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May 13, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022  
(Based on Japanese GAAP)

Company name: Carlit Holdings Co., Ltd. (hereafter 'the Company')  
Listed exchange: Prime Section, Tokyo Stock Exchange Code Number: 4275  
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Submission of the securities report: June 29, 2022  
Dividend payment commencement: June 30, 2022  
Preparation of explanatory materials for full-term financial results: Yes (in Japanese & English)  
Holding of full-term financial results briefing: Yes (audio recording; in Japanese only)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 2022  
(April 1, 2021 to March 31, 2022)

1) Consolidated operating results (Percentages indicate year-on-year changes)

| For the fiscal year ended | Net sales       |      | Operating profit |      | Ordinary profit |     | Net income attributable to the Company |      |
|---------------------------|-----------------|------|------------------|------|-----------------|-----|--|------|
|                           | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %   | Millions of yen                        | %    |
| Mar. 31, 2022             | 33,894          | —    | 2,506            | —    | 2,742           | —   | 2,336                                  | —    |
| Mar. 31, 2021             | 45,537          | -8.5 | 1,574            | -1.5 | 1,770           | 2.2 | 1,231                                  | 78.3 |

(Note) Comprehensive income: Fiscal year ended Mar. 31, 2022: 2,225 million yen (-26.2%)  
Fiscal year ended Mar. 31, 2021: 3,014 million yen (—%)

| For the fiscal year ended | Net income per share | Diluted net income per share | Return on equity | Ordinary profit/total assets | Operating profit/net sales |
|---------------------------|----------------------|------------------------------|------------------|------------------------------|----------------------------|
|                           | Yen                  | Yen                          | %                | %                            | %                          |
| Mar. 31, 2022             | 98.31                | —                            | 7.8              | 5.4                          | 7.4                        |
| Mar. 31, 2021             | 51.82                | —                            | 4.5              | 3.5                          | 3.5                        |

(Reference)

Share of profit of entities accounted for using equity method: Fiscal year ended Mar.31, 2022: 21 million yen  
Fiscal year ended Mar.31, 2021: 17 million yen

(Note) Applied 'Accounting Standard for Revenue Recognition, etc.' from the beginning of this fiscal year. Figures of fiscal year 2021 is calculated on the assumption that this accounting standard had been applied and percentage changes are not shown.

2) Consolidated financial position

| As of         | Total assets    | Net assets      | Equity ratio | Net assets per share |
|---------------|-----------------|-----------------|--------------|----------------------|
|               | Millions of yen | Millions of yen | %            | Yen                  |
| Mar. 31, 2022 | 50,078          | 30,903          | 61.7         | 1,300.41             |
| Mar. 31, 2021 | 50,953          | 28,977          | 56.9         | 1,218.73             |

(Reference) Shareholders' equity: As of Mar. 31, 2022: 30,903 million yen As of Mar. 31, 2021: 28,977 million yen

### 3) Consolidated cash flows

|                           | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash flows from equivalents at year-end |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| For the fiscal year ended | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                         |
| Mar. 31, 2022             | 3,063                                | -984                                 | -3,981                               | 3,589                                   |
| Mar. 31, 2021             | 4,193                                | -1,135                               | -2,187                               | 5,496                                   |

### 2. Cash dividends

|                           | Cash dividends per share |      |     |                 |        | Total cash dividends (annual) | Payout ratio (consolidated) | Dividends to net assets ratio (consolidated) |
|---------------------------|--------------------------|------|-----|-----------------|--------|-------------------------------|-----------------------------|--|
|                           | 1Q                       | 2Q   | 3Q  | Fiscal year end | Annual |                               |                             |  |
| For the fiscal year ended | Yen                      | Yen  | Yen | Yen             | Yen    | Millions of yen               | %                           | %  |
| Mar. 31, 2021             | —                        | 0.00 | —   | 12.00           | 12.00  | 287                           | 23.2                        | 1.0  |
| Mar. 31, 2022             | —                        | 0.00 | —   | 16.00           | 16.00  | 383                           | 16.3                        | 1.3  |
| Mar. 31, 2023 (Forecast)  | —                        | 0.00 | —   | 16.00           | 16.00  |                               | 20.00                       |  |

(Note) Revisions to the forecast of cash dividends most recently announced: No

### 3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023

(April 1, 2022 to March 31, 2023)

(Percentages indicate changes from the same period of previous fiscal year)

|                      | Net sales       |     | Operating profit |       | Ordinary profit |       | Net income attributable to the Company |       | Net income per share |
|----------------------|-----------------|-----|------------------|-------|-----------------|-------|--|-------|----------------------|
|                      | Millions of yen | %   | Millions of yen  | %     | Millions of yen | %     | Millions of yen                        | %     | Yen                  |
| 1 <sup>st</sup> half | 17,000          | 6.2 | 700              | -32.7 | 800             | -29.7 | 550                                    | -46.1 | 23.10                |
| Full year            | 35,000          | 3.3 | 2,500            | -0.3  | 2,700           | -1.6  | 1,900                                  | -18.7 | 79.90                |

#### Notes

1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

2) Changes in accounting policies, changes in accounting estimates, and restatement

1. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2. Changes in accounting policies due to other than 1. above: None

3. Changes in accounting estimates: Yes

4. Restatement: None

3) Number of issued shares (common shares)

1. Total number of issued shares at the end of the period (including treasury shares)

|                     |                   |                     |                   |
|---------------------|-------------------|---------------------|-------------------|
| As of Mar. 31, 2022 | 24,050,000 shares | As of Mar. 31, 2021 | 24,050,000 shares |
|---------------------|-------------------|---------------------|-------------------|

2. Number of treasury shares at the end of the period

|                     |                |                     |                |
|---------------------|----------------|---------------------|----------------|
| As of Mar. 31, 2022 | 285,316 shares | As of Mar. 31, 2021 | 273,316 shares |
|---------------------|----------------|---------------------|----------------|

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

|                     |                   |                     |                   |
|---------------------|-------------------|---------------------|-------------------|
| As of Mar. 31, 2022 | 23,769,684 shares | As of Mar. 31, 2021 | 23,757,035 shares |
|---------------------|-------------------|---------------------|-------------------|

(Reference) Non-consolidated financial results for the fiscal year ended March 31, 2022

1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

|                           | Net sales        |       | Operating profit         |       | Ordinary profit |       | Profit          |      |
|---------------------------|------------------|-------|--------------------------|-------|-----------------|-------|-----------------|------|
|                           | Millions of yen  | %     | Millions of yen          | %     | Millions of yen | %     | Millions of yen | %    |
| For the fiscal year ended |                  |       |                          |       |                 |       |                 |      |
| Mar. 31, 2022             | 2,223            | -18.4 | 668                      | -24.8 | 860             | -18.3 | 914             | -6.7 |
| Mar. 31, 2021             | 2,725            | -20.6 | 890                      | -39.5 | 1,052           | -37.2 | 980             | -2.7 |
|                           | Profit per share |       | Diluted profit per share |       |                 |       |                 |      |
| For the fiscal year ended |                  | Yen   |                          | Yen   |                 |       |                 |      |
| Mar. 31, 2022             |                  | 38.46 |                          | —     |                 |       |                 |      |
| Mar. 31, 2021             |                  | 41.26 |                          | —     |                 |       |                 |      |

2) Non-consolidated financial position

|               | Total assets    | Net assets      | Equity ratio | Net assets per share |
|---------------|-----------------|-----------------|--------------|----------------------|
| As of         | Millions of yen | Millions of yen | %            | Yen                  |
| Mar. 31, 2022 | 34,703          | 28,077          | 80.9         | 1,180.88             |
| Mar. 31, 2021 | 37,982          | 27,675          | 72.9         | 1,163.98             |

(Reference) Shareholders' equity: As of Mar. 31, 2022: 28,077 million yen As of Mar. 31, 2021: 27,675 million yen

\* This earnings summary is not subject to audit.

\* Forward-looking statements and other special notes

(Notice concerning forward-looking statements)

The forward-looking statements described in this document, such as business forecasts, are based on information available at the time of release of these materials and reasonable assumptions made by the Company, and do not represent a commitment from the Company that they will be achieved.

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## 1. Qualitative Information

- ① Issued integrated report 'Carlit Report 2021'
- ② Transition to Prime Market from April 4, 2022
- ③ Revised the plan of annual dividend for this fiscal year to ¥16 per share

### (1) Explanations of Business Results

#### ① Explanation concerning operating results

The Company has applied 'Accounting Standard for Revenue Recognition, etc.' since the beginning of this fiscal year. Figures of fiscal year 2021 is calculated on the assumption that this accounting standard had been applied.

Due to the product defect in Chemical products segment, ¥139 million of compensation expenses and ¥96 million of insurance claim income were appropriated during second half.

It accounted gain ¥392 million of bargain purchase, due to acquiring shares of Minamisawa Construction Co., Ltd. on September 2021, ¥108 million of gain on sale of investment securities, ¥22 million of loss on sale of non-current assets and ¥215 of loss on retirement of non-current assets.

(Percentages indicate year-on-year changes)

|                           | Net sales       |       | Operating profit |       | Ordinary profit |       | Net income attributable to the Company |       |
|---------------------------|-----------------|-------|------------------|-------|-----------------|-------|--|-------|
|                           | Millions of yen | %     | Millions of yen  | %     | Millions of yen | %     | Millions of yen                        | %     |
| For the fiscal year ended |                 |       |                  |       |                 |       |  |       |
| Mar. 31, 2022             | 33,894          | +14.4 | 2,506            | +59.1 | 2,742           | +54.9 | 2,336                                  | +89.8 |
| Mar. 31, 2021             | 29,631          |       | 1,574            |       | 1,770           |       | 1,231                                  |       |

#### ② Explanations in business segments

##### Chemical products

Explosives = increase in sales, decrease in profit

Industrial explosives; decrease in sales and profit

Automotive emergency flares; decrease in sales and profit

Smoke fires for highway use; increase in sales and profit

Raw materials for fireworks; increase in sales and profit

Space industry; advance development of propellant with customer

Material assessment service = increase in sales and profit

Chemicals = increase in sales, decrease in profit

Sodium chlorate for pulp bleaching; increase in sales, decrease in profit

Sodium chlorite for sterilization and deodorization use; decrease in sales and profit

Ammonium perchlorate for propellant; decrease in sales and profit

Electrodes; increase in sales, decrease in profit

Electronics = increase in sales and profit

Electronic materials; increase in sales and profit

Functional materials; increase in sales and profit

Ceramics = increase in sales and profit

##### Bottling

PET; decrease in sales and profit

Cans and others; increase in sales and profit

##### Industrial materials

Silicon wafers; increase in sales and profit, launched 'High Flatness Wafer' for MEMS use

Anchors for refractories; increase in sales and profit

Springs for automobiles and construction machinery; increase in sales and profit

Engineering services

Engineering and construction work: decrease in sales and profit

Sales of industrial paints and painting work: increase in sales and profit

Structural design and administration of buildings: increase in sales and profit

Results are as below.

| Business segments    | Net sales |        | Operating profit |        |
|----------------------|-----------|--------|------------------|--------|
|                      | FY2021    | FY2022 | FY2021           | FY2022 |
| Chemical products    | 15,576    | 16,950 | 744              | 1,172  |
| Bottling             | 4,239     | 4,360  | 77               | 218    |
| Industrial materials | 7,627     | 9,313  | 230              | 654    |
| Engineering services | 2,802     | 4,173  | 390              | 892    |
| Subtotal             | 30,245    | 34,798 | 1,442            | 2,937  |
| Other                | -613      | -904   | 132              | -430   |
| Total                | 29,631    | 33,894 | 1,574            | 2,506  |

③ Forecasts for the Fiscal Year Ending March, 2022

(Percentages indicate year-on-year changes)

|                      | Net sales       |     | Operating profit |       | Ordinary profit |       | Net income attributable to the Company |       | Profit per share |
|----------------------|-----------------|-----|------------------|-------|-----------------|-------|--|-------|------------------|
|                      | Millions of yen | %   | Millions of yen  | %     | Millions of yen | %     | Millions of yen                        | %     | Yen              |
| 1 <sup>st</sup> half | 17,000          | 6.2 | 700              | -32.7 | 800             | -29.7 | 550                                    | -46.1 | 23.10            |
| Full year            | 35,000          | 3.3 | 2,500            | -0.3  | 2,700           | -1.6  | 1,900                                  | -18.7 | 79.90            |

## (2) Summary of the Consolidated Balance Sheets and Cash Flow Statements

### ① Consolidated balance sheets

(Millions of yen)

|                                | Mar. 31, 2021 | Mar. 31, 2022 | Year-on-year changes |
|--------------------------------|---------------|---------------|----------------------|
| Assets                         | 50,953        | 50,078        | -875                 |
| Net assets                     | 28,977        | 30,903        | 1,926                |
| Shareholders' equity ratio     | 56.9%         | 61.7%         | 4.8%                 |
| Net assets per share           | ¥1,218.73     | ¥1,300.41     | ¥81.68               |
| Interest - bearing liabilities | 7,896         | 4,386         | -3,509               |

#### (Assets)

Total assets was ¥50,078 million, a decrease of ¥875 million from the end of the previous fiscal year. This was primarily driven by decreases in cash and deposits of ¥1,778 million, property, plant and equipment of ¥513 million, investment securities of ¥395 million; partially offset by increases in inventories of ¥823 million, accounts receivable – other (which is included in “other” in current assets”) of ¥1,114 million.

#### (Liabilities)

Liabilities was ¥19,174 million, a decrease of ¥2,802 million from the end of the previous fiscal year. This was primarily driven by decreases in interest - bearing liabilities of ¥3,509 million, retirement benefit liability of ¥117 million; partially offset by an increase in notes and accounts payable –trade of ¥907 million.

#### (Net assets)

Total net assets was ¥30,903 million, an increase of ¥1,926 million from the end of the previous fiscal year. This was primarily driven by an increase in retained earnings of ¥2,048 million most of which derived from profit, remeasurements of defined benefit plans of ¥118 million; partially offset by a decrease in valuation difference on available-for-sale securities of ¥268 million.

As a result of the above, net assets per share was ¥1,300.41, an increase of ¥81.68 from the end of the previous fiscal year. Shareholders' equity ratio increased from 56.9% to 61.7%.

## ② Consolidated cash flow statements

(Millions of yen)

|  | Mar. 31, 2021 | Mar. 31, 2022 | Year-on-year changes |
|--|---------------|---------------|----------------------|
| Cash flows from operating activities                 | 4,193         | 3,063         | -1,130               |
| Cash flows from investing activities                 | -1,135        | -984          | 150                  |
| Cash flows from financing activities                 | -2,187        | -3,981        | -1,794               |
| Net increase (decrease) in cash and cash equivalents | 873           | -1,906        | -2,780               |
| Cash and cash equivalents at end of period           | 5,496         | 3,589         | -1,906               |

The balance of cash and cash equivalents at the end of this fiscal year was ¥3,589 million, a decrease of ¥1,906 million from the end of the previous fiscal year.

Cash flows during this fiscal year and their causes are as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities was ¥3,063 million, a decrease of ¥1,130 million from the previous fiscal year. This was primarily driven by profit before tax of ¥3,005 million, depreciation of ¥1,849 million, increase in inventories of ¥1,201 million, and income taxes paid of ¥887 million.

### (Cash flows from investing activities)

Net cash used in investing activities was ¥984 million, a decrease of ¥150 million from the previous fiscal year. This was primarily driven by purchase of non-current assets of ¥1,044 million, purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥218 million, and interest and dividends received of ¥204 million.

### (Cash flows from financing activities)

Net cash used in financing activities was ¥3,981 million, an increase of ¥1,794 million from the previous fiscal year. This was primarily driven by net decrease in borrowings of ¥3,327 million, and dividends paid of ¥287 million.

|  | Mar. 31, 2018 | Mar. 31, 2019 | Mar. 31, 2020 | Mar. 31, 2021 | Mar. 31, 2022 |
|--|---------------|---------------|---------------|---------------|---------------|
| Shareholders' equity ratio                       | 47.4%         | 49.8%         | 53.6%         | 56.9%         | 61.7%         |
| Shareholders' equity ratio based on market value | 47.4%         | 34.2%         | 22.6%         | 34.2%         | 31.5%         |
| Interest-bearing debt to cash flow ratio (years) | 3.3           | 3.7           | 3.3           | 1.9           | 1.4           |
| Interest coverage ratio (times)                  | 34.0          | 35.3          | 34.2          | 55.1          | 48.4          |

Shareholders' equity ratio: Equity capital/ total assets

Shareholders' equity ratio based on market value: Market capitalization/total assets

Interest - bearing liabilities to cash flow ratio: Interest - bearing liabilities/operating cash flow

Interest coverage ratio: Operating cash flow/interest payments

(Notes) 1. Indicators are calculated based on consolidated figures.

2. Market capitalization is calculated using the closing share price at the end of the year multiplied by the number of issued shares at the end of the year (less treasury stock at cost).

3. Operating cash flow is net cash provided by operating activities as shown in the consolidated statements of cash flows. Interest-bearing debt is all liabilities in the consolidated balance sheets for which interest is payable. Interest payments are the amount of interest paid as presented in the consolidated statements of cash flows.



### **(3) Dividend Plan**

The Company's basic policy is to ensure stable and continuous dividends considering to address future-oriented initiative based on the target of 20% through 30% of payout rate. It has also to secure internal reserves which are required to take effective measures for R&D efforts to develop unique business potential growth, the vitalization of existing business and expansion of business fields.

The Company plans to pay its annual dividend for this fiscal year ¥16 per share, increasing ¥4 per share from the previous fiscal year, as disclosed on Feb. 3, 2022.

This proposal will be submitted to the general meeting of shareholders scheduled to be held June, 2022.

## **2. Basic Stance on Selection of Accounting Standards**

The Company and its consolidated subsidiaries (collectively, "the Group") prepare their consolidated financial statements based on the generally accepted accounting principles in Japan to allow comparisons with prior years and other companies.

Regarding the application of International Financial Reporting Standards, the Group will take appropriate actions by considering various circumstances both in Japan and overseas.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

|   | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Current assets  |                      |                      |
| Cash and deposits   | 5,547                | 3,768                |
| Notes and accounts receivable - trade                     | 10,399               | —                    |
| Notes and accounts receivable - trade and contract assets | —                    | 10,145               |
| Merchandise and finished goods                            | 1,958                | 2,693                |
| Work in process   | 732                  | 500                  |
| Raw materials and supplies                                | 1,258                | 1,577                |
| Other   | 857                  | 2,107                |
| Allowance for doubtful accounts                           | (7)                  | (8)                  |
| <b>Total current assets</b>                               | <b>20,746</b>        | <b>20,785</b>        |
| Non-current assets  |                      |                      |
| Property, plant and equipment                             |                      |                      |
| Buildings and structures, net                             | 9,123                | 8,692                |
| Machinery, equipment and vehicles, net                    | 3,311                | 3,207                |
| Land  | 5,527                | 5,868                |
| Leased assets, net  | 1,427                | 1,248                |
| Construction in progress                                  | 196                  | 107                  |
| Other, net  | 288                  | 236                  |
| <b>Total property, plant and equipment</b>                | <b>19,874</b>        | <b>19,361</b>        |
| Intangible assets   |                      |                      |
| Goodwill  | 6                    | —                    |
| Other   | 77                   | 96                   |
| <b>Total intangible assets</b>                            | <b>83</b>            | <b>96</b>            |
| Investments and other assets                              |                      |                      |
| Investment securities                                     | 8,979                | 8,583                |
| Deferred tax assets                                       | 671                  | 595                  |
| Retirement benefit asset                                  | 5                    | 6                    |
| Other   | 594                  | 651                  |
| Allowance for doubtful accounts                           | (2)                  | (2)                  |
| <b>Total investments and other assets</b>                 | <b>10,248</b>        | <b>9,834</b>         |
| <b>Total non-current assets</b>                           | <b>30,207</b>        | <b>29,293</b>        |
| <b>Total assets</b>                                       | <b>50,953</b>        | <b>50,078</b>        |

As of March 31, 2021

As of March 31, 2022

|   | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| <b>Liabilities</b>                                    |                      |                      |
| Current liabilities                                   |                      |                      |
| Notes and accounts payable - trade                    | 5,310                | 6,217                |
| Short-term borrowings                                 | 3,107                | 302                  |
| Current portion of long-term borrowings               | 1,505                | 977                  |
| Income taxes payable                                  | 425                  | 488                  |
| Provision for bonuses                                 | 635                  | 660                  |
| Other   | 1,850                | 2,454                |
| Total current liabilities                             | 12,834               | 11,100               |
| Non-current liabilities                               |                      |                      |
| Long-term borrowings                                  | 1,765                | 1,788                |
| Lease obligations                                     | 1,319                | 410                  |
| Deferred tax liabilities                              | 3,298                | 3,207                |
| Provision for environmental measures                  | 10                   | 10                   |
| Provision for share awards for directors              | 9                    | 50                   |
| Retirement benefit liability                          | 1,231                | 1,113                |
| Other   | 1,505                | 1,491                |
| Total non-current liabilities                         | 9,142                | 8,074                |
| <b>Total liabilities</b>                              | <b>21,976</b>        | <b>19,174</b>        |
| <b>Net assets</b>                                     |                      |                      |
| Shareholders' equity                                  |                      |                      |
| Share capital   | 2,099                | 2,099                |
| Capital surplus                                       | 1,192                | 1,192                |
| Retained earnings                                     | 21,460               | 23,509               |
| Treasury shares                                       | (155)                | (166)                |
| Total shareholders' equity                            | 24,597               | 26,634               |
| Accumulated other comprehensive income                |                      |                      |
| Valuation difference on available-for-sale securities | 4,458                | 4,190                |
| Deferred gains or losses on hedges                    | 32                   | 31                   |
| Foreign currency translation adjustment               | 70                   | 111                  |
| Remeasurements of defined benefit plans               | (182)                | (64)                 |
| Total accumulated other comprehensive income          | 4,379                | 4,269                |
| <b>Total net assets</b>                               | <b>28,977</b>        | <b>30,903</b>        |
| <b>Total liabilities and net assets</b>               | <b>50,953</b>        | <b>50,078</b>        |

**(2) Consolidated Statements of Income and Comprehensive Income**  
**Consolidated Statements of Income**

(Millions of yen)

|   | For the fiscal year ended<br>March 31, 2021 | For the fiscal year ended<br>March 31, 2022 |
|---|---|---|
| Net sales   | 45,537                                      | 33,894                                      |
| Cost of sales   | 37,900                                      | 25,246                                      |
| Gross profit  | 7,636                                       | 8,647                                       |
| Selling, general and administrative expenses                  | 6,061                                       | 6,140                                       |
| Operating profit  | 1,574                                       | 2,506                                       |
| Non-operating income  |   |   |
| Dividend income   | 186   | 203   |
| Share of profit of entities accounted for using equity method | 17  | 21  |
| Subsidies for employment adjustment                           | 46  | —   |
| Insurance claim income  | 3   | 110   |
| Foreign exchange gains  | 3   | 48  |
| Miscellaneous income  | 99  | 84  |
| Total non-operating income                                    | 357   | 468   |
| Non-operating expenses  |   |   |
| Interest expenses   | 75  | 64  |
| Compensation expenses   | 38  | 139   |
| Commission expenses   | 26  | 13  |
| Miscellaneous losses  | 22  | 16  |
| Total non-operating expenses                                  | 162   | 232   |
| Ordinary profit   | 1,770                                       | 2,742                                       |
| Extraordinary income  |   |   |
| Gain on sale of non-current assets                            | 0   | 0   |
| Gain on sale of investment securities                         | 51  | 108   |
| Gain on bargain purchase                                      | —   | 392   |
| Total extraordinary income                                    | 52  | 500   |
| Extraordinary losses  |   |   |
| Loss on sale of non-current assets                            | 0   | 22  |
| Loss on retirement of non-current assets                      | 66  | 215   |
| Loss on valuation of investment securities                    | 45  | —   |
| Total extraordinary losses                                    | 111   | 237   |
| Profit before income taxes                                    | 1,710                                       | 3,005                                       |
| Income taxes-current  | 624   | 693   |
| Income taxes - deferred                                       | (145)                                       | (25)  |
| Total income taxes  | 479   | 668   |
| Profit  | 1,231                                       | 2,336                                       |
| Profit attributable to owners of parent                       | 1,231                                       | 2,336                                       |

## Consolidated Statements of Comprehensive Income

(Millions of yen)

|   | For the fiscal year ended<br>March 31, 2021 | For the fiscal year ended<br>March 31, 2022 |
|---|---|---|
| Profit  | 1,231                                       | 2,336                                       |
| Other comprehensive income                            |   |   |
| Valuation difference on available-for-sale securities | 1,673                                       | (268)                                       |
| Deferred gains or losses on hedges                    | 29  | (1)   |
| Foreign currency translation adjustment               | 2   | 40  |
| Remeasurements of defined benefit plans, net of tax   | 77  | 118   |
| Total other comprehensive income                      | 1,783                                       | (110)                                       |
| Comprehensive income                                  | 3,014                                       | 2,225                                       |
| Comprehensive income attributable to                  |   |   |
| Comprehensive income attributable to owners of parent | 3,014                                       | 2,225                                       |

### (3) Consolidated Statements of Changes in Shareholders' Equity

For the fiscal year ended March 31, 2021

(Millions of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 2,099                | 1,192           | 20,517            | (195)           | 23,613                     |
| Cumulative effects of changes in accounting policies |                      |                 |                   |                 | —                          |
| Restated balance                                     | 2,099                | 1,192           | 20,517            | (195)           | 23,613                     |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (287)             |                 | (287)                      |
| Profit attributable to owners of parent              |                      |                 | 1,231             |                 | 1,231                      |
| Purchase of treasury shares                          |                      |                 |                   | (0)             | (0)                        |
| Disposal of treasury shares                          |                      |                 |                   | 40              | 40                         |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | —                    | —               | 943               | 40              | 984                        |
| Balance at end of period                             | 2,099                | 1,192           | 21,460            | (155)           | 24,597                     |

|  | Accumulated other comprehensive income                |                                    |   |   |  | Total net assets |
|--|---|------------------------------------|---|---|--|------------------|
|  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at beginning of period                       | 2,785   | 3                                  | 68                                      | (260)                                   | 2,596  | 26,209           |
| Cumulative effects of changes in accounting policies |   |                                    |   |   |  | —                |
| Restated balance                                     | 2,785   | 3                                  | 68                                      | (260)                                   | 2,596  | 26,209           |
| Changes during period                                |   |                                    |   |   |  |                  |
| Dividends of surplus                                 |   |                                    |   |   |  | (287)            |
| Profit attributable to owners of parent              |   |                                    |   |   |  | 1,231            |
| Purchase of treasury shares                          |   |                                    |   |   |  | (0)              |
| Disposal of treasury shares                          |   |                                    |   |   |  | 40               |
| Net changes in items other than shareholders' equity | 1,673   | 29                                 | 2                                       | 77                                      | 1,783  | 1,783            |
| Total changes during period                          | 1,673   | 29                                 | 2                                       | 77                                      | 1,783  | 2,767            |
| Balance at end of period                             | 4,458   | 32                                 | 70                                      | (182)                                   | 4,379  | 28,977           |

For the fiscal year ended March 31, 2022

(Millions of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 2,099                | 1,192           | 21,460            | (155)           | 24,597                     |
| Cumulative effects of changes in accounting policies |                      |                 | (0)               |                 | (0)                        |
| Restated balance                                     | 2,099                | 1,192           | 21,459            | (155)           | 24,596                     |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (287)             |                 | (287)                      |
| Profit attributable to owners of parent              |                      |                 | 2,336             |                 | 2,336                      |
| Purchase of treasury shares                          |                      |                 |                   | (10)            | (10)                       |
| Disposal of treasury shares                          |                      |                 |                   |                 | —                          |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | —                    | —               | 2,049             | (10)            | 2,038                      |
| Balance at end of period                             | 2,099                | 1,192           | 23,509            | (166)           | 26,634                     |

|  | Accumulated other comprehensive income                |                                    |   |   |  | Total net Assets |
|--|---|------------------------------------|---|---|--|------------------|
|  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at beginning of period                       | 4,458   | 32                                 | 70                                      | (182)                                   | 4,379  | 28,977           |
| Cumulative effects of changes in accounting policies |   |                                    |   |   |  | (0)              |
| Restated balance                                     | 4,458   | 32                                 | 70                                      | (182)                                   | 4,379  | 28,976           |
| Changes during period                                |   |                                    |   |   |  |                  |
| Dividends of surplus                                 |   |                                    |   |   |  | (287)            |
| Profit attributable to owners of parent              |   |                                    |   |   |  | 2,336            |
| Purchase of treasury shares                          |   |                                    |   |   |  | (10)             |
| Disposal of treasury shares                          |   |                                    |   |   |  | —                |
| Net changes in items other than shareholders' equity | (268)   | (1)                                | 40                                      | 118                                     | (110)  | (110)            |
| Total changes during period                          | (268)   | (1)                                | 40                                      | 118                                     | (110)  | 1,927            |
| Balance at end of period                             | 4,190   | 31                                 | 111                                     | (64)                                    | 4,269  | 30,903           |

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

|  | For the fiscal year ended<br>March 31, 2021 | For the fiscal year ended<br>March 31, 2022 |
|--|---|---|
| <b>Cash flows from operating activities</b>  |   |   |
| Profit before income taxes   | 1,710                                       | 3,005                                       |
| Depreciation   | 1,998                                       | 1,849                                       |
| Amortization of goodwill   | 40  | 6   |
| Gain on bargain purchase   | —   | (392)                                       |
| Increase (decrease) in provision for bonuses   | 38  | 19  |
| Increase (decrease) in provision for share awards for directors (and other officers) | (40)  | 41  |
| Increase (decrease) in retirement benefit liability                                  | (30)  | (118)                                       |
| Increase (decrease) in provision for environmental measures                          | (1)   | —   |
| Interest and dividend income   | (187)                                       | (204)                                       |
| Insurance claim income   | —   | (110)                                       |
| Interest expenses  | 75  | 64  |
| Share of loss (profit) of entities accounted for using equity method                 | (17)  | (21)  |
| Loss (gain) on valuation of investment securities                                    | 45  | —   |
| Loss (gain) on sale of investment securities   | (51)  | (108)                                       |
| Loss (gain) on sale of property, plant and equipment                                 | (0)   | 22  |
| Loss on retirement of property, plant and equipment                                  | 66  | 215   |
| Decrease (increase) in trade receivables   | 49  | (591)                                       |
| Decrease (increase) in inventories   | 512   | (1,201)                                     |
| Increase (decrease) in trade payables  | 237   | 814   |
| Other, net   | 58  | 400   |
| Subtotal   | 4,503                                       | 3,692                                       |
| Income taxes paid  | (515)                                       | (887)                                       |
| Income taxes refund  | 194   | 146   |
| Decrease (increase) in guarantee deposits  | 10  | 1   |
| Proceeds from insurance income   | —   | 110   |
| Net cash provided by (used in) operating activities                                  | 4,193                                       | 3,063                                       |
| <b>Cash flows from investing activities</b>  |   |   |
| Payments into time deposits  | (164)                                       | (25)  |
| Proceeds from withdrawal of time deposits  | 222   | 42  |
| Purchase of non-current assets   | (1,337)                                     | (1,044)                                     |
| Payments for retirement of non-current assets  | (97)  | (200)                                       |
| Proceeds from sale of property, plant and equipment                                  | 30  | 47  |
| Purchase of investment securities  | (48)  | (21)  |
| Proceeds from sale of investment securities  | 79  | 173   |
| Interest and dividends received  | 187   | 204   |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation     | —   | (218)                                       |
| Other, net   | (6)   | 57  |
| Net cash provided by (used in) investing activities                                  | (1,135)                                     | (984)                                       |



(Millions of yen)

|   | For the fiscal year ended<br>March 31, 2021 | For the fiscal year ended<br>March 31, 2022 |
|---|---|---|
| <b>Cash flows from financing activities</b>                 |   |   |
| Net increase (decrease) in short-term borrowings            | (34)  | (2,821)                                     |
| Proceeds from long-term borrowings                          | —   | 1,000                                       |
| Repayments of long-term borrowings                          | (1,634)                                     | (1,505)                                     |
| Dividends paid  | (287)                                       | (287)                                       |
| Interest paid   | (76)  | (63)  |
| Refund of long-term deposits received                       | (68)  | (68)  |
| Other, net  | (86)  | (234)                                       |
| <b>Net cash provided by (used in) financing activities</b>  | <b>(2,187)</b>                              | <b>(3,981)</b>                              |
| Effect of exchange rate change on cash and cash equivalents | 3   | (3)   |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>873</b>                                  | <b>(1,906)</b>                              |
| Cash and cash equivalents at beginning of period            | 4,622                                       | 5,496                                       |
| <b>Cash and cash equivalents at end of period</b>           | <b>5,496</b>                                | <b>3,589</b>                                |

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable

### **Basis of Preparation of Consolidated Financial Statements**

#### **1. Scope of consolidation**

##### **(1) Consolidated subsidiaries**

The Company had 15 subsidiary companies at March 31, 2022. The subsidiary companies are listed as follows.

Japan Carlit Co., Ltd., JC Bottling Co., Ltd., Silicon Technology Co., Ltd., Carlit Sangyo Co., Ltd., Japan Carlit (Shanghai) Co., Ltd., Fuji Shoji Co., Ltd., Namitakiko Co., Ltd., General Design Co., Ltd., Toyo Spring Industrial Co., Ltd., Nishiyama Filter Co., Ltd., Asia Giken Co., Ltd., Sankyo Jitsugyo Co., Ltd., SD Network Co., Ltd., JC Power Supply Co., Ltd., Minamisawa Construction Co., Ltd.

In this fiscal year, Japan Carlit Co., Ltd., which is 100% owned consolidated subsidiary of the Company, acquired all of the issued shares of Minamisawa Construction Co., Ltd. As a result, Minamisawa Construction Co., Ltd became a subsidiary and was included in the scope of consolidation. Furthermore, Carlit Singapore Pte. Ltd and NAMITA VIETNAM CO., LTD were excluded from the scope of consolidation because their liquidations have been completed in this fiscal year.

##### **(2) Unconsolidated subsidiary**

Not applicable

#### **2. Equity method accounting**

##### **(1) The following affiliate company is accounted for using the equity method.**

Affiliate company: one

Japex Co., Ltd.

##### **(2) Unconsolidated subsidiary accounted for using the equity method**

Not applicable

##### **(3) Affiliate company not accounted for using the equity method**

Higashi Nihon Nitto Ace Co., Ltd.

The affiliate company not accounted for using the equity method is excluded from the scope of application of the equity method due to its minor influence in terms of profit (loss) (amount corresponding to the Company's ownership interest) and retained earnings (amount corresponding to the Company's ownership interest) on the consolidated financial statements, and its immateriality as a whole.

#### **3. Fiscal year of consolidated subsidiary company**

The fiscal year-end of the overseas subsidiary Japan Carlit (Shanghai) Co., Ltd. is December 31. To prepare the consolidated financial statements, its financial statements as of that date are used, and necessary adjustments are made on consolidation to reflect any significant transactions that occurred between its fiscal year-end and the end of the fiscal year.

The fiscal year-end of other subsidiaries is same as the end of the fiscal year.

#### 4. Accounting policies

##### (1) Basis and method of valuation of important assets

- ① Available-for-sale securities  
Securities excluding nonmarketable securities  
Stated at market value based on market prices, etc. (Valuation difference are included directly in net assets, and cost of securities sold is determined using the moving-average method.)  
Nonmarketable securities  
Stated at cost determined by the moving-average method
- ② Derivatives  
Stated at market value
- ③ Inventories  
Stated principally at cost determined by the moving-average method (Balance sheet values are calculated by reducing the book values of these assets based on a decline in profitability.)

##### (2) Method of depreciation and amortization of important depreciable and amortizable assets

- ① Property, Plant and Equipment (excluding leased assets)  
Property, plant and equipment are depreciated principally using the declining-balance method. Buildings (excluding facilities attached to buildings) acquired subsequent to March 31, 1998 and facilities attached to buildings and structures acquired subsequent to March 31, 2016 are depreciated using the straight-line method.  
JC bottling Co., Ltd. and Silicon Technology Co., Ltd. depreciate their property, plant and equipment using the straight-line method.  
The useful lives of major assets are as follows:  
Buildings; 15 to 50 years  
Structures; 7 to 60 years  
Machinery and equipment; 3 to 22 years
- ② Intangible Assets (excluding leased assets)  
Intangible assets are amortized using the straight-line method.  
Software for internal use is amortized using the straight-line method over the estimated useful lives (5 years).
- ③ Leased assets  
Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method based on the assumption that the useful lives are equivalent to the lease terms and the residual value is zero.

##### (3) Basis for recording important provisions

- ① Allowance for doubtful accounts  
Allowance for doubtful accounts is provided for possible losses arising from bad debts at an amount determined based on the historical default rates for general receivables, and an individual estimate of uncollectible amounts for specific doubtful receivables from borrowers experiencing financial difficulties.
- ② Provision for bonuses  
Provision for bonuses is provided for the bonus payments to employees in the estimated bonus amount attributable to the current fiscal year.
- ③ Provision for environmental measures  
To prepare for the treatment of PCB waste required under the “Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes,” the amount of estimated treatment cost is provided.
- ④ Provision for share awards for directors  
To prepare for future awards of the Company shares to directors through a trust, provision for

share awards for directors is provided for estimated share award debt.

#### **(4) Accounting method for retirement benefits**

- ① Method for attributing expected retirement benefits to periods of service  
In calculating the amount of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year on a benefit formula basis.
- ② Treatment of actuarial gains or losses  
Actuarial gains or losses are amortized using the straight-line method over a certain number of years (8 years) within the average remaining years of service of the eligible employees at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.
- ③ Adoption of the simplified method by companies that are small in size  
Certain consolidated subsidiary companies, in the calculation of retirement benefit liability and retirement benefit expenses, apply the simplified method in which the amount to be required at the year-end for voluntary termination is used as retirement benefit obligations.

#### **(5) Recognition of significant revenues and expenses**

The Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, revised on March 26, 2021), and recognizes the amount of revenues expected to be received in exchange for promised goods or services when or as control of the goods or services transfers to the customer.

- ① Revenue Recognition of Chemicals, Bottling, and Industrial Materials Segments  
In Chemicals, Bottling, and Industrial Materials Segments, the Group manufactures and sells Signal flares, Industrial explosives, Raw materials for propellant, Raw materials for fireworks, Sodium chlorate, Agrichemicals, Abrasives, PET bottle and can beverages, Heat-resistant refractories, Metal working materials, and Silicon wafers. Regarding these, the Group identifies the services provided by the Group as performance obligation.  
For the sale of these products, revenue is recognized when products are delivered to customers. The reason is that customers gain control of products upon delivery and the Company fulfills its obligation to supply the products at that time. In accordance with alternative treatment prescribed in the proviso of Paragraph 98 of the "Guidance on Accounting Standard for Revenue Recognition," for products sold in Japan, revenue is recognized when products are shipped because the length of time between shipping and delivery is general. For transactions in which the Group is considered acting as an agent, the Group recognizes the difference between the amounts received from customers and the amounts paid to suppliers as revenue. For outsourcing transactions with buy-back contract, the Group recognizes the compensation received as a consideration for work processed as revenue because it has no control over the raw materials received from contracting companies.
- ② Revenue Recognition of Engineering Services Segment  
In Engineering Services Segment, the Group performs Engineering and construction work, Design and administration of buildings, Sales of industrial paints and painting work. Regarding these, the Group identifies the services provided by the Group as performance obligation.  
In Engineering Services Segment, the certainty of result for the progress part is recognized and the control over goods or services is transferred to the customer for a period of time. Consequently, the Group recognizes revenue for a period of time as the performance obligation to transfer goods or service is satisfied. In addition, the method of estimating the progress pertaining to the fulfillment of performance obligations is the cost-based input method. In case that the progress of the performance obligation satisfied cannot be appropriately measured, the Group applies the cost recovery method for revenue recognition.

**(6) Translation of significant foreign currency assets or liabilities into Japanese yen**

All monetary receivables and payables denominated in foreign currencies are translated into yen at the exchange rate in effect at the balance sheet date and gains or losses arising from such translation are credited or charged to income. Assets and liabilities of overseas subsidiaries are translated into yen at the exchange rate in effect at the balance sheet date, whereas revenue and expenses of such subsidiaries are translated into yen using the average exchange rate during the fiscal year. Translation adjustments are included into foreign currency translation adjustments in net assets.

**(7) Method of important hedge accounting**

① Hedge accounting method

Deferral hedge accounting is applied in principle.

For interest rate swaps that satisfy the requirements for special treatment, the special treatment is applied. For foreign exchange forward contracts that satisfy the requirements for allocation treatment, allocation treatment is applied.

② Hedging instruments and hedged items

Hedging instruments

Hedged items

Interest rate swaps

Loans payable

Foreign exchange forward contracts

Future transactions denominated in foreign currencies

③ Hedging policy

The Company and its consolidated subsidiary companies hedge interest rate fluctuation risk based on internal risk management policy.

④ Method for assessing hedge effectiveness

The hedge effectiveness is assessed by comparing the changes in the exchange rate or the accumulated cash flows between hedging instruments and hedged items from the commencement of the hedges up to the time of assessment in principle.

**(8) Amortization method and period of goodwill**

Goodwill is amortized using the straight-line method over reasonable periods estimated for each acquisition. If reasonable periods are not able to be estimated, goodwill is amortized over 5 years. If the value of goodwill is immaterial, the aggregate amount is written off in the year in which it arises.

## **Changes in Accounting Policies**

### Application of Accounting Standard for Revenue Recognition

Effective from this fiscal year, the Group have adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other related standards, and recognizes revenue when the control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for those goods or services.

Major changes due to the adopting of Accounting Standard for Revenue Recognition, etc. are as follows.

#### **(1) Revenue recognition related to outsourcing transactions with buy-back contracts**

For outsourcing transactions with buy-back contracts, raw materials received from contracting companies which remain at the end of this fiscal year are represented as "Other" of current assets. On the other hand, raw materials supplied to contracted companies which remain at the end of this fiscal year are represented as inventory and, at the same time, buy-back obligations are recognized and represented as "Other" of current liability.

In connection with the outsourcing transactions, the Group previously recognized sales and cost of sales when finished products were delivered to contracting companies. However, at the beginning of this fiscal year, the Group changed accounting for revenue recognition of outsourcing transactions and the Group recognizes the compensation received as a consideration for work processed as revenue.

#### **(2) Revenue recognition related to agent transactions**

For transactions in which the Group is considered acting as an agent when the Group provides goods or services to customers, the Group previously recognized total amounts received from customers as a consideration for goods or services provided as revenue. However, at the beginning of this fiscal year, the Group changed accounting for revenue recognition of agent transactions and the Group recognizes the difference between the amounts received from customers and the amounts paid to suppliers as revenue.

#### **(3) Revenue recognition related to construction contracts**

For revenue recognition of construction contracts, the Group previously applied the completed construction method. However, at the beginning of this fiscal year, the Group changed the accounting for revenue recognition of construction contracts and the Group recognizes revenue from construction contracts by measuring the progress of the contracts over their construction periods as the performance obligation is satisfied. In case that the progress of the performance obligation satisfied cannot be appropriately measured, the Group applies the cost recovery method for revenue recognition of the construction contract.

#### **(4) Revenue recognition related to sales with variable consideration**

For sales contracts including incentives offered to customers such as sales rebates and sales commissions for promoting sales, the Group previously accounted such incentives paid to customers for as selling, general administrative expenses. However, at the beginning of this fiscal year, the Group changed the accounting for revenue recognition of sales including variable consideration and the Group deducts those incentives paid to customers from total sales.

In accordance with alternative treatment prescribed in the proviso of Paragraph 98 of the "Guidance on Accounting Standard for Revenue Recognition," for products sold in Japan, revenue is recognized when products are shipped because the length of time between shipping and delivery is general.

The Company has adopted the new accounting standard for revenue recognition in accordance with the transitional measures prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, etc. The cumulative effect of applying the new accounting policy retrospectively prior to the beginning of this fiscal year was added to or deducted from retained earnings at the beginning of this fiscal year, and the new accounting policy was applied from the relevant beginning balance. However, the new

accounting policy has not been applied retrospectively to the contracts in which almost all of revenues has been recognized before the beginning of this fiscal year in accordance with the previous treatment by applying the method stipulated in Article 86 of the standard.

As a result, in this fiscal year, net sales decreased ¥17,014 million, and cost of sales decreased ¥17,010 million, operating profit, ordinary profit, and profit before income taxes decreased ¥1 million respectively by the adoption of the new accounting standard. The impact of retained earnings at the beginning of this fiscal year was immaterial.

As a result of the adoption of the Accounting Standard for Revenue Recognition and other standards, “Notes and accounts receivable – trade” which was included in “Current assets” in the consolidated balance sheet for the previous fiscal year, is included in “Notes and accounts receivable – trade, and contract assets” from this fiscal year.

In accordance with transitional treatment stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated to reflect the new presentation approach. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, information for a breakdown of revenue from contracts with customers for the previous fiscal year is not presented in the notes.

#### **Application of Accounting Standard for Fair Value Measurement, etc.**

The Group has adopted “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter, “Fair Value Accounting Standards”) and others from the beginning of this fiscal year. In accordance with the transitional treatment set forth in Article 19 of Fair Value Accounting Standards and Article 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Group has applied prospectively a new accounting policy prescribed by Fair Value Accounting Standards and others. These changes had no impact on the consolidated financial statements.

#### **Changes in Presentation Method**

##### Consolidated Statement of income

“Insurance claim income” and “Foreign exchange gains” which were included in “Miscellaneous income” under “Non-operating income” for the fiscal year ended March 31, 2021, have accounted for more than 10% of “Non-operating income” and are presented separately for the fiscal year ended March 31, 2022. To reflect this change in the method of presentation, the consolidated statement of income for the fiscal year ended March 31, 2021 has been restated.

As a result, the ¥107 million that was presented in “Miscellaneous income” under “Non-operating income” in the consolidated Statement of income for the fiscal year ended March 31, 2021 is reclassified and presented as ¥3 million in “Insurance claim income,” ¥3 million in “Foreign exchange gains,” and ¥99 in “Miscellaneous income.”

### **Changes in Accounting Estimates**

Changes in useful lives and recognition of asset retirement obligations

As the Company decided to decrease the floor space of its headquarters office during this fiscal year, it re-estimated the useful lives of fixed assets that are not expected to exist after the cancellation of lease contract. Also, the Company changed in accounting estimates for the restoration costs of residual headquarters office and Japan Carlit Co., Ltd. office due to obtaining new information. Therefore, the Company reasonably estimates the amount of security deposit that is not expected to be collected when moving out, and depreciates it by straight-line method as an expense for estimated useful lives of the office buildings. As a result, compared with the previous method, operating profit, ordinary profit and profit before income taxes for the current cumulated fiscal year decreased ¥37 million respectively.

Changes in recognition of asset retirement obligations

As the Group obtained new information about asbestos disposal cost based on the amount of Japan Carlit Co., Ltd. Gunma factory's part disposal of buildings during this fiscal year, it can reasonably re-estimate aggregate amount of the Group's asbestos disposal cost that will arise in the future. Therefore, the Group changed in accounting estimates for recognizing ¥85 million additional asset retirement obligations. As a result, compared with the previous method, operating profit, ordinary profit and profit before income taxes for the current cumulative fiscal year decreased ¥76 million respectively.



## Segment information

### (1) Overview of reporting segments

The business segments of the Group are the business units of the Group, of which financial information is available separately in order for the Board of Directors to conduct periodic review to determine allocation of management resources and evaluate business performance by unit.

The Group is engaged in production and sale of chemicals, which is foundation of its business, and various businesses such as Bottling. And the Group companies separately draw up their comprehensive strategies on their products sold and services provided in domestic and overseas markets and develop their business activities.

Consequently, the Group has identified its business segments at the company level, aggregated the business segments with similar economic characteristics, products and services, and set out the four reportable segments, namely, Chemicals, Bottling, Industrial Materials, and Engineering Services.

The main products and services in each reportable segment are as follows.

| Reportable segment   | Main products and services  |
|----------------------|---|
| Chemicals            | 〈Explosives〉<br>Industrial explosives, Signal flares for automobile use, Smoke fires, Raw materials for fireworks<br>〈Chemicals〉<br>Sodium chlorate, Ammonium perchlorate, Agrichemicals, Electrodes, Perchloric acid, Plastic raw materials<br>〈Electronics〉<br>Organic conducting materials, Optical function materials, Ion conducting materials<br>〈Material assessments〉<br>Material hazard assessment testing, Battery testing<br>〈Ceramics〉<br>Abrasives |
| Bottling             | Bottling and packaging  |
| Industrial Materials | Silicon wafers, Heat-resistant refractories, Springs  |
| Engineering Services | Engineering and construction work, Sales of industrial paints and painting work, Design and administration of buildings   |

### (2) Methods to calculate amounts of net sales, profit or loss, assets, and other items by reportable segment

The accounting method applied to reportable segments is same as the principles and procedures that are described in “Summary of significant accounting policies.”

Segment profit is based on operating profit.

Inter-segment sales and eliminations are based on market price.

**(3) Amounts of net sales, profit or loss, assets, and other items by reportable segment**

For the fiscal year ended March 31, 2021

(Millions of yen)

|  | Reporting Segment |          |                      |                      |           | Other  | Total  |
|--|-------------------|----------|----------------------|----------------------|-----------|--------|--------|
|  | Chemicals         | Bottling | Industrial Materials | Engineering Services | Sub-total |        |        |
| Net sales                                  |                   |          |                      |                      |           |        |        |
| Outside customers                          | 18,722            | 16,581   | 7,544                | 2,532                | 45,381    | 155    | 45,537 |
| Inter-segment sales                        | 361               | —        | 186                  | 222                  | 769       | 2,569  | 3,339  |
| Total                                      | 19,083            | 16,581   | 7,730                | 2,754                | 46,151    | 2,725  | 48,876 |
| Segment profit                             | 744               | 77       | 230                  | 390                  | 1,442     | 890    | 2,332  |
| Segment Assets                             | 26,225            | 5,084    | 7,301                | 2,485                | 41,097    | 38,723 | 79,820 |
| Other items                                |                   |          |                      |                      |           |        |        |
| Depreciation                               | 1,244             | 329      | 331                  | 37                   | 1,942     | 106    | 2,049  |
| Tangible/intangible fixed assets increased | 979               | 206      | 295                  | 116                  | 1,598     | 64     | 1,663  |

Notes: "Other" comprises business operations that are not categorized as reportable segments, and includes the Company.

(Millions of yen)

|  | Reportable segments total | "Other" segment sales | Inter-segment eliminations | Consolidated |
|--|---------------------------|-----------------------|----------------------------|--------------|
| Net sales                                  | 46,151                    | 2,725                 | (3,339)                    | 45,537       |
| Profit                                     | 1,442                     | 890                   | (757)                      | 1,574        |
| Assets                                     | 41,097                    | 38,723                | (28,867)                   | 50,953       |
| Other items                                |                           |                       |                            |              |
| Depreciation                               | 1,942                     | 106                   | (51)                       | 1,998        |
| Tangible/intangible fixed assets increased | 1,598                     | 64                    | (202)                      | 1,460        |

For the fiscal year ended March 31, 2022

(Millions of yen)

|  | Reporting Segment |          |                      |                      |           | Other  | Total  |
|--|-------------------|----------|----------------------|----------------------|-----------|--------|--------|
|  | Chemicals         | Bottling | Industrial Materials | Engineering Services | Sub-total |        |        |
| Net sales                                  |                   |          |                      |                      |           |        |        |
| Outside customers                          | 16,595            | 4,360    | 9,144                | 3,637                | 33,738    | 155    | 33,894 |
| Inter-segment sales                        | 355               | —        | 169                  | 536                  | 1,060     | 2,067  | 3,128  |
| Total                                      | 16,950            | 4,360    | 9,313                | 4,173                | 34,798    | 2,223  | 37,022 |
| Segment profit                             | 1,172             | 218      | 654                  | 892                  | 2,937     | 669    | 3,606  |
| Segment Assets                             | 26,746            | 4,588    | 8,211                | 3,770                | 43,317    | 35,445 | 78,763 |
| Other items                                |                   |          |                      |                      |           |        |        |
| Depreciation                               | 1,234             | 228      | 332                  | 68                   | 1,864     | 76     | 1,941  |
| Tangible/intangible fixed assets increased | 483               | 115      | 260                  | 160                  | 1,019     | 32     | 1,052  |

Notes: "Other" comprises business operations that are not categorized as reportable segments, and includes the Company.

(Millions of yen)

|  | Reportable segments total | "Other" segment sales | Inter-segment eliminations | Consolidated |
|--|---------------------------|-----------------------|----------------------------|--------------|
| Net sales                                  | 34,798                    | 2,223                 | (3,128)                    | 33,894       |
| Profit                                     | 2,937                     | 669                   | (1,099)                    | 2,506        |
| Assets                                     | 43,317                    | 35,445                | (28,684)                   | 50,078       |
| Other items                                |                           |                       |                            |              |
| Depreciation                               | 1,864                     | 76                    | (111)                      | 1,830        |
| Tangible/intangible fixed assets increased | 1,019                     | 32                    | (100)                      | 952          |

#### **(4) Matters about Changes in Reportable Segments, etc.**

- ① As noted in "Changes in Accounting Policies", the Group has adopted "Accounting Standard for Revenue Recognition," etc. since the beginning of this fiscal year. As a result of this change, the Group has also changed the measuring method of segment profit or loss.  
Due to this change, Chemicals net sales decreased ¥4,685 million, Bottling net sales decreased ¥12,172 million, Industrial materials net sales decreased ¥97 million, and Engineering services net sales decreased ¥49 million. In addition, Chemicals profit decreased ¥1 million.
- ② As noted in "Changes in accounting estimates", the Company re-estimated the useful lives of fixed assets and changed in accounting estimates for the restoration costs during this fiscal year. As a result, "Other" profit decreased ¥36 million, and Chemicals profit decreased ¥0 million, respectively.
- ③ As noted in "Changes in accounting estimates", the Company re-estimated the asbestos disposal cost and changed in accounting estimates for recognizing additional asset retirement obligation about the asbestos disposal costs during this fiscal year. As a result, Chemicals profit decreased ¥66 million, Industrial Materials profit decreased ¥6 million, and Engineering Services profit decreased ¥3 million, respectively.

## Per share information

|                      | Mar. 31, 2021 | Mar. 31, 2022 |
|----------------------|---------------|---------------|
| Net assets per share | ¥ 1,218.73    | ¥1,300.41     |
| Earnings per share   | ¥ 51.82       | ¥98.31        |

Notes 1. Diluted earnings per share is not stated because there was no diluted share.

2. For the purpose of calculating net assets per share, the shares held by BBT are included in treasury shares which are excluded from the total number of issued shares at fiscal year-end. The number of the shares held by BBT excluded in the calculation of net assets per share was 181,100 as of March 31, 2021, and 181,100 as of March 31, 2022.

For the purpose of calculating earnings per share, the shares held by BBT are included in treasury shares which are excluded from calculation of average number of shares outstanding during the period. The average number of the shares held by BBT excluded in calculation of earnings per share was 200,775 for the year ended March 31, 2021, and 181,000 for the year ended March 31, 2022.

3. Basis for calculation of earnings per share was as follows:

(Millions of yen)

|   | Mar. 31, 2021 | Mar. 31, 2022 |
|---|---------------|---------------|
| Profit attributable to owners of parent   | 1,231         | 2,336         |
| Profit not attributable to common share holders                                     | —             | —             |
| Profit attributable to owners of parent pertaining to common shares                 | 1,231         | 2,336         |
| Average number of common shares outstanding during the period (thousands of shares) | 23,757        | 23,770        |

4. Basis for calculation of net assets per share was as follows:

(Millions of yen)

|  | Mar. 31, 2021 | Mar. 31, 2022 |
|--|---------------|---------------|
| Total net assets   | 28,977        | 30,903        |
| Amounts deducted from total net assets   | —             | —             |
| Net assets pertaining to common shares at fiscal year-end  | 28,977        | 30,903        |
| Number of common shares at fiscal year-end used in calculation of net assets per share (thousands of shares) | 23,777        | 23,765        |

## **Subsequent Events**

Not applicable