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MEMBERSHIP

April 28, 2022

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

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 Securities Code: 4362
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Scheduled date of annual general meeting of shareholders: June 23, 2022
 Scheduled date to commence dividend payments: June 24, 2022
 Scheduled date to file annual securities report: June 24, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: 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.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	33,448	9.6	4,881	23.9	5,127	23.4	3,472	25.9
March 31, 2021	30,509	5.0	3,939	8.2	4,154	6.0	2,758	5.3

Note: Comprehensive income Fiscal year ended March 31, 2022 ¥3,118 million [(41.4)%]
 Fiscal year ended March 31, 2021 ¥5,325 million [253.1%]

Fiscal year ended	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
	Yen	Yen	%	%	%
March 31, 2022	146.32	—	8.1	9.5	14.6
March 31, 2021	116.17	—	6.9	8.2	12.9

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

Note: 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 under review, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the 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
March 31, 2022	54,807	44,560	79.8	1,851.84
March 31, 2021	53,265	42,846	79.1	1,773.54

Reference: Equity

As of March 31, 2022 ¥43,732 million

As of March 31, 2021 ¥42,116 million

Note: 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 under review, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) 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
March 31, 2022	2,285	(2,741)	(1,399)	11,410
March 31, 2021	4,698	(2,418)	(874)	13,187

Note: 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 under review, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

2. Status of dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	16.50	–	18.50	35.00	831	30.1	2.1
Fiscal year ended March 31, 2022	–	25.00	–	29.00	54.00	1,278	36.9	3.0
Fiscal year ending March 31, 2023 (Forecast)	–	28.00	–	28.00	56.00		37.8	

3. Forecast of financial results for the 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
Second quarter (cumulative)	17,900	10.4	2,450	2.6	2,600	3.3	1,750	3.0	74.10
Full year	36,000	7.6	4,850	(0.7)	5,200	1.4	3,500	0.8	148.20

*** Notes**

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

Newly included: - (company name) Excluded: - (company name)

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

(i) Changes in accounting policies due to revisions to accounting standards, etc.: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to the attached document on page 12 “3. Consolidated financial statements and main notes (5) Notes to consolidated financial statements (Changes in accounting policies)”.

- (3) Number of issued shares (common shares)

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

As of March 31, 2022	25,372,447 shares
As of March 31, 2021	25,372,447 shares

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

As of March 31, 2022	1,756,940 shares
As of March 31, 2021	1,625,639 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	23,730,529 shares
Fiscal year ended March 31, 2021	23,746,913 shares

Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (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	15,660	21.7	2,931	79.3	3,922	69.2	2,977	107.0
March 31, 2021	12,864	(8.3)	1,634	(25.0)	2,318	(20.3)	1,438	(32.2)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2022	125.46	—
March 31, 2021	60.57	—

Note: 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 under review, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	46,966	34,860	74.2	1,476.16
March 31, 2021	45,581	34,015	74.6	1,432.42

Reference: Equity

As of March 31, 2022 ¥34,860 million

As of March 31, 2021 ¥34,015 million

Note: 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 under review, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the 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

The forward-looking statements of the earnings outlook, etc. described in this document are based on the information currently obtained by the Company and certain assumptions that it deems reasonable, and are not intended to promise the achievement of such information. In addition, actual business results may differ significantly due to various factors. Please refer to pages 3 and 4 of the attached materials “1. Overview of operating results and others (4) Future outlook” for the conditions that are the premise of the business forecast and precautions when using the business forecast.

The Company plans to hold a briefing session for institutional investors and analysts on Wednesday, May 18, 2022. The financial results presentation materials to be distributed at this briefing will be posted on the Company’s website on the same day.

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year

During the fiscal year under review, the Japanese economy continued to recover, although some industries remained sluggish, driven by an increase in exports mainly to the United States and China in conjunction with the global economic recovery due to the spread of vaccination against COVID-19 infection and the effects of economic measures taken by governments around the world. On the other hand, COVID-19 is spreading the transmission of new mutant strains, and the outlook remains uncertain due to global supply chain turmoil, soaring raw material and crude oil prices, inflationary pressures, and developments in monetary policy and exchange rates, as well as risks such as the situation in Ukraine.

In this business environment, the Group has been working to further strengthen its management base and develop products that contribute to the expansion of earnings and expand sales.

As a result, net sales for the fiscal year under review increased to ¥33,448 million (up 9.6% year-on-year). In terms of profit, operating profit was ¥4,881 million (up 23.9% year-on-year), and ordinary profit was ¥5,127 million (up 23.4% year-on-year). Profit attributable to owners of the parent was ¥3,472 million (up 25.9% year-on-year).

In addition, 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 under review.

Operating results for each segment are as follows.

(i) Industrial products business

In this segment, in the cosmetic ingredients business, overseas sales of lanolin and cholesterol increased significantly due to economic recovery in Europe, the United States, and China. Sales of cosmetic ingredients exceeded those of the previous fiscal year due to the recovery in the Chinese cosmetics market and the adoption of our products in large-scale products of domestic customers. In the lipid business, overseas sales expansion of phospholipids for pharmaceuticals proceeded as planned. Also, in the fine chemicals business, sales of general-purpose industrial raw materials increased due to a recovery in demand for semiconductors, automobiles, and other applications. On the other hand, sales of functional coatings have decreased in line with demand for medical safety goggles. As a result, net sales was ¥23,600 million (up 22.2% year-on-year). Segment profit (operating profit) was ¥3,621 million (up 57.9% year-on-year), partly due to improved plant utilization and better product mix resulting from increased sales.

(ii) Household products business

In this segment, the environmental hygiene-related market remained resilient due to the spread of the COVID-19 infection, but sales decreased due to the elimination of product shortages due to the entry of new companies. As a result, net sales was ¥8,646 million (down 14.1% year-on-year) and segment profit (operating profit) was ¥927 million (down 34.8% year-on-year).

(iii) Other

Net sales of other businesses was ¥1,201 million (up 5.9% year-on-year) and segment profit (operating profit) was ¥332 million (up 49.1% year-on-year).

Reference:

Non-consolidated financial results were net sales of ¥15,660 million (up 21.7% year-on-year), operating profit of ¥2,931 million (up 79.3% year-on-year), ordinary profit of ¥3,922 million (up 69.2% year-on-year), and profit of ¥2,977 million (up 107.0% year-on-year).

The significant year-on-year increases in net sales, operating profit, ordinary profit, and profit were mainly due to increased sales resulting from the economic recovery in Japan and overseas, as well as improved plant utilization and better product mix resulting from increased sales.

(2) Overview of financial position for the fiscal year

Total assets at the end of the fiscal year under review increased by ¥1,542 million from the end of the previous fiscal year (hereinafter referred to as “the previous fiscal year-end”) to ¥54,807 million. This was mainly due to an increase in current assets by ¥1,295 million due mainly to an increase in raw materials and supplies, and a ¥246 million increase in non-current assets due to an increase in construction in progress.

Liabilities at the end of the fiscal year under review decreased by ¥171 million from the previous fiscal year-end to ¥10,247 million. This was mainly due to an increase in current liabilities by ¥306 million, mainly due to an increase in income taxes payable, etc., while non-current liabilities decreased by ¥478 million, mainly due to a decrease in deferred tax liabilities.

The net assets at the end of the fiscal year under review increased by ¥1,713 million from the previous fiscal year-end to ¥44,560 million. This was mainly due to an increase in shareholders' equity by ¥2,160 million, mainly due to recording ¥3,472 million in profit attributable to owners of parent and ¥1,032 million in dividends paid, while accumulated other comprehensive income decreased by ¥544 million, mainly due to a decrease in valuation difference on available-for-sale securities.

(3) Overview of cash flows for the fiscal year

Cash and cash equivalents at the end of the fiscal year under review (hereinafter referred to as “cash”) decreased by ¥1,776 million from the previous fiscal year-end to ¥11,410 million. The status and main breakdown of cash flows for the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year under review amounted to ¥2,285 million, a decrease of ¥2,412 million from the previous fiscal year. The main breakdown was an increase in cash due to profit before income taxes of ¥5,017 million and recording depreciation of ¥1,070 million, and a decrease in cash due to income taxes paid of ¥1,185 million.

(Cash flows from investing activities)

Net cash used in investment activities for the fiscal year under review increased by ¥322 million from the previous fiscal year to ¥2,741 million. The main breakdown was due to a decrease in cash due to purchase of property, plant and equipment of ¥2,813 million.

(Cash flows from financing activities)

Net cash used in financial activities for the fiscal year under review increased by ¥525 million from the previous fiscal year to ¥1,399 million. The main breakdown was due to a decrease in cash due to dividends paid of ¥1,032 million.

(4) Future outlook

In the business environment surrounding the Group, the economy is expected to continue on a recovery trend as the compatibility between prevention of the spread of infection and economic activities

gradually takes root due to the spread of vaccination against COVID-19 infection both in Japan and overseas. On the other hand, purchasing costs are expected to increase significantly as a result of delays in containerhips and tight transportation capacity caused by disruptions in port logistics, as well as due to soaring raw material and crude oil prices in addition to the weakening yen.

In addition to striving for stable procurement of raw materials, such as purchases from multiple suppliers, the Group will appropriately pass on prices and continuously reduce costs in response to an increase in purchasing costs due to soaring raw material prices.

Initiatives in each business segment are as follows. In the industrial products business, as for cosmetic ingredients in the cosmetic ingredients business, the domestic market continues to face difficult conditions due to the impact of COVID-19, but we expect the market to generally recover to pre-pandemic levels in the next fiscal year, and we will focus on R&D and sales promotion activities with an eye to new demand for With Corona (living with COVID-19) and after-pandemic products. In addition, as for overseas markets, we will focus on active R&D and sales promotion activities of cosmetic ingredients that meet the unique market needs of each country, mainly in the Asian market, which is expected to grow significantly in the future. In terms of phospholipids for pharmaceuticals, in order to continue to expand our business domain, we will continue to develop our own products, technologies, and services, expand them to the downstream field, and strive to acquire new customers, while focusing on the steady launch of a new plant at the Takasago Plant. In the fine chemicals business, we will focus on the development and launch of high-performance materials such as hole transport materials used in perovskite solar cells that contribute to decarbonization and resin materials with functions such as low dielectric constant and high heat resistance, which are essential for high-speed communication.

In the household products business, we will continue to focus on expanding our market share in the environmental hygiene-related market, which has expanded due to the spread of COVID-19, by expanding sales to existing customers, spreading the ARBONURSE brand that will lead to the acquisition of new sales channels, and developing new products with an eye on With Corona (living with COVID-19) and after-pandemic products.

In addition, the Group will promote sustainability initiatives with the aim of achieving both digitalization and sustainable society and sustainable growth with the aim of becoming a company that can provide new value.

As for the consolidated earnings forecasts for the fiscal year ending March 31, 2023, based on the above initiatives, the Group forecasts net sales of ¥36,000 million (up 7.6% year-on-year), operating profit of ¥4,850 million (down 0.7% year-on-year), ordinary profit of ¥5,200 million (up 1.4% year-on-year), and profit attributable to owners of parent of ¥3,500 million (up 0.8% year-on-year).

The main exchange rates used in the earnings forecasts are ¥120 per US\$ and ¥130 per EUR.

The fiscal year ending March 31, 2023 is the final year of the five-year medium-term management plan announced on April 27, 2018, and regarding the level of achievement, we expect consolidated net sales to be 7.7% lower than the target of ¥39,000 million in the plan and consolidated operating profit to be 24.4% higher than the target of ¥3,900 million in the plan.

(5) Basic policy on profit sharing and dividends for the fiscal year and next fiscal year

Our basic policy is to increase shareholder value, and we consider returning profits to shareholders as one of the most important issues. We aim to improve and stabilize the level of dividends by targeting a consolidated dividend on equity (DOE) of 3.0%.

With regard to retained earnings, we intend to invest effectively to build a foundation for further growth, such as the development of new products, increased production capacity, digitization, the promotion of sustainability, while ensuring that we are prepared for unforeseen situations such as large-scale disasters and the spread of infectious diseases. We are confident that these investments will lead to an improvement in earnings in the future and a return of profits to shareholders.

Based on the above policy, the year-end dividend for the fiscal year under review is expected to be ¥29 per share. As a result, the annual dividends per share is ¥54 and the consolidated payout ratio is 36.9%. In addition, the annual dividends per share for the next fiscal year is expected to be ¥56 per share.

2. Basic rationale for selection of accounting standards

The Group will adopt Japanese GAAP for the time being, but will consider introducing IFRS in light of the deepening of discussions in the future and the status of IFRS adoption by other companies in the same industry.

3. Consolidated financial statements and main notes

(1) Consolidated balance sheet

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	14,373,553	12,862,645
Notes and accounts receivable - trade	7,873,963	8,703,595
Merchandise and finished goods	2,659,849	3,087,092
Work in process	1,801,691	2,116,475
Raw materials and supplies	2,088,918	3,216,976
Other	131,006	239,580
Allowance for doubtful accounts	(244)	(2,095)
Total current assets	28,928,738	30,224,271
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,696,595	11,548,367
Accumulated depreciation	(7,990,543)	(8,043,033)
Buildings and structures, net	3,706,052	3,505,334
Machinery, equipment and vehicles	14,260,107	14,359,320
Accumulated depreciation	(12,686,004)	(13,043,647)
Machinery, equipment and vehicles, net	1,574,103	1,315,673
Land	3,725,754	3,644,767
Construction in progress	1,690,857	3,775,146
Other	3,157,552	3,312,163
Accumulated depreciation	(2,624,145)	(2,780,154)
Other, net	533,407	532,008
Total property, plant and equipment	11,230,174	12,772,930
Intangible assets	309,678	307,314
Investments and other assets		
Investment securities	12,535,526	11,205,190
Retirement benefit asset	–	26,889
Other	261,297	271,010
Total investments and other assets	12,796,823	11,503,089
Total non-current assets	24,336,677	24,583,335
Total assets	53,265,415	54,807,607

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,944,584	3,928,700
Accounts payable - other	696,549	757,375
Income taxes payable	702,979	985,079
Provision for bonuses	635,230	778,695
Provision for bonuses for directors (and other officers)	118,100	92,259
Provision for environmental measures	101,400	61,332
Accounts payable - facilities	444,091	362,000
Other	662,057	646,323
Total current liabilities	7,304,994	7,611,766
Non-current liabilities		
Deferred tax liabilities	2,659,469	2,267,152
Provision for environmental measures	178,193	117,223
Retirement benefit liability	132,453	111,707
Long-term accounts payable - other	24,984	15,600
Long-term guarantee deposits	99,213	103,236
Asset retirement obligations	9,430	9,430
Other	9,926	11,077
Total non-current liabilities	3,113,671	2,635,427
Total liabilities	10,418,665	10,247,193
Net assets		
Shareholders' equity		
Share capital	5,933,221	5,933,221
Capital surplus	6,803,377	6,803,377
Retained earnings	23,358,507	25,790,799
Treasury shares	(1,025,109)	(1,296,698)
Total shareholders' equity	35,069,997	37,230,699
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,675,536	5,784,914
Deferred gains or losses on hedges	7,877	34,721
Foreign currency translation adjustment	365,750	675,778
Remeasurements of defined benefit plans	(3,152)	6,154
Total accumulated other comprehensive income	7,046,012	6,501,567
Non-controlling interests	730,739	828,145
Total net assets	42,846,750	44,560,413
Total liabilities and net assets	53,265,415	54,807,607

(2) Consolidated statement of income and comprehensive income

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net sales	30,509,589	33,448,650
Cost of sales	21,408,512	23,170,277
Gross profit	9,101,076	10,278,372
Selling, general and administrative expenses	5,161,185	5,396,482
Operating profit	3,939,891	4,881,889
Non-operating income		
Interest income	25,865	29,524
Dividend income	209,022	235,782
Miscellaneous income	33,080	38,071
Total non-operating income	267,968	303,378
Non-operating expenses		
Interest expenses	1,403	1,335
Foreign exchange losses	47,247	56,512
Miscellaneous losses	4,908	311
Total non-operating expenses	53,559	58,159
Ordinary profit	4,154,300	5,127,108
Extraordinary income		
Gain on sale of non-current assets	2,211	37,011
Gain on sale of investment securities	74,511	0
Gain on sales of investments in capital of subsidiaries	309,852	–
Total extraordinary income	386,575	37,011
Extraordinary losses		
Loss on retirement of non-current assets	76,018	54,676
Impairment losses	280,430	89,602
Loss on sale of investment securities	–	2,818
Provision for environmental measures	162,732	–
Total extraordinary losses	519,181	147,097
Profit before income taxes	4,021,695	5,017,023
Income taxes - current	1,143,055	1,444,961
Income taxes - deferred	37,963	9,445
Total income taxes	1,181,018	1,454,407
Profit	2,840,676	3,562,615
Profit attributable to		
Profit attributable to owners of parent	2,758,884	3,472,343
Profit attributable to non-controlling interests	81,792	90,272
Other comprehensive income		
Valuation difference on available-for-sale securities	2,196,299	(890,622)
Deferred gains or losses on hedges	9,856	29,838
Foreign currency translation adjustment	224,888	406,925
Remeasurements of defined benefit plans, net of tax	53,667	9,306
Total other comprehensive income	2,484,711	(444,552)
Comprehensive income	5,325,387	3,118,063
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,180,546	2,927,898
Comprehensive income attributable to non-controlling interests	144,841	190,165

(3) Consolidated statement of changes in equity

Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,933,221	6,803,377	21,413,272	(1,024,805)	33,125,066
Changes during period					
Dividends of surplus			(807,397)		(807,397)
Profit attributable to owners of parent			2,758,884		2,758,884
Purchase of treasury shares				(303)	(303)
Employee welfare benefit fund			(6,252)		(6,252)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,945,234	(303)	1,944,931
Balance at end of period	5,933,221	6,803,377	23,358,507	(1,025,109)	35,069,997

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,479,237	(993)	202,925	(56,819)	4,624,350	649,877	38,399,293
Changes during period							
Dividends of surplus							(807,397)
Profit attributable to owners of parent							2,758,884
Purchase of treasury shares							(303)
Employee welfare benefit fund							(6,252)
Net changes in items other than shareholders' equity	2,196,299	8,870	162,824	53,667	2,421,662	80,862	2,502,524
Total changes during period	2,196,299	8,870	162,824	53,667	2,421,662	80,862	4,447,456
Balance at end of period	6,675,536	7,877	365,750	(3,152)	7,046,012	730,739	42,846,750

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,933,221	6,803,377	23,358,507	(1,025,109)	35,069,997
Changes during period					
Dividends of surplus			(1,032,982)		(1,032,982)
Profit attributable to owners of parent			3,472,343		3,472,343
Purchase of treasury shares				(271,589)	(271,589)
Employee welfare benefit fund			(7,069)		(7,069)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,432,291	(271,589)	2,160,702
Balance at end of period	5,933,221	6,803,377	25,790,799	(1,296,698)	37,230,699

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,675,536	7,877	365,750	(3,152)	7,046,012	730,739	42,846,750
Changes during period							
Dividends of surplus							(1,032,982)
Profit attributable to owners of parent							3,472,343
Purchase of treasury shares							(271,589)
Employee welfare benefit fund							(7,069)
Net changes in items other than shareholders' equity	(890,622)	26,844	310,027	9,306	(544,444)	97,405	(447,038)
Total changes during period	(890,622)	26,844	310,027	9,306	(544,444)	97,405	1,713,663
Balance at end of period	5,784,914	34,721	675,778	6,154	6,501,567	828,145	44,560,413

(4) Consolidated statement of cash flows

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	4,021,695	5,017,023
Depreciation	1,064,543	1,070,388
Impairment losses	280,430	89,602
Increase (decrease) in allowance for doubtful accounts	47	1,850
Increase (decrease) in retirement benefit liability	(95,304)	(20,745)
Decrease (increase) in retirement benefit asset	–	(26,889)
Interest and dividend income	(234,887)	(265,307)
Interest expenses	1,403	1,335
Foreign exchange losses (gains)	(6,094)	(8,259)
Loss (gain) on sale of investment securities	(74,511)	2,818
Loss (gain) on sales of investments in capital of subsidiaries	(309,852)	–
Loss (gain) on sale and retirement of property, plant and equipment	73,807	17,665
Decrease (increase) in trade receivables	(385,756)	(757,736)
Decrease (increase) in inventories	438,779	(1,816,875)
Increase (decrease) in guarantee deposits received	8,452	4,022
Increase (decrease) in trade payables	289,243	(62,613)
Other, net	218,402	(38,870)
Subtotal	5,290,397	3,207,407
Interest and dividends received	234,887	265,307
Interest paid	(1,403)	(1,335)
Income taxes paid	(825,093)	(1,185,468)
Net cash provided by (used in) operating activities	4,698,788	2,285,910
Cash flows from investing activities		
Payments into time deposits	(83,950)	(96,200)
Proceeds from withdrawal of time deposits	54,775	–
Purchase of property, plant and equipment	(2,676,320)	(2,813,261)
Proceeds from sale of property, plant and equipment	4,611	143,883
Payments for asset retirement obligations	(16,800)	–
Purchase of intangible assets	(67,391)	(14,724)
Purchase of investment securities	(1,142)	(1,149)
Proceeds from sale of investment securities	97,599	40,020
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	269,950	–
Net cash provided by (used in) investing activities	(2,418,668)	(2,741,431)
Cash flows from financing activities		
Dividends paid	(807,397)	(1,032,982)
Dividends paid to non-controlling interests	(62,039)	(90,567)
Purchase of treasury shares	(303)	(271,589)
Other, net	(4,396)	(4,617)
Net cash provided by (used in) financing activities	(874,136)	(1,399,756)
Effect of exchange rate change on cash and cash equivalents	60,728	78,955
Net increase (decrease) in cash and cash equivalents	1,466,711	(1,776,321)
Cash and cash equivalents at beginning of period	11,720,387	13,187,098
Cash and cash equivalents at end of period	13,187,098	11,410,777

(5) Notes to consolidated financial statements**(Notes on premise of going concern)**

Not applicable.

(Changes in accounting policies)

Application of Accounting Standard for Revenue Recognition, Etc.

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 under review, 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.

In accordance with the alternative treatment prescribed in paragraph 98 of the “Accounting Standard for Revenue Recognition”, for domestic sales of goods or products, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the goods or products is transferred to the customer is a normal period.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, but there is no effect on the opening balance of retained earnings of the fiscal year under review.

There is also no impact on profit or loss for the fiscal year under review.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes related to “Revenue Recognition” for the previous fiscal year are not presented.

Accounting Standard for Fair Value Measurement, Etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has applied the new accounting policy provided by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This has no effect on Consolidated financial statements.

(Segment information)

1. Description of reporting segments

The Group’s reporting segments are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate performance, with separate financial statements available among the constituent units of the Company and its subsidiaries.

The Company is developing comprehensive domestic and overseas strategies and business activities for its business units, which are organized by product and service, based on financial statements that are segregated into the constituent units of the Company and its subsidiaries. The Company’s reporting segments are “Industrial Products Business” and “Household Products Business”.

The “Industrial Products Business” segment conducts manufacturing and sales, and stocking and sales of cosmetic ingredients, lanolin and cholesterol, phospholipids, functional coating agents, resin additives, vegetable oils and fats, synthetic resin products, and other products. In “Household Products Business”, we manufacture and sell commercial detergents, medicinal soap solutions, disinfectants, and fungicides.

2. Method for calculating the amount of net sales, profits or losses, assets and other items by reporting segment

The accounting method for the reported business segments is the same as described in “Important Matters that are fundamental for the preparation of Consolidated financial statements”.

Profit of the reporting segment is based on operating profit. Internal revenue and transfer volumes between segments are based on actual market prices.

3. Information on net sales, profits or losses, assets and other items for each reporting segment and information on the decomposition of profits

Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Reporting segment			Other Note: 1	Total	Adjustment amount Note: 2	Consoli- dated financial statement amounts Note: 3
	Industrial products business	Household products business	Total				
Net sales							
Revenues from external customers	19,305,514	10,069,904	29,375,419	1,134,170	30,509,589	–	30,509,589
Intersegment sales or transfers	175,427	43,391	218,818	36,320	255,139	(255,139)	–
Total	19,480,942	10,113,295	29,594,237	1,170,490	30,764,728	(255,139)	30,509,589
Segment profit	2,293,467	1,423,391	3,716,858	223,032	3,939,891	–	3,939,891
Segment assets	21,004,816	4,502,996	25,507,812	3,095,540	28,603,353	24,662,062	53,265,415
Other items							
Depreciation	824,794	104,534	929,328	121,176	1,050,504	14,038	1,064,543
Increase in property, plant and equipment and intangible assets	1,432,407	168,606	1,601,013	518,877	2,119,891	120,680	2,240,571

Notes: 1. The “Other” segment is a business segment that is not included in the reporting segment, and includes the real estate business and the business of entrusting pharmacology and safety tests.

2. The adjustments are as follows:

- (1) Adjustments to segment assets were ¥63,725 thousand (loss) for intersegment eliminations and ¥24,725,787 thousand for company-wide assets not allocated to each reporting segment. Corporate assets consist mainly of surplus operating funds (cash and deposits), long-term investment funds (investment securities), and assets related to administrative department at the parent company.
- (2) Adjustments to depreciation, increase in property, plant and equipment and intangible assets of other items pertain to company-wide assets not allocated to each reporting segment.

3. Segment profit is consistent with the operating profit in the consolidated statement of income and comprehensive income.

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Reporting segment			Other Note: 1	Total	Adjustment amount Note: 2	Consoli- dated financial statement amounts Note: 3
	Industrial products business	Household products business	Total				
Net sales							
Revenue from contracts with customers	23,600,987	8,646,258	32,247,246	891,231	33,138,477	–	33,138,477
Other revenue	–	–	–	310,172	310,172	–	310,172
Revenues from external customers	23,600,987	8,646,258	32,247,246	1,201,403	33,448,650	–	33,448,650
Intersegment sales or transfers	151,369	40,431	191,800	46,885	238,685	(238,685)	–
Total	23,752,357	8,686,690	32,439,047	1,248,288	33,687,335	(238,685)	33,448,650
Segment profit	3,621,695	927,680	4,549,376	332,513	4,881,889	–	4,881,889
Segment assets	25,971,194	4,063,543	30,034,738	3,067,669	33,102,407	21,705,199	54,807,607
Other items							
Depreciation	803,442	99,913	903,356	148,299	1,051,655	18,732	1,070,388
Increase in property, plant and equipment and intangible assets	2,438,520	103,356	2,541,876	190,192	2,732,069	–	2,732,069

- Notes: 1. The “Other” segment is a business segment that is not included in the reporting segment, and includes the real estate business and the business of entrusting pharmacology and safety tests.
2. The adjustments are as follows:
- (1) Adjustments to segment assets were ¥67,097 thousand (loss) for intersegment eliminations and ¥21,772,296 thousand for company-wide assets not allocated to each reporting segment. Corporate assets consist mainly of surplus operating funds (cash and deposits), long-term investment funds (investment securities), and assets related to administrative department at the parent company.
- (2) Adjustments to depreciation, increase in property, plant and equipment and intangible assets of other items pertain to company-wide assets not allocated to each reporting segment.
3. Segment profit is consistent with the operating profit in the consolidated statement of income and comprehensive income.

4. Information on impairment losses on non-current assets per reporting segment

Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Industrial products business	Household products business	Other	Unallocated amounts and elimination	Total
Impairment losses	238,271	42,158	–	–	280,430

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Industrial products business	Household products business	Other	Unallocated amounts and elimination	Total
Impairment losses	–	–	89,206	–	89,602

(Per share information)

(Yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	1,773.54	1,851.84
Basic earnings per share	116.17	146.32

Notes: 1. Diluted earnings per share are not listed because there is no potential stock.

2. The basis for calculating basic earnings per share is as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	2,758,884	3,472,343
Value not attributable to shareholders of common shares (Thousands of yen)	—	—
Profit attributable to owners of parent pertaining to Ordinary share/s (Thousands of yen)	2,758,884	3,472,343
Average number of shares outstanding during the period (Shares)	23,746,913	23,730,529

(Subsequent events)

Not applicable.