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May 16, 2022

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

Company name: DKS Co. Ltd.
 Listing: Tokyo Stock Exchange
 Security code: 4461
 URL: <https://www.dks-web.co.jp>
 Representative: YAMAJI Naoki, President COO
 Inquiries: SHIMIZU Shinji, Executive Officer, Administrative Supervisor
 TEL: +81-75-323-5822
 Scheduled date of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to commence dividend payments: June 27, 2022
 Scheduled date to file annual securities report: June 24, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2022	62,672	6.0	4,626	3.1	4,192	(2.8)	2,492	(2.8)
Fiscal year ended March 31, 2021	59,140	(3.8)	4,485	8.0	4,314	22.4	2,563	27.2

Note: Comprehensive income Fiscal year ended March 31, 2022 ¥3,697 million [(4.3)%]
 Fiscal year ended March 31, 2021 ¥3,864 million [120.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	244.81	–	7.0	4.9	7.4
Fiscal year ended March 31, 2021	251.97	–	7.7	5.2	7.6

Reference: Share of profit (loss) of entities accounted for using equity method
 Fiscal year ended March 31, 2022 ¥55 million
 Fiscal year ended March 31, 2021 ¥57 million

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations have been applied from the beginning of the fiscal year ended March 31, 2022, and figures relating to the fiscal year ended March 31, 2022 are after application of said accounting standard and relevant ASBJ regulations.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	86,469	40,383	42.5	3,610.31
As of March 31, 2021	85,033	37,404	40.7	3,405.28

Reference: Equity

As of March 31, 2022 ¥36,767 million

As of March 31, 2021 ¥34,648 million

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations have been applied from the beginning of the fiscal year ended March 31, 2022, and figures relating to the fiscal year ended March 31, 2022 are after application of said accounting standard and relevant ASBJ regulations.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2022	5,520	(2,700)	(2,336)	12,151
Fiscal year ended March 31, 2021	4,955	(3,804)	255	11,531

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2021	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	35.00	–	35.00	70.00	712	27.8	2.1
Fiscal year ended March 31, 2022	–	35.00	–	45.00	80.00	814	32.7	2.3
Fiscal year ending March 31, 2023 (Forecast)	–	40.00	–	40.00	80.00		32.6	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	32,000	5.3	2,200	(10.1)	2,000	(7.1)	1,100	(5.2)	108.01
Full year	65,000	3.7	4,700	1.6	4,300	2.6	2,500	0.3	245.48

* Notes

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

Newly included: – companies

Excluded: – companies

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

(3) Number of issued shares (ordinary shares)

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

As of March 31, 2022	10,684,321 shares
As of March 31, 2021	10,684,321 shares

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

As of March 31, 2022	500,351 shares
As of March 31, 2021	509,423 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	10,181,694 shares
Fiscal year ended March 31, 2021	10,173,548 shares

[Reference] Overview of non-consolidated financial results**Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to 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	%
Fiscal year ended March 31, 2022	41,452	(3.7)	1,967	(15.9)	2,298	(11.9)	1,750	(20.1)
Fiscal year ended March 31, 2021	43,047	(5.8)	2,341	12.6	2,609	25.9	2,191	48.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2022	171.92	—
Fiscal year ended March 31, 2021	215.38	—

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations have been applied from the beginning of the consolidated fiscal year, and figures relating to the fiscal year ended March 31, 2022 are after application of said accounting standard and relevant ASBJ regulations.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	66,340	28,520	43.0	2,800.53
As of March 31, 2021	67,386	27,763	41.2	2,728.67

Reference: Equity

As of March 31, 2022 ¥28,520 million

As of March 31, 2021 ¥27,763 million

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations have been applied from the beginning of the consolidated fiscal year, and figures relating to the fiscal year ended March 31, 2022 are after application of said accounting standard and relevant ASBJ regulations.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Results may differ materially from the consolidated forecasts due to various factors.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

In the Japanese economy in the fiscal year ended March 31, 2022, the Quasi-state of Emergency for COVID-19 has been lifted nationwide, and some economic activity recovered. On the other hand, steep prices of crude oil, naphtha and raw materials, as well as supply shortages of raw materials such as semiconductors and disruptions of the supply chain continue to be issues. Russia's military invasion in Ukraine has put a strain on world affairs, adding to the uncertain outlook.

Under such circumstances, although the Group did not reach the planned values for the second year of the medium-term management plan "FELIZ 115," it achieved higher sales and profits year on year, and net sales reached a record high. As planned, in the first two years, we reviewed our business portfolio, including the reorganization of unprofitable businesses, and improved our profit structure. In the fiscal year ending March 2023, which is the third year of the plan, although there are issues such as much higher raw materials prices and geopolitical risks, we will strive to reap business profits from advance investments and achieve results in the Life Sciences business, aiming at steadily achieving the plan.

In terms of business results for the fiscal year ended March 31, 2022, although sales of radcure resin materials in the Functional Materials segment fell sharply, conductive pastes for solar cells in the Electronic Device Materials segment grew significantly, and sales were ¥62,672 million (up 6.0% year on year).

In terms of profits, the effects of the price correction were remarkable mainly in the Surfactants segment due to sales efforts, and with a company-wide cost reduction effort in the face of an increase in research and development expenses for the future, operating income was ¥4,626 million (up 3.1% year on year). In addition, due to deterioration of non-operating income and expenses, ordinary profit was ¥4,192 million (down 2.8% year on year). With tax expenses, etc., posted, profit attributable to owners of parent was ¥2,492 million (down 2.8% year on year).

Results by segment are as follows.

Surfactants

Net sales in the Surfactants segment were generally firm.

In Japan, sales for rubber and plastic applications as well as civil engineering and construction applications fell sharply, but those for IT and electronics applications, and paints and color material applications remained firm. Sales for soap and detergent applications grew significantly.

Overseas, textile applications and rubber and plastic applications were firm.

As a result, net sales in this segment were ¥18,564 million (up 7.3% year on year).

Operating profit was ¥2,476 million (up 41.3% year on year) due to sales price adjustments and reductions in business expenses.

Amenity Materials

Net sales in the Amenity Materials segment grew significantly overall.

In Japan, sales of cellulose polymer materials were sluggish in food applications, but were firm in pharmaceutical applications, and grew significantly in energy and environmental applications.

Sales of sucrose fatty acid esters were sluggish in personal care (cosmetics) applications, but remained firm in food applications.

Overseas, sucrose fatty acid esters performed steadily in personal care (cosmetics) applications, and those for food applications grew significantly.

As a result, net sales in this segment were ¥8,092 million (up 14.3% year on year).

Operating profit was ¥566 million (operating profit of ¥72 million for the previous fiscal year) due to sales growth and reduction of operating expenses.

Polyurethane Materials

Net sales in the Polyurethane Materials segment generally increased significantly.

Sales of civil engineering chemicals related to public works remained strong. Due to the recovery in the automobile-related field, sales of environmentally friendly synthetic lubricants related to CFC regulations grew significantly.

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

As a result, net sales in this segment were ¥8,294 million (up 10.8% year on year).

Operating profit was ¥55 million (operating loss of ¥282 million for the previous fiscal year) due to significant growth of net sales and reduction of expenses resulting from improvements of research and development effectiveness.

Functional Materials

Net sales in the Functional Materials segment were generally sluggish.

In Japan, sales of waterborne polyurethane for textiles and IT and electronics applications were firm, however, the sales of radcure resin materials for IT and electronics applications fell sharply.

Overseas, flame retardants for rubber and plastics grew significantly, and radcure resin materials for IT and electronics applications also grew significantly.

As a result, net sales in this segment were ¥19,928 million (down 5.5% year on year).

Operating profit was ¥1,355 million (down 53.8% year on year) due to a sharp decrease of net sales and an increase in operating expenses especially for research and development.

Electronic Device Materials

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

Sales of ionic liquids for display applications were sluggish, but sales of conductive pastes for solar cells grew significantly.

As a result, net sales in this segment were ¥7,316 million (up 27.0% year on year).

Operating profit was ¥715 million (up 66.2% year on year) due to strong growth of net sales and reductions in operating expenses.

Life Sciences

Net sales in the Life Sciences business segment increased by ¥41 million (9.6%) year on year, to ¥476 million. The OEM business for pharmaceutical additives and health foods, etc. made through the concentration and pulverization of extracts from natural materials was steady, and the I. Japonica-Bombyx Fungus business went also steady.

As for operating profit, although net sales increased, high operating expenses, mainly research and development expenses, resulted in an operating loss of ¥543 million (operating loss of ¥421 million in the previous fiscal year).

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

Current assets at the end of the fiscal year ended March 31, 2022 were ¥46,534 million, up ¥2,536 million from the end of the previous fiscal year. This was primarily due to an increase of ¥2,260 million in inventories such as merchandise and finished goods, and an increase of ¥628 million in cash and deposits. Non-current assets totaled ¥39,935 million, down ¥1,100 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥959 million in total property, plant and equipment, including buildings and structures, and a decrease of ¥367 million in investment securities.

As a result, total assets amounted to ¥86,469 million, up ¥1,436 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the fiscal year ended March 31, 2022 were ¥21,726 million, down ¥345 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥732 million in other (current liabilities) such as accounts payable - facilities and a decrease of ¥375 million in provision for waste disposal costs despite an increase of ¥800 million of notes and accounts payable – trade. Non-current liabilities totaled ¥24,359 million, down ¥1,197 million from the end of the previous fiscal year. This was primary due to a decrease of ¥779 million of long-term borrowings.

As a result, total liabilities at the end of the fiscal year under review were ¥46,086 million, down ¥1,542 million from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the fiscal year ended March 31, 2022 were ¥40,383 million, up ¥2,979 million from the end of the previous fiscal year. This was primarily due to an increase in retained earnings of ¥1,764 million and an increase in non-controlling interests of ¥860 million, resulting from profit attributable to owners of parent of ¥2,492 million and dividend of surplus of ¥712 million.

As a result, the equity-to-asset ratio came to 42.5% (40.7% as of the end of the previous fiscal year).

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents (“cash”) at the end of the fiscal year ended March 31, 2022 were ¥12,151 million, an increase of ¥619 million compared to the end of the previous fiscal year.

The respective cash flow positions and the factors thereof in the fiscal year ended March 31, 2022 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥5,520 million (¥4,955 million was provided in the previous fiscal year). This was due to a decrease in funds due to an increase in inventories of ¥2,016 million (¥770 million in the previous fiscal year), payment of corporate taxes of ¥1,127 million (¥972 million in the previous fiscal year), and an increase in funds due to profit before income taxes of ¥4,179 million (¥3,759 million in the previous fiscal year), depreciation of ¥3,430 million (¥3,263 million in the previous fiscal year), and an increase in purchase obligations of ¥744 million (a decrease of ¥1,557 million in the previous fiscal year) and a decrease in trade receivables of ¥519 million (¥560 million in the previous fiscal year).

(Net cash used in investing activities)

Net cash used in investing activities was ¥2,700 million (¥3,804 million was used in the previous fiscal year). This was due to a decrease in funds due to expenditures from purchase of property, plant and equipment of ¥2,661 million (¥4,398 million for the previous fiscal year).

(Net cash used in financing activities)

Net cash used in financing activities was ¥2,336 million (¥255 million was provided in the previous fiscal year). This was due to decrease in funds caused by repayment of long-term borrowings of ¥6,595 million (¥7,266 million in the previous fiscal year), dividend payment of ¥712 million (¥712 million in the previous fiscal year), and repayment of lease obligations of ¥571 million (¥477 million in the previous fiscal year), despite an increase in funds through proceeds from long-term borrowings of ¥4,890 million (¥5,908 million in the previous fiscal year) and a net increase in short-term borrowings of ¥673 million (net decrease of ¥75 million in the previous fiscal year).

(4) Future Outlook

The Group has entered the third year of its medium-term management plan, “FELIZ 115”. Meanwhile, uncertainty as to the outlook is even increasing due to the effects of geopolitical risks such as Russia’s military invasion of Ukraine and the accompanying rise in crude oil, naphtha and raw materials prices, in addition to the prolonged prevalence of COVID-19, which has not yet been seen to die down.

During the first two years of the medium-term management plan “FELIZ 115,” which we positioned as a “business restructuring period,” we have been progressively working on priority measures such as reviewing unprofitable businesses, redistributing management resources, and restructuring the performance evaluation and compensation system. In the fiscal year ending March 2023, as the third year of our plan, we will steadily implement various measures to expand our business.

For the next fiscal year, we forecast net sales of ¥65,000 million, operating profit of ¥4,700 million, ordinary profit of ¥4,300 million, profit attributable to owners of parent of ¥2,500 million.

(5) Basic Policy for Profit Distributions and Dividends for Current and Next Fiscal Years

Our basic policy is to maintain long-term and stable dividends to our shareholders while keeping a reasonable level of internal reserves that we deem is necessary for future business development. With regard to internal reserves, we will strive to increase corporate value by actively utilizing these for the investment necessary for future business development that will lead to strengthening international competitiveness and new growth.

Regarding dividends at the end of the fiscal year ended March 2022, as we enter the third year of the medium-term management plan, we will renovate the management system to achieve the goals of this plan and pay dividends at the end of the fiscal year to gain momentum for the next fiscal year ending March 2023, increasing the amount by 10 yen compared to the dividend at the end of the previous fiscal year, to 45 yen per share.

Going forward, we will strive to establish a profit-creating business structure and maintain stable dividends over the long term.

Regarding the dividend for the next fiscal year, we plan to pay an interim dividend of 40 yen per share and a year-end dividend of 40 yen, for a total of 80 yen per year.

2. Basic Concept Regarding Selection of Accounting Standards

Most of the stakeholders of the Group are domestic shareholders, creditors, business partners, etc., and there is little need to raise funds from overseas, we have applied Japanese standards as accounting standards.

In the future, we plan to consider the application of international accounting standards based on changes in the ratio of foreign shareholders and trends in the application of international accounting standards of other companies in the same industry in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	11,595	12,224
Notes and accounts receivable - trade	15,413	14,959
Electronically recorded monetary claims - operating	1,453	1,532
Merchandise and finished goods	8,928	11,582
Work in process	22	21
Raw materials and supplies	4,297	3,905
Prepaid expenses	278	317
Other	2,022	1,996
Allowance for doubtful accounts	(13)	(4)
Total current assets	43,997	46,534
Non-current assets		
Property, plant and equipment		
Buildings and structures	30,086	30,486
Accumulated depreciation	(16,027)	(16,944)
Buildings and structures, net	14,059	13,541
Machinery, equipment and vehicles	36,470	37,426
Accumulated depreciation	(30,643)	(31,870)
Machinery, equipment and vehicles, net	5,827	5,555
Tools, furniture and fixtures	3,990	4,144
Accumulated depreciation	(3,354)	(3,413)
Tools, furniture and fixtures, net	635	730
Land	9,273	9,638
Leased assets	4,645	4,804
Accumulated depreciation	(1,442)	(2,004)
Leased assets, net	3,203	2,800
Construction in progress	1,318	1,091
Total property, plant and equipment	34,317	33,358
Intangible assets		
Goodwill	363	213
Other	470	405
Total intangible assets	833	618
Investments and other assets		
Investment securities	4,372	4,004
Long-term loans receivable	18	16
Long-term prepaid expenses	140	231
Deferred tax assets	195	172
Retirement benefit asset	841	1,228
Other	323	310
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	5,884	5,958
Total non-current assets	41,035	39,935
Total assets	85,033	86,469

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,404	10,204
Electronically recorded obligations - operating	423	429
Short-term borrowings	6,698	6,711
Lease liabilities	598	558
Accrued expenses	302	348
Income taxes payable	700	576
Accrued business office tax	41	41
Provision for bonuses	753	816
Provisions for waste disposal costs	375	-
Other	2,773	2,040
Total current liabilities	22,071	21,726
Non-current liabilities		
Bonds payable	6,000	6,000
Long-term borrowings	15,831	15,051
Lease liabilities	2,978	2,551
Deferred tax liabilities	305	318
Retirement benefit liability	116	107
Asset retirement obligations	73	74
Other	251	255
Total non-current liabilities	25,556	24,359
Total liabilities	47,628	46,086
Net assets		
Shareholders' equity		
Share capital	8,895	8,895
Capital surplus	7,267	7,278
Retained earnings	18,733	20,498
Treasury shares	(1,040)	(1,021)
Total shareholders' equity	33,856	35,650
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	484	181
Foreign currency translation adjustment	24	507
Remeasurements of defined benefit plans	282	427
Total accumulated other comprehensive income	791	1,116
Non-controlling interests	2,756	3,616
Total net assets	37,404	40,383
Total liabilities and net assets	85,033	86,469

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	59,140	62,672
Cost of sales	43,961	46,954
Gross profit	15,179	15,718
Selling, general and administrative expenses		
Selling expenses	4,130	4,173
General and administrative expenses	6,563	6,918
Total selling, general and administrative expenses	10,693	11,092
Operating profit	4,485	4,626
Non-operating income		
Interest income	3	7
Dividend income	77	85
Share of profit of entities accounted for using equity method	57	55
Foreign exchange gains	7	55
Rental income	36	35
Other	64	79
Total non-operating income	246	319
Non-operating expenses		
Interest expenses	202	188
Interest expenses on bonds	37	37
Inactive facility expenses	-	365
Other	177	162
Total non-operating expenses	418	753
Ordinary profit	4,314	4,192
Extraordinary income		
Reversal for provision for waste disposal costs	-	194
Gain on sale of investment securities	408	-
Total extraordinary income	408	194
Extraordinary losses		
Loss on disposal of non-current assets	146	173
Loss on valuation of investment securities	-	34
Impairment losses	431	-
Provision for waste disposal costs	385	-
Total extraordinary losses	963	207
Profit before income taxes	3,759	4,179
Income taxes - current	1,090	1,087
Income taxes - deferred	(79)	52
Total income taxes	1,010	1,139
Profit	2,749	3,039
Profit attributable to non-controlling interests	185	546
Profit attributable to owners of parent	2,563	2,492

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	2,749	3,039
Other comprehensive income		
Valuation difference on available-for-sale securities	1,021	(303)
Foreign currency translation adjustment	34	768
Remeasurements of defined benefit plans, net of tax	56	142
Share of other comprehensive income of entities accounted for using equity method	2	50
Total other comprehensive income	1,115	658
Comprehensive income	3,864	3,697
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,655	2,824
Comprehensive income attributable to non-controlling interests	209	872

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,895	7,250	16,882	(1,051)	31,977
cumulative effects of changes in accounting policies					-
restated balance	8,895	7,250	16,882	(1,051)	31,977
Changes during period					
Dividends of surplus			(712)		(712)
Profit attributable to owners of parent			2,563		2,563
Purchase of treasury shares					-
Disposal of treasury shares		16		11	27
Net changes in items other than shareholders' equity					
Total changes during period	-	16	1,851	11	1,878
Balance at end of period	8,895	7,267	18,733	(1,040)	33,856

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(537)	11	225	(299)	2,587	34,265
cumulative effects of changes in accounting policies						-
restated balance	(537)	11	225	(299)	2,587	34,265
Changes during period						
Dividends of surplus						(712)
Profit attributable to owners of parent						2,563
Purchase of treasury shares						-
Disposal of treasury shares						27
Net changes in items other than shareholders' equity	1,021	13	56	1,091	168	1,260
Total changes during period	1,021	13	56	1,091	168	3,139
Balance at end of period	484	24	282	791	2,756	37,404

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

(Millions of yen)

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

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	484	24	282	791	2,756	37,404
cumulative effects of changes in accounting policies						(15)
restated balance	484	24	282	791	2,756	37,389
Changes during period						
Dividends of surplus						(712)
Profit attributable to owners of parent						2,492
Purchase of treasury shares						(0)
Disposal of treasury shares						29
Net changes in items other than shareholders' equity	(303)	482	145	324	860	1,184
Total changes during period	(303)	482	145	324	860	2,994
Balance at end of period	181	507	427	1,116	3,616	40,383

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,759	4,179
Depreciation	3,263	3,430
Amortization of goodwill	196	150
Increase (decrease) in allowance for doubtful accounts	1	(9)
Interest and dividend income	(81)	(93)
Interest expenses	202	188
Interest expenses on bonds	37	37
Share of loss (profit) of entities accounted for using equity method	(57)	(55)
Loss (gain) on disposal of property, plant and equipment	146	173
Loss (gain) on valuation of investment securities	-	34
Impairment losses	431	-
Loss (gain) on sale of investment securities	(408)	-
Decrease (increase) in trade receivables	560	519
Decrease (increase) in inventories	(770)	(2,016)
Increase (decrease) in trade payables	(1,557)	744
Increase (decrease) in retirement benefit liability	(247)	(417)
Increase (decrease) in provision for waste disposal costs	385	(385)
Other	168	213
Subtotal	6,030	6,693
Interest and dividends received	137	181
Interest paid	(240)	(227)
Income taxes paid	(972)	(1,127)
Net cash provided by (used in) operating activities	4,955	5,520
Cash flows from investing activities		
Payments into time deposits	(117)	(69)
Proceeds from withdrawal of time deposits	263	68
Purchase of property, plant and equipment	(4,398)	(2,661)
Purchase of investment securities	(502)	(2)
Proceeds from collection of loans receivable	1	1
Proceeds from sale of investment securities	1,027	-
Subsidies received	19	-
Other	(98)	(36)
Net cash provided by (used in) investing activities	(3,804)	(2,700)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(75)	673
Proceeds from long-term borrowings	5,908	4,890
Repayments of long-term borrowings	(7,266)	(6,595)
Proceeds from sale and leaseback transactions	2,918	-
Repayments of lease liabilities	(477)	(571)
Purchase of treasury shares	-	(0)
Dividends paid	(712)	(712)
Dividends paid to non-controlling interests	(40)	(40)
proceeds from share issuance to non-controlling shareholders	-	20
Net cash provided by (used in) financing activities	255	(2,336)
Effect of exchange rate change on cash and cash	(0)	135

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
equivalents		
Net increase (decrease) in cash and cash equivalents	1,405	619
Cash and cash equivalents at beginning of period	10,126	11,531
Cash and cash equivalents at end of period	11,531	12,151

(5) Notes to Consolidated Financial Statements**(Notes on premise of going concern)**

Not applicable.

(Notes on significant accounting estimate)

Regarding the effects of COVID-19, we assume that we will be recovering from its impact gradually, such as the possible decline in the rate of serious illness due to realization of the effects of vaccination in making accounting estimates.

If the impact of COVID-19 is prolonged or its impact on the economic environment changes, the financial position and operating results of the Group from the next consolidated fiscal year onward may be affected.

In addition, the impact of Russia's military invasion of Ukraine on world affairs may affect the financial position and operating results of the Group from the next consolidated fiscal year onward.

The following items are recorded in the consolidated financial statements for the fiscal year ended March 31, 2022 based on accounting estimates and may have a significant impact on the consolidated financial statements for the next consolidated fiscal year.

Necessity of impairment of non-current assets

In the fiscal year ended March 31, 2022, we judged there to be an indication of impairment due to the continuous operating loss in our Polyurethane Materials segment, and the impairment rate was determined to be recognized, then as the total amount of undiscounted future cash flows was above the carrying amount of the relevant assets as of the end of the fiscal year ended March 31, 2022, ¥ 873 million, the Company as a result decided not to recognize impairment loss. We have carefully considered the decision to recognize an impairment loss, but if changes in the business plan or market environment change the assumed conditions or assumptions of the estimated amount, an impairment loss treatment may be required.

(Changes in accounting policies)**(Application of Accounting Standard for Revenue Recognition)**

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020); "Revenue Recognition Accounting Standard") and relevant ASBJ regulations from the beginning of the beginning of the fiscal year ended March 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

As a result, regarding our export sales, we traditionally recognized revenue mainly at the time of loading, however we have changed to recognizing revenue when the risk burden is transferred to the customer based on the trade conditions stipulated by Incoterms, etc.

In addition, consideration paid to customers such as sales rebates was previously treated as selling, general and administrative expenses, however it has been changed to the method of reducing the amount from the transaction price.

Regarding the application of the Revenue Recognition Accounting Standard and relevant ASBJ regulations, we have followed the transitional treatment stipulated in the proviso of Section 84 of the Revenue Recognition Accounting Standard, and the cumulative impact of retroactive application of the new accounting policy before the beginning of the beginning of the fiscal year ended March 31, 2022 is added to or subtracted from retained earnings at the beginning of the beginning of the fiscal year ended March 31, 2022 and a new accounting policy is applied from the relevant balance at the beginning of the period.

The impact of application of this accounting standard on the consolidated financial statements is immaterial.

(Application of Accounting Standard for Fair Value Measurement, etc.)

We have applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; “Fair Value Measurement Accounting Standard”) and relevant ASBJ regulations from the beginning of the beginning of the fiscal year ended March 31, 2022, and decided to apply new accounting standards set forth in the Fair Value Measurement Accounting Standard and relevant ASBJ regulations prospectively in accordance with the transitional treatment provided for in Section 19 of the Fair Value Measurement Accounting Standard and in Section 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

There is no impact of application of this accounting standard on the consolidated financial statements.

(Notes - Consolidated statement of income)

Expenses related to inactive equipment in the fiscal year ended March 31, 2022 are fixed costs related to the period during which production of photopolymer material manufacturing equipment in the Chitose area of the Yokkaichi Plant was suspended.

(Segment information, etc.)

a. Segment information

1. Description of Reportable Segments

Our reportable segments are subject to regular review by the Board of Directors to determine resource allocation decisions and assess performance for which separate financial information is available from constituent units of the Company.

We have six reportable segments, that is, “Surfactants,” “Amenity Materials,” “Polyurethane Materials,” “Functional Materials,” “Electronic Device Materials” and “Life Sciences,” depending on the composition and manufacturing method of the product.

“Surfactants” manufactures and sells nonionic surfactants, anionic surfactants, cationic surfactants, amphoteric surfactants, etc. “Amenity Materials” manufactures and sells sucrose fatty acid esters, cellulosic polymer materials, vinyl polymer materials, acrylic polymer materials, etc. “Polyurethane Materials” manufactures and sells polyether polyols, urethane prepolymers, urethane systems, etc. “Functional Materials” manufactures and sells radcure resin materials, waterborne polyurethanes, flame retardants, amide-based lubricants, etc. “Electronic Device Materials” manufactures and sells ionic liquids, conductive pastes for electronic components, and pellets for injection molding. “Life Sciences” manufactures and sells health supplements (I. Japonica-Bombyx Fungus, Sudachin, etc.).

2. Explanation of measurements of sales, profit (loss), asset, and other items for each reportable segment

The method of accounting for the reported business segments is in line with the accounting policies adopted to prepare the consolidated financial statements.

Profit for the reportable segment is based on operating profit.

As described in the changes in accounting policy, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and changed the accounting method for revenue recognition, therefore, we have changed the method of measuring profit or loss in the business segment in the same way.

The impact of this change on segment profit or loss for the current consolidated accounting period is immaterial.

3. Disclosure of sales, profit (loss), asset, and other items for each reportable segment

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments							Reconciling items (Note) 3	Amount recorded in consolidated financial statements (Note) 1
	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Total		
Net sales									
Revenues from external customers	17,303	7,081	7,484	21,077	5,758	435	59,140	–	59,140
Transactions with other segments	–	–	–	–	–	–	–	–	–
Total	17,303	7,081	7,484	21,077	5,758	435	59,140	–	59,140
Segment profit (loss)	1,752	72	(282)	2,933	430	(421)	4,485	–	4,485
Segment assets	17,791	9,147	11,376	23,895	3,501	1,583	67,295	17,738	85,033
Other items									
Depreciation (Note) 2	904	480	714	961	74	81	3,216	46	3,263
Amortization of goodwill	–	–	–	–	–	196	196	–	196
Investments in entities accounted for using equity method	293	–	–	362	–	–	656	–	656
Increase in property, plant and equipment and intangible assets (Note) 2	906	430	192	2,927	50	110	4,617	–	4,617

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

(Millions of yen)

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

- Notes: 1. Total amount of profit or loss in reportable segments and operating profit in the consolidated statement of income coincide.
2. Increases in depreciation expenses, property, plant and equipment and intangible assets include long-term prepaid expenses and depreciation expenses related to said expenses.
3. The adjustment amount is surplus assets under management (cash and deposits), long-term investment funds (investment securities) and assets related to the management department at the filing company.

b. Information associated with reportable segments

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Information for Each Product or Service

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Total
Revenues from external customers	17,303	7,081	7,484	21,077	5,758	435	59,140

2. Information for Each Region

(1) Net sales

(Millions of yen)

Japan	Asia	Other	Total
49,004	8,717	1,418	59,140

- Notes: 1. Net sales is classified by country or region based on customers' location.
2. Countries and regions are segmented by geographical proximity.
3. Major countries or regions included in each category:
- (i) Asia Taiwan, China, South Korea, Indonesia
- (ii) Other regions North America, Europe

(2) Property, plant and equipment

(Millions of yen)

Japan	Taiwan	Other	Total
29,521	4,718	77	34,317

- Notes: 1. Property, plant and equipment is classified by country or region based on companies' location.
2. Major countries or regions included in "Other":
China, Indonesia, Netherlands

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

1. Information for Each Product or Service

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Total
Revenues from external customers	18,564	8,092	8,294	19,928	7,316	476	62,672

2. Information for Each Region

(1) Net sales

(Millions of yen)

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

- Notes:
1. Net sales is classified by country or region based on customers' location.
 2. Countries and regions are segmented by geographical proximity.
 3. Major countries or regions included in each category:
 - (i) Asia Taiwan, China, South Korea, Indonesia
 - (ii) Other regions North America, Europe

(2) Property, plant and equipment

(Millions of yen)

Japan	Taiwan	Other	Total
27,668	5,545	144	33,358

- Notes:
1. Property, plant and equipment is classified by country or region based on companies' location.
 2. Major countries or regions included in "Other":
China, Indonesia, Netherlands

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

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Unallocated amounts and elimination	Total
Impairment losses	–	–	–	–	–	431	–	431

(Significant impairment losses related to non-current assets)

In the Life Sciences segment, the asset group of the I. Japonica-Bombyx Fungus business has continued to have negative gains and losses from operating activities, and future cash flows are not expected within the estimated period, therefore collectible amount is evaluated as zero and the entire book value is recorded in the extraordinary loss section as impairment loss.

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

Not applicable.

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

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Unallocated amounts and elimination	Total
Amortization in the fiscal year	–	–	–	–	–	196	–	196
Balance at end of period	–	–	–	–	–	363	–	363

Note: Life Sciences for goodwill attributable to the Japonica-Bombyx Fungus business in the Life Sciences segment, the total book value of ¥115 million at the end of the fiscal year is recorded as impairment loss.

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

(Millions of yen)

	Surfactants	Amenity Materials	Polyurethane Materials	Functional Materials	Electronic Device Materials	Life Sciences	Unallocated amounts and elimination	Total
Amortization in the fiscal year	–	–	–	–	–	150	–	150
Balance at end of period	–	–	–	–	–	213	–	213

(Per share information)

(Yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	3,405.28	3,610.31
Basic earnings per share	251.97	244.81

Notes: 1. The amount of diluted earnings per share is not provided because there are no potential shares.

2. The basis for calculation of net assets per share is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Total net assets	37,404	40,383
Deduction from total net assets	2,756	3,616
(Non-controlling interests]	(2,756)	(3,616)
Net assets attributable to ordinary shares at the end of the period	34,648	36,767
Number of ordinary shares at the end of period used for calculating the amounts of net assets per share (Thousands of shares)	10,174	10,183

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Basic earnings per share		
Profit attributable to owners of parent	2,563	2,492
Amounts not attributable to ordinary shareholders	—	—
Profit attributable to owners of parent related to ordinary shares	2,563	2,492
Average number of ordinary shares outstanding during the period (Thousands of shares)	10,173	10,181

(Significant events after reporting period)

Not applicable.