

Summary of Consolidated Financial Results [Japanese GAAP] For the Second Quarter of the Fiscal Year Ending March 31, 2024

November 7, 2023

Listed company: Nippon Kayaku Co., Ltd.
Listed stock exchange: Prime Market, Tokyo Stock Exchange
Code No.: 4272 URL: <https://www.nipponkayaku.co.jp/english/>

Representative (name, position): Atsuhiro Wakumoto, President
Director in charge of inquiries: Tsutomu Kawamura, Executive Director, General Manager of Finance & Accounting Division

Filing date of quarterly securities report: November 10, 2023
Scheduled date for start of dividend payments: December 1, 2023
Preparation of supplementary materials for quarterly financial results: Yes
Quarterly results presentation meeting: Yes (for securities analysts and institutional investors)

1. Consolidated Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023–September 30, 2023)

(Figures shown are rounded down to the nearest million yen.)

(1) Consolidated Operating Results

(Percentages indicate amount of change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of fiscal year ending March 31, 2024	97,908	(4.7)	4,767	(64.8)	8,313	(50.0)	6,092	(46.0)
First half of fiscal year ended March 31, 2023	102,728	15.6	13,559	24.4	16,628	40.6	11,281	22.5

Note: Comprehensive income First half of fiscal year ending March 31, 2024: 16,692 million yen ((1.4)%)
First half of fiscal year ended March 31, 2023: 16,935 million yen (58.9%)

	Profit attributable to owners of parent per share-primary	Profit attributable to owners of parent per share-diluted
	Yen	Yen
First half of fiscal year ending March 31, 2024	36.74	36.72
First half of fiscal year ended March 31, 2023	67.04	67.02

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	349,247	267,540	76.3
As of March 31, 2023	322,858	255,027	78.7

Reference: Equity As of September 30, 2023 266,546 million yen
As of March 31, 2023 254,018 million yen

2. Status of Dividends

	Dividend amount per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Year
	Yen				
Fiscal year ended March 31, 2023	-	20.00	-	25.00	45.00
Fiscal year ending March 31, 2024	-	22.50			
Fiscal year ending March 31, 2024 (forecast)			-	22.50	45.00

Note: Changes to the most recent dividend forecast: None

3. Consolidated Business Results Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(Percentages indicate amount of change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	202,300	2.0	6,000	(72.1)	9,700	(57.9)	5,800	(61.3)	34.98

Note: Changes to the most recent forecast for consolidated business results: None

* Notes

(1) Significant changes in subsidiaries during the first half (changes in designated subsidiaries that result in changes in scope of consolidation): None

Newly consolidated: (company name), Deconsolidated: (company name)

Significant changes in subsidiaries during the first half

(2) Adoption of special accounting methods for presenting the quarterly consolidated financial statements: None

Adoption of special accounting methods for presenting the quarterly consolidated financial statements

(3) Changes to accounting policies and estimates and restatements

[1] Changes to accounting policies associated with revision of accounting standards or similar items: None

[2] Changes other than [1]: None

[3] Changes to accounting estimates: None

[4] Restatements: None

Changes to accounting policies

(4) Number of shares issued (common stock)

[1] Number of shares issued at end of the fiscal period (including treasury stock)

As of September 30, 2023: 170,503,570 shares

As of March 31, 2023: 170,503,570 shares

[2] Number of treasury stock at end of the fiscal period

As of September 30, 2023: 4,653,807 shares

As of March 31, 2023: 4,732,954 shares

[3] Average number of shares during the fiscal period (cumulative)

First half of the fiscal year ending March 31, 2024: 165,810,085 shares

First half of the fiscal year ended March 31, 2023: 168,274,562 shares

Number of shares issued

* Quarterly summary financial statements are not subject to audit by a certified public accountant or audit firm.

* Analysis related to appropriate use of the business forecasts, and other notes

(Disclaimer concerning forward-looking statements)

The information in this report constitutes forward-looking statements regarding future events and performance. This information is based on the beliefs and assumptions of management in light of information currently available to it at the time of announcement and subject to a number of uncertainties that may affect future results. Actual business results may differ substantially from the forecasts herein due to various factors. For matters pertaining to business forecasts, please refer to “(3) Analysis of Forward-looking Statements, Including Consolidated Business Results Forecasts” on page 3 of the Supplementary Information.

(How to obtain the materials for the briefing on quarterly financial results)

Nippon Kayaku Co., Ltd.
Summary of Consolidated Financial Results [Japanese GAAP]
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We have scheduled a teleconference for securities analysts and institutional investors on Wednesday, November 8, 2023. The materials for the briefing will be posted on the corporate website.

Supplementary Information

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1. Qualitative Information Concerning Results for the Second Quarter

(1) Analysis of Operating Results

During the first half of this consolidated fiscal year (April 1 to September 30, 2023), the global economy saw continuing uncertainty as the rise in fuel and raw material prices eased but prices remained at high levels and the high level of geopolitical risk persisted along with the prolonged invasion of Ukraine by Russia.

The Nippon Kayaku Group entered the second year of **KAYAKU Vision 2025**, the mid-term business plan which began last fiscal year, amid such conditions. We continue to implement the roadmap to the vision specified for each business while advancing initiatives to address key company-wide issues aimed at achieving the vision.

As a result, net sales for the first half of this consolidated fiscal year totaled 97,908 million yen, a decrease of 4,820 million yen (4.7%) year-on-year. Sales in the Mobility & Imaging Business Unit and Life Science Business Unit outperformed while sales in the Fine Chemicals Business Unit underperformed the first half of the previous fiscal year.

Operating income totaled 4,767 million yen, a decrease of 8,792 million yen (64.8%) year-on-year. The decrease resulted from the decrease in net sales in the Fine Chemicals Business Unit in addition to the negative impact from the surge in raw material prices.

Ordinary income totaled 8,313 million yen, a decrease of 8,314 million yen (50.0%) year-on-year. Foreign exchange gains were the main reason behind the net increase at the non-operating level, which boosted ordinary income above operating income.

Profit attributable to owners of parent was 6,092 million yen, a decrease of 5,188 million yen (46.0%) year-on-year.

Performance by business segment is as described below.

[Mobility & Imaging Business Unit]

Sales rose to 39,467 million yen, an increase of 3,313 million yen (9.2%) year-on-year.

In the safety systems business, sales of airbag inflators were on par with the first half of the previous fiscal year and sales of micro gas generators for seatbelt pretensioners outperformed year-on-year. This resulted from a gradual rebound in domestic automobile production from the negative impact of the semiconductor shortage. Overseas, sales of air bag inflators, micro gas generators for seatbelt pretensioners, and squibs outperformed year-on-year, supported by overall firm demand in Europe, the U.S., China and the ASEAN region. The safety systems business overall outperformed year-on-year as a result.

The Polatechno business underperformed year-on-year due to sluggish demand for dye-type polarizing films used in vehicles, despite firm demand for components for X-ray analysis systems.

Segment profit was 3,318 million yen, a decrease of 1,348 million yen (28.9%) year-on-year. The decrease was caused by rising manufacturing costs due to the surge in raw material prices and an increase in selling, development, and other expenses.

[Fine Chemicals Business Unit]

Sales were 27,943 million yen, a decrease of 8,667 million yen (23.7%) year-on-year.

The functional materials business as a whole underperformed the first half of the previous fiscal year. This underperformance resulted from a slump in consumer demand and low demand for epoxy resins and other products groups affected by inventory adjustments in the semiconductor materials supply chain.

The color materials business as a whole underperformed the first half of the previous fiscal year. This underperformance resulted from slow sales of colorants for inkjet printers for consumer use and of ink for inkjet printers in industrial applications, despite strong sales of developer for thermal paper.

Slow sales caused the catalyst business to underperform year-on-year.

Segment profit totaled 2,254 million yen, a decrease of 4,901 million yen (68.5%) year-on-year. The decrease stemmed from a decline in net sales in the functional materials, color materials, and catalyst businesses.

[Life Science Business Unit]

Sales rose to 30,497 million yen, an increase of 534 million yen (1.8%) year-on-year.

In the pharmaceuticals business, pharmaceuticals in Japan underperformed the first half of the previous fiscal year due to the impact from drug price revisions, despite increased market penetration of ALAGLIO® divided granules, a photodynamic diagnostic agent; growth in sales of PEMETREXED for I.V. Infusion, a generic anti-cancer drug; and the contribution from the antibody biosimilar BEVACIZUMAB BS, which was launched last fiscal year. Sales of active pharmaceutical ingredients and diagnostic drugs for the Japanese domestic market underperformed while exports and sales from contract production outperformed the first half of the previous fiscal year, resulting in year-on-year outperformance for the pharmaceuticals business as a whole.

The agrochemicals business as a whole outperformed the first half of the previous fiscal year due to outperformance in exports, despite the year-on-year decrease in domestic sales.

Sales in the real estate were on par with the first half of the previous fiscal year.

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Segment profit totaled 3,087 million yen, a decrease of 2,318 million yen (42.9%) year-on-year. The decrease resulted from an increase in research and development expenses in the pharmaceuticals business and the negative impact from drug price revisions.

In accordance with organizational changes, we have changed reportable segments from the “Functional Chemicals Business,” “Pharmaceuticals Business,” and “Safety Systems Business” to the “Mobility & Imaging Business Unit,” “Fine Chemicals Business Unit,” and “Life Science Business Unit” from the first quarter of this consolidated fiscal year. Segment numbers for the previous fiscal year have been restated based on the new reportable segments.

(2) Analysis of Financial Position

[1] Status of Assets, Liabilities, and Net Assets

Total assets were 349,247 million yen, an increase of 26,389 million yen from the end of the previous consolidated fiscal year. The main increases were in investment securities, an increase of 10,510 million yen; notes and accounts receivable-trade, an increase of 6,339 million yen; and cash and deposits, an increase of 2,485 million yen. The main decrease was in merchandise and finished goods, a decrease of 1,934 million yen.

Liabilities were 81,707 million yen, an increase of 13,875 million yen compared to the end of the previous consolidated fiscal year. The main increases were in long-term loans payable, an increase of 5,300 million yen; and notes and accounts payable-trade, an increase of 4,770 million yen.

Net assets were 267,540 million yen, an increase of 12,513 million yen compared to the end of the previous consolidated fiscal year. The main increases were in translation adjustments, an increase of 7,314 million yen; and unrealized holding gains on other securities, an increase of 3,191 million yen.

[2] Cash Flows Status

Net cash inflow in operating activities amounted to 10,523 million yen (versus a cash inflow of 12,035 million yen during the same period of the previous fiscal year). The positive cash flow was primarily generated from profit before income taxes of 8,840 million yen, depreciation and amortization of 6,710 million yen, and an increase in notes and accounts payable-trade of 4,221 million yen. The above factors more than compensated for the increase in notes and accounts receivable-trade of 5,670 million yen and income tax paid of 3,348 million yen.

Net cash outflow in investing activities totaled 12,157 million yen (versus a cash outflow of 9,238 million yen during the same period of the previous fiscal year). The net outflow was mainly due to expenditures of 6,568 million yen for the purchase of property, plant, and equipment and 6,553 million yen for the purchase of investment securities.

Net cash inflow in financing activities amounted to 2,340 million yen (versus a cash outflow of 6,198 million yen during the same period of the previous fiscal year). This was mainly due to a cash inflow of 8,000 million yen in proceeds from long-term loans payable, which more than compensated for dividends paid of 4,130 million yen and expenditures for repayment of long-term loans of 1,618 million yen.

Reflecting the above cash flow performance, the balance of cash and cash equivalents at the end of the first half was 57,172 million yen (versus 52,613 million yen during the same period of the previous fiscal year), an increase of 4,076 million yen from the end of the previous fiscal year.

(3) Analysis of Forward-looking Statements, Including Consolidated Business Results Forecasts

We expect the future business environment surrounding the Nippon Kayaku Group to pose the risk of an economic downswing due to the Russian invasion of Ukraine, increasing global inflation from high fuel and raw material prices, prolonged adjustment of real estate prices in China, and monetary tightening in various countries, despite expectations of a firm U.S. economy.

Under these conditions, the Nippon Kayaku Group aims to respond flexibly to changes in the business environment and pursue optimal use of operating capital to increase shareholder value, as well as expand existing businesses in global growth markets, accelerate the development of new businesses and new products, and enhance profits.

Consolidated business results forecasts of fiscal year ending March 31, 2024 have been revised as indicated in the disclosure on October 30, 2023 entitled, Notice of Revision to the Business Results Forecasts. See this notice for further details.

2. Quarterly Consolidated Financial Statements and Notes to Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of March 31, 2023	As of September 30, 2023
	Million yen	
Assets		
Current assets		
Cash and deposits	48,051	50,536
Notes and accounts receivable-trade	53,550	59,889
Electronically recorded monetary claims-operating	2,004	2,716
Securities	6,296	7,820
Merchandise and finished goods	46,217	44,283
Work in process	1,130	1,471
Raw materials and stores	23,759	24,904
Other	5,072	6,366
Allowance for doubtful accounts	(44)	(165)
Total current assets	186,037	197,824
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	42,544	43,453
Machinery, equipment and vehicles, net	26,069	27,023
Other, net	20,644	22,850
Total property, plant and equipment	89,259	93,326
Intangible assets		
Goodwill	2,492	2,239
Other	4,047	3,881
Total intangible assets	6,539	6,120
Investments and other assets		
Investment securities	32,146	42,657
Net defined benefit asset	3,845	3,934
Other	5,084	5,439
Allowance for doubtful accounts	(54)	(54)
Total investments and other assets	41,021	51,976
Total non-current assets	136,820	151,423
Total assets	322,858	349,247

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	As of March 31, 2023	As of September 30, 2023
	Million yen	
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,239	21,010
Short-term loans payable	3,380	4,724
Accounts payable-other	10,662	12,090
Income taxes payable	2,133	1,878
Other	6,633	6,856
Total current liabilities	39,049	46,560
Non-current liabilities		
Bonds payable	8,000	8,000
Long-term loans payable	8,200	13,500
Net defined benefit liability	395	397
Other	12,186	13,249
Total non-current liabilities	28,782	35,146
Total liabilities	67,831	81,707
Net assets		
Shareholders' equity		
Common stock	14,932	14,932
Additional paid-in capital	15,803	15,815
Retained earnings	202,976	204,925
Treasury stock	(5,523)	(5,426)
Total shareholders' equity	228,189	230,246
Accumulated other comprehensive income		
Unrealized holding gains on other securities	8,023	11,215
Translation adjustments	17,331	24,645
Remeasurements of defined benefit plans	473	438
Total accumulated other comprehensive income	25,828	36,299
Non-controlling interests	1,008	994
Total net assets	255,027	267,540
Total liabilities and net assets	322,858	349,247

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(2) Consolidated Statements of Income & Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

	First half of the fiscal year ended March 31, 2023	First half of the fiscal year ending March 31, 2024
	Million yen	
Net sales	102,728	97,908
Cost of sales	66,988	69,182
Gross profit on sales	35,740	28,726
Selling, general and administrative expenses	22,180	23,958
Operating income	13,559	4,767
Non-operating income		
Interest income	231	375
Dividend income	510	572
Equity in earnings of affiliates	6	218
Foreign exchange losses	2,114	2,013
Other	439	626
Total non-operating income	3,301	3,807
Non-operating expenses		
Interest expense	41	44
Other losses	191	217
Total non-operating expenses	232	261
Ordinary income	16,628	8,313
Extraordinary income		
Gain on sales of non-current assets	31	169
Gain on sales of investment securities	–	1,250
Total extraordinary income	31	1,419
Extraordinary loss		
Impairment loss	–	70
Loss on disposal of non-current assets	211	311
Loss on valuation of investment securities	3	511
Total extraordinary loss	214	893
Profit before income taxes	16,445	8,840
Income taxes-current	4,456	2,753
Income taxes-deferred	664	(40)
Total income taxes	5,120	2,712
Profit	11,324	6,128
Profit attributable to non-controlling interests	43	35
Profit attributable to owners of parent	11,281	6,092

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Consolidated Statements of Comprehensive Income

	First half of the fiscal year ended March 31, 2023	First half of the fiscal year ending March 31, 2024
	Million yen	
Profit	11,324	6,128
Other comprehensive income		
Unrealized holding gains on other securities	(1,431)	3,191
Translation adjustments	7,214	7,407
Remeasurements of defined benefit plans	(173)	(35)
Share of other comprehensive income of companies accounted for by the equity-method	0	1
Total other comprehensive income	5,610	10,564
Comprehensive income	16,935	16,692
Comprehensive income attributable to:		
Owners of parent	16,807	16,563
Non-controlling interests	127	128

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(3) Consolidated Statements of Cash Flows

	First half of the fiscal year ended March 31, 2023	First half of the fiscal year ending March 31, 2024
	Million yen	
Cash flows from operating activities		
Profit before income taxes	16,445	8,840
Depreciation and amortization	6,655	6,710
Impairment loss	–	70
Amortization of goodwill	272	278
Increase (decrease) in other provisions	(114)	37
Interest and dividend income	(741)	(948)
Interest expense	41	44
Foreign exchange losses (gains)	(1,570)	(1,749)
Equity in (earnings) losses of affiliates	(6)	(218)
Loss (gain) on sales of property, plant and equipment	(31)	(169)
Loss (gain) on disposal of property, plant and equipment	211	311
Loss (gain) on sales of investment securities	–	(1,250)
Loss (gain) on valuation of investment securities	3	511
(Increase) decrease in notes and accounts receivable-trade	2,011	(5,670)
(Increase) decrease in inventories	(8,441)	2,039
(Increase) decrease in prepaid expenses	(602)	(762)
(Increase) decrease in accounts receivable-other	(593)	230
(Increase) decrease in advance payments	(12)	(249)
Increase (decrease) in notes and accounts payable-trade	3,315	4,221
Increase (decrease) in notes and accounts payable-other	(387)	134
Increase (decrease) in accrued expenses	(348)	103
Increase (decrease) in net defined benefit liability	17	11
(Increase) decrease in net defined benefit asset	(337)	(153)
Other	(851)	262
Subtotal	14,934	12,635
Interest and dividends received	935	1,165
Interest paid	(38)	(44)
Income tax paid	(3,853)	(3,348)
Income tax refund	56	114
Net cash provided by operating activities	12,035	10,523
Cash flows from investing activities		
Payments into time deposits	(339)	(317)
Proceeds from withdrawal of time deposits	20	21
Short-term loan advances	(66)	(139)
Purchase of property, plant and equipment	(5,989)	(6,568)
Proceeds from sales of property, plant and equipment	32	190
Purchase of intangible assets	(151)	(139)
Purchase of securities	(402)	–
Purchase of investment securities	(2,099)	(6,553)
Proceeds from sales of investment securities	15	1,718
Proceeds from redemption of securities	–	371
Proceeds from redemption of investment securities	237	122
Purchase of shares of subsidiaries and associates	–	(366)
Payments of long-term loans receivable	–	(3)
Payments for long-term prepaid expenses	(221)	(318)
Payment for retirement of property, plant and equipment	(277)	(262)
Other	4	87
Net cash used in investing activities	(9,238)	(12,157)

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	First half of the fiscal year ended March 31, 2023	First half of the fiscal year ending March 31, 2024
	Million yen	
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(681)	257
Proceeds from long-term loans payable	–	8,000
Repayment of long-term loans	(1,167)	(1,618)
Purchase of treasury stock	(0)	(0)
Dividends paid	(4,198)	(4,130)
Dividends paid to non-controlling interests	(42)	(19)
Other	(108)	(146)
Net cash provided by financing activities	(6,198)	2,340
Effect of exchange rate change on cash and cash equivalents	3,053	3,370
Increase (decrease) in cash and cash equivalents	(348)	4,076
Cash and cash equivalents at beginning of period	52,962	53,096
Cash and cash equivalents at end of period	52,613	57,172

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(4) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding Assumptions for the Going Concern)

No items to report

(Notes in Case of Significant Change in Shareholders' Equity)

No items to report

(Segment Information and Other Items)

I. First half of the fiscal year ended March 31, 2023 (April 1, 2022–September 30, 2022)

1. Information on sales and profit (loss) by reportable segment

	Reportable segments				Adjustments (Note 1)	Consolidated (Note 2)
	Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	Total		
Million yen						
Sales						
Sales to third parties	36,154	36,611	29,963	102,728	–	102,728
Intersegment sales and transfers	–	82	0	82	(82)	–
Total	36,154	36,693	29,963	102,811	(82)	102,728
Segment profit	4,667	7,155	5,405	17,228	(3,668)	13,559

Note 1: The 3,668 million yen downward adjustment to segment profit reflects a negative 3,684 million yen in corporate expense not allocable to the reportable segments and 16 million yen in eliminations for intersegment transactions. The corporate expense is mainly a general and administrative expense that is not attributed to the reportable segments.

Note 2: Segment profit has been adjusted to correspond with the total operating income as shown in the consolidated statements of income.

2. Information concerning impairment losses on non-current assets, goodwill, etc. by reportable segment

(Material change in the amount of goodwill)

No items to report

II. First half of the fiscal year ending March 31, 2024 (April 1, 2023–September 30, 2023)

1. Information on sales and profit (loss) by reportable segment

	Reportable segments				Adjustments (Note 1)	Consolidated (Note 2)
	Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	Total		
Million yen						
Sales						
Sales to third parties	39,467	27,943	30,497	97,908	–	97,908
Intersegment sales and transfers	–	77	0	78	(78)	–
Total	39,467	28,021	30,498	97,987	(78)	97,908
Segment profit	3,318	2,254	3,087	8,660	(3,892)	4,767

Note 1: The 3,892 million yen downward adjustment to segment profit reflects a negative 3,894 million yen in corporate expense not allocable to the reportable segments and 2 million yen in eliminations for intersegment transactions. The corporate expense is mainly a general and administrative expense that is not attributed to the reportable segments.

Note 2: Segment profit has been adjusted to correspond with the total operating income as shown in the consolidated statements of income.

2. Information concerning impairment losses on non-current assets, goodwill, etc. by reportable segment
(Material impairment loss on non-current assets)

The Mobility & Imaging Business Unit recognized an impairment loss due to deteriorating profitability of the consolidated subsidiary Dejima Tech B.V. accompanying changes in the business environment.

The impairment loss recognized in first half of the fiscal year ending March 31, 2024 was 70 million yen.

III Information relating to the change in reportable segments

In accordance with organizational changes, we have changed reportable segments from the “Functional Chemicals Business,” “Pharmaceuticals Business,” and “Safety Systems Business” to the “Mobility & Imaging Business Unit,” “Fine Chemicals Business Unit,” and “Life Science Business Unit” from the first quarter of this consolidated fiscal year.

The main products provided by the reportable segments are shown in the table below.

Reportable segment	Sales segment	Main products and services
Mobility & Imaging Business Unit	Safety systems	Airbag inflators, micro gas generators for seatbelt pretensioners, and squibs
	Polatechno	Components for LCD displays, LCD projector components, and components for X-ray analysis systems
Fine Chemicals Business Unit	Functional materials	Epoxy resins, maleimide resins, epoxy resin hardeners, reactive flame retardants, acrylic acid esters, UV-curable resins for resist, resist for MEMS (liquid and dry film resist), cleaners for LCDs and semiconductors, liquid crystal display sealants, and semiconductor manufacturing equipment (laminator, remover, mounter, UV curing equipment)
	Color materials	Colorants for inkjet printers, dyes for inkjet textile printing, inks for industrial inkjet printers, image sensor materials, dichotomous colorants for dimmable glass, near infrared absorbers, dyes for textiles and paper, colorants for resins, developers for thermal paper, and pigment derivatives (synergists)
	Catalysts	Catalysts for the production of acrylic acid, acrolein, and methacrylic acid
Life Science Business Unit	Pharmaceuticals	Anti-cancer drugs, biological drugs, cardiovascular agents, photodynamic diagnostic agents, in-vitro diagnostic drugs, embolization materials, pharmaceutical API and intermediates, food and food additives, health food ingredients, preservatives for food quality, and cleaners and disinfectants
	Agrochemicals	Insecticides, herbicides, fungicides, miticides, public health insecticides, soil fumigants, and animal repellents
	Real estate	Real estate business

Segment information for the first half of the previous consolidated fiscal year has been restated based on the new reportable segments.

(Significant Subsequent Events)

(Significant agreement conclusion)

The Nippon Kayaku Group approved conclusion of the following licensing agreement with AnHeart Therapeutics at its Board of Directors meeting held on October 24, 2023 and concluded the agreement on October 27, 2023.

(1) Reason for concluding the agreement

To acquire exclusive sales rights in Japan for Taltrectinib (Development code: AB-106/DS-6051b), an oral, novel, next-generation, brain-penetrant, selective ROS1 inhibitor being developed by AnHeart Therapeutics.

(2) Name of other corporate party to the agreement

AnHeart Therapeutics (U.S.A.)

(3) Timetable for concluding the agreement

October 27, 2023

(4) Agreement terms and material impact of agreement conclusion on sales activities

The Nippon Kayaku Group will make a lump-sum payment (6,028 million yen) upon conclusion of the exclusive sales agreement for Taltrectinib (Development code: AB-106/DS-6051b), an oral, novel, next-generation, brain-penetrant, selective ROS1 inhibitor from AnHeart Therapeutics, and will pay royalties at a set rate as milestones are achieved for progress on development and sales amounts.