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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

November 6, 2023

Company name: Yushiro Chemical Industry Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 5013
 URL: <https://www.yushiro.co.jp/en/>
 Representative: Masanori Arisaka, President and Representative Director
 Contact: Hironori Yokoi, General Manager, Financing Department, Corporate Division
 Phone: +81-3-3750-6793
 Scheduled date of filing quarterly securities report: November 7, 2023
 Scheduled date to commence dividend payments: December 11, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the six months ended September 30, 2023 (April 1, 2023–September 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2023	25,495	17.1	1,771	384.1	2,401	298.3	1,805	–
September 30, 2022	21,770	20.0	366	(49.2)	602	(43.3)	104	(86.7)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥4,761 million [21.3%]

Six months ended September 30, 2022: ¥3,925 million [63.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2023	Yen 132.67	Yen –
September 30, 2022	7.70	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2023	61,080	41,558	64.0	2,872.39
As of March 31, 2023	56,283	36,984	61.6	2,545.72

(Reference) Equity: As of September 30, 2023: ¥39,092 million

As of March 31, 2023: ¥34,646 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	10.00	–	10.00	20.00
Fiscal year ending March 31, 2024	–	20.00			
Fiscal year ending March 31, 2024 (Forecast)			–	35.00	55.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023–March 31, 2024)

(Percentages indicate year-on-year changes.)

	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	51,800	10.7	2,890	175.3	3,680	155.1	2,480	175.9	182.22

(Note) Revision to the financial results forecast most recently announced: None

Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)
- (i) Total number of issued shares at the end of the period (including treasury shares)

September 30, 2023:	13,900,065 shares
March 31, 2023:	13,900,065 shares
 - (ii) Number of treasury shares at the end of the period

September 30, 2023:	290,417 shares
March 31, 2023:	290,362 shares
 - (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2023:	13,609,680 shares
Six months ended June 30, 2022:	13,609,703 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The financial results forecast and other forward-looking information presented herein are based on the information available to the Company and certain assumptions deemed reasonable at the present time. Actual results may differ significantly from these forecasts due to various factors.

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	8,028	11,128
Notes and accounts receivable - trade	9,382	10,318
Merchandise and finished goods	2,521	2,497
Raw materials and supplies	4,626	4,700
Other	1,239	759
Allowance for doubtful accounts	(25)	(18)
Total current assets	25,773	29,386
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,882	4,024
Machinery, equipment and vehicles, net	1,426	1,509
Tools, furniture and fixtures, net	300	297
Land	5,168	5,197
Leased assets, net	38	30
Construction in progress	63	95
Total property, plant and equipment	10,879	11,153
Intangible assets		
Goodwill	1,949	2,007
Customer relationship	1,994	2,109
Technical assets	612	637
Trademark right	537	560
Other	404	583
Total intangible assets	5,499	5,898
Investments and other assets		
Investment securities	11,931	12,473
Insurance funds	724	690
Long-term time deposits	15	2
Retirement benefit asset	412	412
Deferred tax assets	101	115
Other	958	961
Allowance for doubtful accounts	(13)	(13)
Total investments and other assets	14,131	14,641
Total non-current assets	30,509	31,694
Total assets	56,283	61,080

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,381	5,343
Short-term borrowings	4,943	4,918
Lease liabilities	98	110
Accounts payable - other	854	895
Income taxes payable	220	395
Provision for bonuses	367	422
Provision for bonuses for directors (and other officers)	–	7
Other	1,485	1,585
Total current liabilities	13,350	13,678
Non-current liabilities		
Long-term borrowings	2,392	1,932
Lease liabilities	138	136
Deferred tax liabilities	1,900	2,272
Provision for retirement benefits for directors (and other officers)	91	100
Retirement benefit liability	1,218	1,196
Long-term guarantee deposits	184	185
Asset retirement obligations	20	20
Total non-current liabilities	5,947	5,843
Total liabilities	19,298	19,522
Net assets		
Shareholders' equity		
Share capital	4,249	4,249
Capital surplus	3,931	3,931
Retained earnings	24,855	26,496
Treasury shares	(384)	(384)
Total shareholders' equity	32,651	34,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,738	2,277
Foreign currency translation adjustment	400	2,614
Remeasurements of defined benefit plans	(143)	(92)
Total accumulated other comprehensive income	1,994	4,799
Non-controlling interests	2,338	2,465
Total net assets	36,984	41,558
Total liabilities and net assets	56,283	61,080

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	21,770	25,495
Cost of sales	16,420	18,424
Gross profit	5,350	7,070
Selling, general and administrative expenses	4,984	5,298
Operating profit	366	1,771
Non-operating income		
Interest income	31	39
Dividend income	61	61
Foreign exchange gains	78	136
Share of profit of entities accounted for using equity method	101	390
Other	82	61
Total non-operating income	355	690
Non-operating expenses		
Interest expenses	31	26
Commission for syndicated loans	63	—
Other	23	34
Total non-operating expenses	118	60
Ordinary profit	602	2,401
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	—	24
Gain on sale of investment securities	3	—
Total extraordinary income	3	24
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and associates	152	—
Total extraordinary losses	152	—
Profit before income taxes	454	2,426
Income taxes	257	596
Profit	196	1,829
Profit attributable to non-controlling interests	92	23
Profit attributable to owners of parent	104	1,805

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	196	1,829
Other comprehensive income		
Valuation difference on available-for-sale securities	(92)	538
Foreign currency translation adjustment	3,232	2,019
Remeasurements of defined benefit plans, net of tax	10	52
Share of other comprehensive income of entities accounted for using equity method	578	321
Total other comprehensive income	3,728	2,931
Comprehensive income	3,925	4,761
Comprehensive income attributable to		
Owners of parent	3,532	4,610
Non-controlling interests	393	151

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	454	2,426
Depreciation	529	509
Amortization of goodwill	104	115
Share of loss (profit) of entities accounted for using equity method	(101)	(390)
Increase (decrease) in allowance for doubtful accounts	(1)	(8)
Increase (decrease) in provision for bonuses	7	50
Increase (decrease) in provision for bonuses for directors (and other officers)	(4)	7
Increase (decrease) in retirement benefit liability	(71)	(18)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(93)	8
Interest and dividend income	(93)	(101)
Interest expenses	31	26
Decrease (increase) in trade receivables	(1,029)	(491)
Decrease (increase) in inventories	(679)	431
Increase (decrease) in trade payables	748	(296)
Other, net	(100)	361
Subtotal	(298)	2,629
Interest and dividends received	126	138
Interest paid	(33)	(29)
Income taxes paid	(231)	(326)
Net cash provided by (used in) operating activities	(436)	2,411
Cash flows from investing activities		
Payments into time deposits	(10)	(346)
Proceeds from withdrawal of time deposits	10	32
Purchase of investment securities	(4)	(19)
Proceeds from sale of investment securities	12	—
Payments for investments in capital of subsidiaries and associates	(414)	—
Proceeds from sale of shares of subsidiaries and associates	—	961
Purchase of property, plant and equipment	(203)	(268)
Proceeds from sale of property, plant and equipment	4	28
Purchase of intangible assets	(23)	(152)
Other, net	(37)	117
Net cash provided by (used in) investing activities	(666)	353
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,236	(0)
Proceeds from long-term borrowings	200	—
Repayments of long-term borrowings	(495)	(485)
Purchase of treasury shares	—	(0)
Dividends paid	(381)	(136)
Repayments of lease liabilities	(17)	(43)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(218)	—
Net cash provided by (used in) financing activities	323	(665)
Effect of exchange rate change on cash and cash equivalents	747	586
Net increase (decrease) in cash and cash equivalents	(32)	2,685
Cash and cash equivalents at beginning of period	6,691	7,327
Cash and cash equivalents at end of period	6,659	10,013