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October 30, 2024

## Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange  
 Security code: 4461  
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 Scheduled date to file semi-annual securities report: November 13, 2024  
 Scheduled date to commence dividend payments: December 6, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes

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

### 1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

#### (1) Consolidated operating results (cumulative) (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	%
Six months ended								
September 30, 2024	35,431	21.3	2,474	-	2,579	-	1,256	-
September 30, 2023	29,200	(10.9)	(449)	-	(379)	-	(478)	-

Note: Comprehensive income For the six months ended September 30, 2024: ¥2,456 million [178.1%]  
 For the six months ended September 30, 2023: ¥883 million [15.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	131.25	-
September 30, 2023	(50.03)	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	92,956	43,096	40.7	3,954.51
March 31, 2024	94,537	41,297	38.9	3,839.89

Reference: Equity  
 As of September 30, 2024: ¥37,867 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 semi-annual 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. Semi-annual Consolidated Financial Statements and Notes, (4) Notes to Semi-annual Consolidated Financial Statements (Changes in accounting policies)” in page 11 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 September 30, 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 September 30, 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)

Six months ended September 30, 2024	9,572,885 shares
Six months ended September 30, 2023	9,563,893 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* 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.

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## 1. Overview of Operating Results

### (1) Overview of Semi-annual Operating Results

During the current semi-annual consolidated fiscal year under review, the Japanese economy showed a moderate recovery as personal consumption remained steady, supported by improvements in the income and employment environment. On the other hand, the economy remained unstable due to factors such as rising prices, the situation in the Middle East, and fluctuations in financial and capital markets.

In this environment, conditions surrounding our group also showed positive signs, with both sales and profits increased compared to the same period of the previous fiscal year. Sales of electronic materials for high-end servers remained strong, and realizing the effect of price pass-through, driven by sales recovery, contributed to profit. We will achieve results appropriate for the final year of the current management plan leading to the next medium-term management plan, “SMART 2030 (tentative title).”

Concerning the results for the current semi-annual consolidated fiscal year under review, net sales increased across all segments. In particular, net sales amounted to ¥35,431 million (up 21.3% 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 ¥2,474 million (an operating loss of ¥449 million in the same period of the previous fiscal year), an ordinary income of ¥2,579 million (an ordinary loss of ¥379 million in the same period of the previous fiscal year), and a profit attributable to owners of parent of ¥1,256 million (a loss attributable to owners of parent of ¥478 million in the same period of the previous fiscal year), primarily due to sales growth in the Functional Materials segment.

Results by segment are as follows.

#### Surfactants

Net sales in the Surfactants segment were generally firm.

In Japan, sales were firm in IT and electronics applications, machinery and metal applications, paint and coloring agent applications, with a significant increase in sales for soap and detergent applications.

Overseas, sales were weak in rubber and plastic applications and paint and coloring agent applications.

As a result, net sales in this segment were ¥9,467 million (up 7.5% year on year).

Operating income was ¥712 million (up 14.6% year on year) due to firm net 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 ¥4,593 million (up 15.0% year on year).

Operating income was ¥473 million (operating income of ¥75 million in the same period of the previous fiscal year) due to the significant increase in net sales.

### 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 ¥4,494 million (up 2.3% year on year).

Operating loss was ¥134 million (operating loss of ¥196 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 and radcure resin materials for IT and electronics applications increased significantly.

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

As a result, net sales in this segment were ¥13,533 million (up 46.6% year on year).

Operating income was ¥1,983 million (operating loss of ¥407 million in the same period of the previous fiscal year), due to the significant increase in net sales.

### Electronic Device Materials

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

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 ¥3,146 million (up 20.4% year on year).

Operating loss was ¥214 million (operating loss of ¥60 million in the same period of the previous fiscal year), due to operating expenses, mainly R&D costs, despite the increase in net sales.

### Life Sciences

Net sales in the Life Sciences segment increased by ¥37 million to ¥194 million (up 23.5% 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 ¥346 million (operating loss of ¥482 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 September 30, 2024, were ¥52,535 million, down ¥1,079 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥1,755 million in cash and deposits and a decrease of ¥322 million in electronically recorded monetary claims – operating, despite an increase of ¥472 million in notes and accounts receivable – trade. Non-current assets totaled ¥40,421 million, down ¥501 million from the end of the previous fiscal year, primarily due to a decrease of ¥265 million in investment securities.

As a result, total assets amounted to ¥92,956 million, down ¥1,581 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of September 30, 2024, were ¥25,083 million, down ¥75 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥182 million in notes and accounts payable – trade, and a decrease of ¥103 million in short-term borrowings, despite an increase of ¥232 million in provision for bonuses. Non-current liabilities totaled ¥24,776 million, down ¥3,305 million from the end of the previous fiscal year, primarily due to a decrease of ¥3,206 million in long-term borrowings.

As a result, total liabilities amounted to ¥49,859 million, down ¥3,380 million from the end of the previous fiscal year.

(Net assets)

Total net assets as of September 30, 2024, were ¥43,096 million, up ¥1,799 million from the end of the previous fiscal year. This was primarily due to a profit attributable to owners of parent of ¥1,256 million and dividends of surplus of ¥430 million, resulting in an increase in retained earnings of ¥825 million, an increase of ¥506 in foreign currency translation adjustment, and an increase of ¥679 million in non-controlling interests, despite a decrease of ¥212 in valuation difference on available-for-sale securities.

As a result, the equity ratio came to 40.7% (38.9% as of the end of the previous fiscal year).

(Consolidated cash flows)

Cash and cash equivalents (“cash”) in the six months ended September 30, 2024 were ¥14,172 million, an decrease of ¥1,774 million compared to the end of the previous fiscal year.

The respective cash flow positions and the factors thereof in the six months ended September 30, 2024 are as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥3,501 million (¥2,138 million was provided in the same period of the previous fiscal year). This was due to a decrease in funds resulting primarily from a decrease in trade payables of ¥333 million (a decrease of ¥842 million in the same period of the previous fiscal year), and an increase in funds resulting primarily from profit before income taxes of ¥2,551 million (a loss of ¥419 million in the same period of the previous fiscal year), and depreciation of ¥1,604 million (¥1,603 million in the same period of the previous fiscal year).

Cash flows from investing activities

Net cash used in investing activities was ¥997 million (¥1,009 million was used in the same period of the previous fiscal year). This was due to a decrease in funds resulting from expenditures for the purchase of property, plant, and equipment of ¥1,077 million (¥1,089 million in the same period of the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was ¥4,372 million (¥4,826 million was provided in the same period of the previous fiscal year). This was due to a decrease in funds caused mainly by the repayment of long-term borrowings of ¥3,443 million (¥2,703 million in the same period of the previous fiscal year) and the payment of dividends of ¥430 million (¥382 million in the same period 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. Semi-annual Consolidated Financial Statements and Notes

### (1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	16,126	14,371
Notes and accounts receivable - trade	18,299	18,771
Electronically recorded monetary claims - operating	2,364	2,041
Merchandise and finished goods	11,029	10,844
Work in process	20	21
Raw materials and supplies	3,091	3,441
Prepaid expenses	403	578
Other	2,282	2,469
Allowance for doubtful accounts	(2)	(2)
Total current assets	53,614	52,535
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,583	12,912
Machinery, equipment and vehicles, net	5,717	5,641
Tools, furniture and fixtures, net	939	1,121
Land	9,948	10,176
Leased assets, net	2,115	1,931
Construction in progress	1,162	632
Total property, plant and equipment	32,467	32,416
Intangible assets	290	259
Investments and other assets		
Investment securities	5,641	5,376
Long-term loans receivable	10	10
Long-term prepaid expenses	346	301
Deferred tax assets	127	118
Retirement benefit asset	1,601	1,606
Other	437	333
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	8,164	7,745
Total non-current assets	40,922	40,421
Total assets	94,537	92,956

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,979	11,796
Electronically recorded obligations - operating	562	558
Short-term borrowings	7,847	7,744
Lease liabilities	516	502
Accrued expenses	278	303
Income taxes payable	361	489
Accrued business office taxes	41	21
Provision for bonuses	823	1,056
Other	2,747	2,610
Total current liabilities	25,159	25,083
Non-current liabilities		
Corporate bonds	6,000	6,000
Long-term borrowings	18,950	15,743
Lease liabilities	1,823	1,609
Deferred tax liabilities	880	996
Retirement benefit liability	85	78
Asset retirement obligations	74	74
Other	266	273
Total non-current liabilities	28,081	24,776
Total liabilities	53,240	49,859
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,895	8,895
Capital surplus	7,266	7,275
Retained earnings	19,851	20,677
Treasury shares	(2,462)	(2,449)
Total shareholders' equity	33,551	34,398
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,670	1,458
Foreign currency translation adjustment	1,073	1,579
Remeasurements of defined benefit plans	452	431
Total accumulated other comprehensive income	3,196	3,469
Non-controlling interests	4,549	5,228
Total net assets	41,297	43,096
<b>Total liabilities and net assets</b>	<b>94,537</b>	<b>92,956</b>

**(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income**

**Semi-annual consolidated statement of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	29,200	35,431
Cost of sales	24,044	26,706
Gross profit	5,156	8,724
Selling, general and administrative expenses	5,605	6,250
Operating income (loss)	(449)	2,474
Non-operating income		
Interest income	2	14
Dividend income	64	75
Share of profit of entities accounted for using equity method	0	22
Foreign exchange gains	130	107
Other	94	80
Total non-operating income	293	301
Non-operating expenses		
Interest expenses	123	121
Corporate bond interest	18	18
Other	81	56
Total non-operating expenses	223	196
Ordinary income (loss)	(379)	2,579
Extraordinary losses		
Loss on disposal of non-current assets	40	27
Total extraordinary losses	40	27
Profit (loss) before income taxes	(419)	2,551
Income taxes - current	150	444
Income taxes - deferred	(235)	234
Total income taxes	(85)	679
Profit (loss)	(334)	1,872
Profit attributable to non-controlling interests	143	616
Profit (loss) attributable to owners of parent	(478)	1,256

**Semi-annual consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit (loss)	(334)	1,872
Other comprehensive income		
Valuation difference on available-for-sale securities	630	(212)
Foreign currency translation adjustment	639	797
Remeasurements of defined benefit plans net of tax	(22)	(20)
Share of other comprehensive income of entities accounted for using equity method	(29)	19
Total other comprehensive income	1,217	583
Comprehensive income	883	2,456
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	476	1,529
Comprehensive income attributable to non- controlling interests	406	927

**(3) Semi-annual Consolidated Statement of Cash Flows**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(419)	2,551
Depreciation	1,603	1,604
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in retirement benefit liability	(67)	(56)
Interest and dividend income	(67)	(90)
Interest expenses	123	121
Corporate bond interest	18	18
Share of loss (profit) of entities accounted for using equity method	(0)	(22)
Loss on disposal of non-current assets	40	27
Decrease (increase) in trade receivables	(333)	141
Decrease (increase) in inventories	1,805	50
Increase (decrease) in trade payables	(842)	(333)
Other	384	(252)
<b>Subtotal</b>	<b>2,244</b>	<b>3,758</b>
Interest and dividends received	64	97
Interest paid	(142)	(140)
Income taxes paid	(28)	(213)
<b>Net cash provided by (used in) operating activities</b>	<b>2,138</b>	<b>3,501</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(78)	(85)
Proceeds from withdrawal of time deposits	79	85
Purchase of property, plant and equipment	(1,089)	(1,077)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	–	1
Proceeds from withdrawal of investments in affiliated companies	106	–
Other	(26)	80
<b>Net cash provided by (used in) investing activities</b>	<b>(1,009)</b>	<b>(997)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	341	–
Proceeds from long-term borrowings	7,903	–
Repayments of long-term borrowings	(2,703)	(3,443)
Repayments of lease liabilities	(228)	(250)
Purchase of treasury shares	–	(0)
Dividends paid	(382)	(430)
Dividends paid to non-controlling interests	(103)	(248)
<b>Net cash provided by (used in) financing activities</b>	<b>4,826</b>	<b>(4,372)</b>
Effect of exchange rate change on cash and cash equivalents	171	94
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,127</b>	<b>(1,774)</b>
Cash and cash equivalents at beginning of period	9,051	15,947
<b>Cash and cash equivalents at end of period</b>	<b>15,179</b>	<b>14,172</b>

**(4) Notes to Semi-annual 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.

**(Segment information, etc.)**

## Segment information

## I First six months ended September 30, 2023 (from April 1, 2023 to September 30, 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	8,809	3,993	4,395	9,231	2,613	157	29,200
Revenues from external customers	8,809	3,993	4,395	9,231	2,613	157	29,200
Transactions with other segments	–	–	–	–	–	–	–
Total	8,809	3,993	4,395	9,231	2,613	157	29,200
Segment profit (loss) operating income (loss)	621	75	(196)	(407)	(60)	(482)	(449)

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

## II First six months ended September 30, 2024 (from April 1, 2024 to September 30, 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	9,467	4,593	4,494	13,533	3,146	194	35,431
Revenues from external customers	9,467	4,593	4,494	13,533	3,146	194	35,431
Transactions with other segments	–	–	–	–	–	–	–
Total	9,467	4,593	4,494	13,533	3,146	194	35,431
Segment profit (loss) operating income (loss)	712	473	(134)	1,983	(214)	(346)	2,474

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

**(Notes on revenue recognition)**

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