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Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]

January 31, 2023

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 Stock exchange listing: Tokyo
 Code number: 4462
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 Scheduled date of filing quarterly securities report: February 10, 2023
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 01, 2022 to December 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2022	15,555	8.4	1,775	(5.5)	1,873	(6.5)	1,308	(17.5)
December 31, 2021	14,345	16.5	1,878	76.2	2,003	70.2	1,584	57.4

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥ 1,201 million [(24.0) %]
 Nine months ended December 31, 2021: ¥ 1,581 million [17.3 %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	85.53	-
December 31, 2021	100.31	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
December 31, 2022	26,546	21,700	81.7
March 31, 2022	25,884	21,494	83.0

(Reference) Equity: As of December 31, 2022: ¥ 21,700 million
 As of March 31, 2022: ¥ 21,494 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	25.00	-	14.00	39.00
Fiscal year ending March 31, 2023	-	17.00	-		
Fiscal year ending March 31, 2023 (Forecast)				17.00	34.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) The Company conducted a 2-for-1 stock split of common stock on October 01, 2021. The actual amounts of dividends before the stock split are described for the end of the second quarter of fiscal year ended March 31, 2022.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	20,100	5.6	2,220	(5.7)	2,330	(7.3)	1,700	(17.1)	111.22

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022: No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

December 31, 2022: 16,308,280 shares

March 31, 2022: 16,308,280 shares

2) Total number of treasury shares at the end of the period:

December 31, 2022: 1,055,808 shares

March 31, 2022: 641,868 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 15,296,678 shares

Nine months ended December 31, 2021: 15,799,890 shares

*These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants and audit corporations.

*Explanation for the appropriate use of performance forecast and other special notes:

The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors. For the suppositions that form the assumptions for earnings forecast and cautions concerning the use thereof, please refer to "1. Qualitative Information on Quarterly Financial Results (2) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information" on page 2 of this report.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

For the nine months ended December 31, 2022, the Japanese economy improved gently due to the normalization of economic and social activities under the concept of living with COVID-19, but the outlook uncertain due to the prolonged situation in Ukraine, global inflation and monetary squeeze.

Under such circumstances, the group has been working on the development of high value-added products, conducting sales activities in Japan and overseas, and striving to expand the market.

As a result, net sales for the nine months ended December 31, 2022 were 15,555 million yen (up 8.4% year on year), operating profit was 1,775 million yen (down 5.5% year on year) and ordinary profit was 1,873 million yen (down 6.5% year on year) due to an increase in selling, general and administrative expenses, including travel, depreciation, and freight expenses, and profit attributable to owners of parent was 1,308 million yen (down 17.5% year on year) due to a decrease in gain on sale of investment securities resulting from sales of strategic shareholdings.

Overview of financial results by segment are as follows.

<Plating chemicals & Automated chemical analyzer>

The electronic components industry remained relatively strong until the first half of the year due to increased demand for 5G-related servers, data centers, etc., which have entered the popularization phase.

However, from the third quarter onwards, production cuts and production adjustment phases are observed in the electronic parts industry due to the situation in Ukraine, the lockdown in China, and global inflation became negative factors for personal consumption, which affected final products such as personal computers, smartphones, and LCD TVs.

On the other hand, sales of Automated chemical analyzer were decreased from the previous year due to affect by production adjustments smartphone and PC-related and delays, postponements and cancellations of capital investments by users due to delays in procurement of parts by equipment manufacturers.

As a result, net sales in this segment were 8,119 million yen (up 0.3% year on year).

<Electronic materials>

As for processed functional materials, the semiconductor market was strong until the first half of the year, and sales of ceramics and engineering plastics for semiconductor manufacturing equipment and semiconductor inspection equipment increased. Since the third quarter, some parts of the market have stagnated.

As a result, net sales in this segment were 632 million yen (up 8.0% year on year).

<Automotive chemicals>

As for air conditioner cleaners, we implemented model change of some products in April 2022 and the expansion of car dealers handling air conditioner cleaners. In addition, as for car wash detergents, the number of gas stations that have introduced car wash detergents for self-service gas stations increased.

As a result, net sales in this segment were 2,707 million yen (up 13.6% year on year).

<Industrial chemicals>

Sales of Industrial chemicals increased significantly from the previous year, in relatively steady domestic demand, partly due to rising prices and the expansion of market share due to the strengthening of the supply chain.

As a result, net sales in this segment were 4,096 million yen (up 24.9% year on year).

(2) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information

We have revised the earnings forecast for the full year ending March 31, 2023, which was announced on May 13, 2022, based on the results of the nine months ended December 31, 2022.

For details, please refer to the “Notice Concerning Revisions for Earnings Forecasts” released on January 31, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2022	As of December 31,2022
Assets		
Current assets		
Cash and deposits	5,535,879	5,332,062
Notes and accounts receivable - trade	3,934,083	4,535,508
Electronically recorded monetary claims - operating	601,316	830,756
Securities	-	300,000
Merchandise and finished goods	877,418	969,233
Work in process	197,610	233,182
Raw materials and supplies	646,296	1,178,316
Other	89,381	170,550
Total current assets	11,881,986	13,549,610
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,125,229	3,062,679
Other, net	2,444,640	2,502,898
Total property, plant and equipment	5,569,869	5,565,578
Intangible assets	81,477	75,516
Investments and other assets		
Investment securities	7,303,865	6,319,454
Other	1,052,661	1,041,763
Allowance for doubtful accounts	(5,250)	(5,250)
Total investments and other assets	8,351,277	7,355,968
Total non-current assets	14,002,624	12,997,062
Total assets	25,884,611	26,546,672
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,700,805	2,326,800
Electronically recorded obligations - operating	858,426	930,157
Income taxes payable	426,645	246,499
Provision for bonuses	216,716	114,315
Provision for bonuses for directors (and other officers)	38,500	20,925
Other	472,432	528,096
Total current liabilities	3,713,527	4,166,794
Non-current liabilities		
Retirement benefit liability	51,307	47,929
Asset retirement obligations	-	67,991
Other	624,916	563,190
Total non-current liabilities	676,223	679,111
Total liabilities	4,389,751	4,845,906

(Thousand yen)

	As of March 31,2022	As of December 31,2022
Net assets		
Shareholders' equity		
Share capital	1,980,874	1,980,874
Capital surplus	2,293,384	2,294,566
Retained earnings	17,150,319	17,979,975
Treasury shares	(683,585)	(1,201,497)
Total shareholders' equity	20,740,992	21,053,919
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	756,475	632,986
Foreign currency translation adjustment	(2,607)	13,859
Total accumulated other comprehensive income	753,868	646,846
Total net assets	21,494,860	21,700,765
Total liabilities and net assets	25,884,611	26,546,672

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Thousand yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Net sales	14,345,861	15,555,567
Cost of sales	9,527,459	10,667,728
Gross profit	4,818,402	4,887,838
Selling, general and administrative expenses	2,940,340	3,112,721
Operating profit	1,878,061	1,775,117
Non-operating income		
Interest income	13,169	10,911
Dividend income	41,679	45,487
Other	73,366	46,201
Total non-operating income	128,215	102,601
Non-operating expenses		
Interest expenses	488	1,026
Commission for purchase of treasury shares	902	1,054
Rental expenses	1,530	1,530
Other	4	242
Total non-operating expenses	2,926	3,852
Ordinary profit	2,003,351	1,873,865
Extraordinary income		
Gain on sale of non-current assets	169	22
Gain on sale of investment securities	235,642	4,245
Total extraordinary income	235,812	4,268
Extraordinary losses		
Loss on retirement of non-current assets	1,484	3,434
Total extraordinary losses	1,484	3,434
Profit before income taxes	2,237,678	1,874,699
Income taxes	652,731	566,421
Profit	1,584,946	1,308,278
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,584,946	1,308,278

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Thousand yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Profit	1,584,946	1,308,278
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,866)	(123,488)
Foreign currency translation adjustment	5,165	16,467
Total other comprehensive income	(3,700)	(107,021)
Comprehensive income	1,581,246	1,201,256
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,581,246	1,201,256
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

Not applicable.