Deduction from total net assets   | 3,616                            | 3,949                            |
| (Non-controlling interests)   | (3,616)                          | (3,949)                          |
| Net assets attributable to ordinary shares at the end of the period   | 36,767                           | 34,346                           |
| Number of ordinary shares at the end of period used for calculating the amounts of net assets per share (Thousands of shares) | 10,183                           | 9,558                            |

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

(Millions of yen)

|   | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---|----------------------------------|----------------------------------|
| Basic earnings (loss) per share   |                                  |                                  |
| Profit (loss) attributable to owners of parent (Millions of yen)                      | 2,492                            | (407)                            |
| Amounts not attributable to ordinary shareholders (Millions of yen)                   | —                                | —                                |
| Profit (loss) attributable to owners of parent for ordinary shares (Millions of yen)  | 2,492                            | (407)                            |
| Average number of ordinary shares outstanding during the period (Thousands of shares) | 10,181                           | 9,737                            |

**(Significant events after reporting period)**

Not applicable.