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April 30, 2024

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Japanese GAAP)

Company name: NIPPON FINE CHEMICAL CO., LTD.  
 Listing: Tokyo  
 Securities code: 4362  
 URL: <https://www.nipponseika.co.jp/en/>  
 Representative: Hiroshi Yano, Representative Director, President  
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 Scheduled date of annual general meeting of shareholders: June 26, 2024  
 Scheduled date to commence dividend payments: June 27, 2024  
 Scheduled date to file annual securities report: June 27, 2024  
 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, 2024 (from April 1, 2023 to March 31, 2024)

#### (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, 2024	33,531	(9.0)	4,197	(17.0)	4,452	(17.4)	3,327	(18.4)
March 31, 2023	36,838	10.1	5,057	3.6	5,389	5.1	4,079	17.5

Note: Comprehensive income Fiscal year ended March 31, 2024 ¥3,920 million [(18.9)%]  
 Fiscal year ended March 31, 2023 ¥4,836 million [55.1%]

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, 2024	146.40	–	7.2	7.7	12.5
March 31, 2023	174.42	–	9.2	9.7	13.7

Reference: Share of profit (loss) of entities accounted for using equity method

Fiscal year ended March 31, 2024 ¥-million  
 Fiscal year ended March 31, 2023 ¥-million

#### (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, 2024	59,450	47,559	78.5	2,074.07
March 31, 2023	56,672	46,101	79.9	1,984.58

Reference: Equity

As of March 31, 2024

¥46,647 million

As of March 31, 2023

¥45,266 million

### (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, 2024	6,278	(634)	(2,545)	10,937
March 31, 2023	1,439	(1,779)	(3,320)	7,766

### 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, 2023	–	28.00	–	29.00	57.00	1,323	32.7	3.0
Fiscal year ended March 31, 2024	–	35.00	–	35.00	70.00	1,586	47.8	3.5
Fiscal year ending March 31, 2025 (Forecast)	–	37.00	–	37.00	74.00		48.2	

### 3. Forecast of financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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)	17,000	5.1	2,250	14.8	2,250	6.0	1,600	6.7	71.14
Full year	35,700	6.5	4,800	14.3	4,900	10.0	3,450	3.7	153.40

**\* 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.: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(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, 2024	25,372,447 shares
As of March 31, 2023	25,372,447 shares

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

As of March 31, 2024	2,881,540 shares
As of March 31, 2023	2,563,350 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	22,729,533 shares
Fiscal year ended March 31, 2023	23,388,950 shares

**Reference: Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)**

**(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, 2024	17,149	(1.8)	2,708	(15.8)	3,585	(14.3)	2,943	(12.7)
March 31, 2023	17,463	11.5	3,215	9.7	4,183	6.7	3,370	13.2

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	129.49	—
March 31, 2023	144.08	—

**(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, 2024	51,712	36,461	70.5	1,621.16
March 31, 2023	48,682	35,731	73.4	1,566.52

Reference: Equity

As of March 31, 2024

¥36,461 million

As of March 31, 2023

¥35,731 million

\* 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 Tuesday, May 14, 2024. The financial results presentation materials to be distributed at this briefing session 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

In the fiscal year under review, although weakness in domestic demand was observed, the turnaround in demand from inbound tourism, with the demand exceeding the level prior to the COVID-19 pandemic, and other factors allowed the Japanese economy as a whole to continue to recover gradually. At the same time, in the overseas economies, the outlook remains uncertain due to factors including soaring global resource and energy prices caused by the prolonged unrest in Ukraine and the Middle-East, the beginnings of signs of slowdown in the US economy, ongoing slowdown in the European economies and stagnation in the Chinese economy due to the ongoing real estate recession.

In this business environment, the Group has been working to further strengthen its management base and promoted selection and concentration on products that can be expected to contribute to the expansion of earnings.

As a result, net sales for the fiscal year under review decreased to ¥33,531 million (down 9.0% year-on-year). Furthermore, in terms of profit, operating profit was ¥4,197 million (down 17.0% year-on-year), and ordinary profit was ¥4,452 million (down 17.4% year-on-year). Profit attributable to owners of parent was ¥3,327 million (down 18.4% year-on-year).

Operating results for each segment are as follows.

The classification of reporting segments has been changed from the first quarter of the fiscal year under review. The following year-on-year comparisons are comparative analyses based on figures for the same period of the previous fiscal year that have been reclassified into the new segment classifications.

#### (i) Functional products

As a result of the above, in this segment, net sales was ¥26,195 million (down 7.9% year-on-year). Segment profit (operating profit) was ¥3,603 million (down 13.4% year-on-year).

Reference:	(Unit: Millions of yen)			
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Year-on-year changes	Year-on-year changes (%)
Beauty care	7,169	7,936	767	10.7%
Health care	5,658	5,829	170	3.0%
Fine chemical	7,054	5,202	(1,851)	(26.2%)
Trading	8,567	7,229	(1,338)	(15.6%)
Total net sales	28,448	26,195	(2,252)	(7.9%)
Beauty care	1,946	2,193	248	12.7%
Health care	700	449	(251)	(35.9%)
Fine chemical	1,241	640	(601)	(48.4%)
Trading	275	321	47	17.0%
Total operating profit	4,161	3,603	(558)	(13.4%)

#### Beauty care

Despite the negative impact of lower sales of wool grease derivatives for cosmetics, sales and profit increased year-on-year due to an increase in overseas demand for functional esters for cosmetics, mainly from Europe and the U.S. as a sustainable product, as well as due to strong domestic demand for phospholipids for cosmetics, active ingredients, etc.

#### Health care

Regarding phospholipids for pharmaceuticals, test production at a new plant based on the alliance with Gilead Sciences, Inc. was completed and commercial production started in the second half of the fiscal year. On the other hand, operating profit decreased year-on-year due to an increase in depreciation for the new plant.

Fine chemical

Overall sales and profit decreased due to lower sales of cholesterol for animal feed for overseas markets, lower sales of fatty acid amides as a result of lower demand in China, as well as the impact of lower sales as a result of the end of sales as we seek to streamline our business for the future and promote selection and concentration.

## (ii) Environmental hygiene products

In this segment, sales of hand sanitizers decreased significantly due to a larger-than-expected market contraction and inventory adjustments for infection control products after the change in the legal status of COVID-19. As a result, net sales was ¥7,083 million (down 12.3% year-on-year) and segment profit (operating profit) was ¥487 million (down 34.4% year-on-year).

## (iii) Other

Net sales of other businesses was ¥252 million (down 20.3% year-on-year) and segment profit (operating profit) was ¥106 million (down 29.8% year-on-year).

**(2) Overview of financial position for the fiscal year**

Total assets at the end of the fiscal year under review increased by ¥2,778 million from the end of the previous fiscal year (hereinafter referred to as “the previous fiscal year-end”) to ¥59,450 million. This was mainly due to an increase in current assets by ¥2,440 million mainly due to an increase in cash and deposits, and a ¥337 million increase in non-current assets mainly due to an increase in machinery, equipment and vehicles.

Liabilities at the end of the fiscal year under review increased by ¥1,319 million from the previous fiscal year-end to ¥11,891 million. This was mainly due to a decrease in non-current liabilities by ¥502 million mainly due to a decrease in deferred tax liabilities, while current liabilities increased by ¥1,822 million mainly due to an increase in income taxes payable.

The net assets at the end of the fiscal year under review increased by ¥1,458 million from the previous fiscal year-end to ¥47,559 million. This was mainly due to an increase in shareholders' equity by ¥958 million, mainly due to recording ¥3,327 million in profit attributable to owners of parent and ¥1,460 million in dividends paid, while accumulated other comprehensive income increased by ¥423 million, mainly due to an increase in foreign currency translation adjustment.

**(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”) increased by ¥3,171 million from the previous fiscal year-end to ¥10,937 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 ¥6,278 million, an increase of ¥4,838 million from the previous fiscal year. The main breakdown was an increase in cash due to profit before income taxes of ¥4,867 million and recording depreciation of ¥1,436 million, and a decrease in cash due to income taxes paid of ¥1,266 million.

Cash flows from investing activities

Net cash used in investment activities for the fiscal year under review decreased by ¥1,145 million from the previous fiscal year to ¥634 million. The main breakdown was due to a decrease in cash due to purchase of property, plant and equipment of ¥851 million.

#### Cash flows from financing activities

Net cash used in financial activities for the fiscal year under review decreased by ¥775 million from the previous fiscal year to ¥2,545 million. The main breakdown was due to a decrease in cash due to dividends paid of ¥1,460 million and a decrease in cash due to purchase of treasury shares of ¥986 million.

#### **(4) Future outlook**

The Group will continue working to further strengthen its management base and promote selection and concentration of products that can be expected to contribute to earnings growth. As for the consolidated earnings forecasts for the fiscal year ending March 31, 2025, the Group forecasts net sales of ¥35,700 million (up 6.5% year-on-year), operating profit of ¥4,800 million (up 14.3% year-on-year), ordinary profit of ¥4,900 million (up 10.0% year-on-year), and profit attributable to owners of parent of ¥3,450 million (up 3.7% year-on-year).

The main exchange rates used in the earnings forecasts are ¥140 per US\$ and ¥150 per EUR.

#### **(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 3.5%.

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 ¥35 per share. As a result, the annual dividends per share is ¥70 and the consolidated payout ratio is 47.8%. In addition, the annual dividends per share for the next fiscal year is expected to be ¥74 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, 2023)	Current fiscal year (As of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	8,937,431	12,856,349
Notes and accounts receivable - trade	8,855,955	9,172,984
Merchandise and finished goods	4,001,642	4,394,633
Work in process	2,290,016	2,207,743
Raw materials and supplies	4,718,263	3,204,200
Other	788,202	195,993
Allowance for doubtful accounts	(695)	(611)
Total current assets	29,590,815	32,031,293
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,960,944	15,207,334
Accumulated depreciation	(8,223,518)	(8,718,823)
Buildings and structures, net	6,737,425	6,488,511
Machinery, equipment and vehicles	14,401,503	16,201,121
Accumulated depreciation	(13,115,866)	(13,493,090)
Machinery, equipment and vehicles, net	1,285,637	2,708,030
Land	3,719,989	3,719,989
Construction in progress	1,794,239	754,016
Other	3,535,871	3,719,933
Accumulated depreciation	(2,845,786)	(2,989,343)
Other, net	690,084	730,589
Total property, plant and equipment	14,227,376	14,401,138
Intangible assets	521,691	778,227
Investments and other assets		
Investment securities	12,017,715	11,861,254
Retirement benefit asset	67,408	117,430
Other	247,729	261,404
Total investments and other assets	12,332,853	12,240,090
Total non-current assets	27,081,921	27,419,456
Total assets	56,672,737	59,450,750

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,256,778	3,954,884
Accounts payable - other	839,820	812,146
Income taxes payable	607,013	1,351,647
Provision for bonuses	717,500	718,076
Provision for bonuses for directors (and other officers)	79,752	41,554
Provision for environmental measures	–	426,000
Accounts payable - facilities	459,535	983,910
Asset retirement obligations	–	82,698
Other	655,448	1,067,016
Total current liabilities	7,615,849	9,437,935
Non-current liabilities		
Deferred tax liabilities	2,655,149	2,186,638
Retirement benefit liability	144,956	127,775
Long-term accounts payable - other	15,600	19,659
Long-term guarantee deposits	102,890	92,200
Asset retirement obligations	9,430	5,730
Other	27,652	21,528
Total non-current liabilities	2,955,679	2,453,533
Total liabilities	10,571,528	11,891,469
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,933,221	5,933,221
Capital surplus	6,821,920	6,870,796
Retained earnings	28,513,077	30,368,637
Treasury shares	(3,171,070)	(4,117,485)
Total shareholders' equity	38,097,149	39,055,170
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,469,379	6,613,546
Deferred gains or losses on hedges	3,275	4,400
Foreign currency translation adjustment	697,997	947,951
Remeasurements of defined benefit plans	(1,156)	26,718
Total accumulated other comprehensive income	7,169,496	7,592,616
Non-controlling interests	834,562	911,493
Total net assets	46,101,208	47,559,280
<b>Total liabilities and net assets</b>	<b>56,672,737</b>	<b>59,450,750</b>

**(2) Consolidated statement of income and comprehensive income**

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net sales	36,838,413	33,531,848
Cost of sales	25,882,211	23,602,046
Gross profit	10,956,201	9,929,801
Selling, general and administrative expenses	5,899,060	5,731,894
Operating profit	5,057,141	4,197,907
Non-operating income		
Interest income	34,122	34,059
Dividend income	297,639	307,861
Miscellaneous income	41,884	60,855
Total non-operating income	373,646	402,776
Non-operating expenses		
Interest expenses	1,260	1,308
Foreign exchange losses	22,288	15,204
Depreciation	–	125,106
Miscellaneous losses	17,340	6,207
Total non-operating expenses	40,890	147,827
Ordinary profit	5,389,897	4,452,856
Extraordinary income		
Gain on sale of non-current assets	81,713	1,341
Gain on sale of investment securities	212,603	932,174
Total extraordinary income	294,317	933,516
Extraordinary losses		
Loss on sale of non-current assets	–	10
Loss on retirement of non-current assets	24,093	10,546
Impairment losses	–	32,025
Loss on sale of investment securities	16,889	–
Loss on valuation of investment securities	–	43,041
Provision for environmental measures	–	426,000
Other	–	7,379
Total extraordinary losses	40,983	519,003
Profit before income taxes	5,643,232	4,867,369
Income taxes - current	1,383,761	1,992,523
Income taxes - deferred	94,044	(544,265)
Total income taxes	1,477,806	1,448,258
Profit	4,165,426	3,419,111
Profit attributable to		
Profit attributable to owners of parent	4,079,580	3,327,674
Profit attributable to non-controlling interests	85,845	91,437
Other comprehensive income		
Valuation difference on available-for-sale securities	684,465	144,166
Deferred gains or losses on hedges	(34,947)	1,243
Foreign currency translation adjustment	29,307	328,110
Remeasurements of defined benefit plans, net of tax	(7,310)	27,875
Total other comprehensive income	671,515	501,396
Comprehensive income	4,836,941	3,920,508
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,747,509	3,750,794
Comprehensive income attributable to non-controlling interests	89,431	169,714

**(3) Consolidated statement of changes in equity**

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(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	25,790,799	(1,296,698)	37,230,699
Changes during period					
Dividends of surplus			(1,346,506)		(1,346,506)
Profit attributable to owners of parent			4,079,580		4,079,580
Purchase of treasury shares				(1,885,533)	(1,885,533)
Disposal of treasury shares		18,542		11,161	29,704
Employee welfare benefit fund			(10,795)		(10,795)
Net changes in items other than shareholders' equity					
Total changes during period	–	18,542	2,722,278	(1,874,372)	866,449
Balance at end of period	5,933,221	6,821,920	28,513,077	(3,171,070)	38,097,149

	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	5,784,914	34,721	675,778	6,154	6,501,567	828,145	44,560,413
Changes during period							
Dividends of surplus							(1,346,506)
Profit attributable to owners of parent							4,079,580
Purchase of treasury shares							(1,885,533)
Disposal of treasury shares							29,704
Employee welfare benefit fund							(10,795)
Net changes in items other than shareholders' equity	684,465	(31,445)	22,219	(7,310)	667,929	6,416	674,345
Total changes during period	684,465	(31,445)	22,219	(7,310)	667,929	6,416	1,540,795
Balance at end of period	6,469,379	3,275	697,997	(1,156)	7,169,496	834,562	46,101,208

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,933,221	6,821,920	28,513,077	(3,171,070)	38,097,149
Changes during period					
Dividends of surplus			(1,460,915)		(1,460,915)
Profit attributable to owners of parent			3,327,674		3,327,674
Purchase of treasury shares				(986,983)	(986,983)
Disposal of treasury shares		48,876		40,568	89,444
Employee welfare benefit fund			(11,198)		(11,198)
Net changes in items other than shareholders' equity					
Total changes during period	–	48,876	1,855,560	(946,414)	958,021
Balance at end of period	5,933,221	6,870,796	30,368,637	(4,117,485)	39,055,170

	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	6,469,379	3,275	697,997	(1,156)	7,169,496	834,562	46,101,208
Changes during period							
Dividends of surplus							(1,460,915)
Profit attributable to owners of parent							3,327,674
Purchase of treasury shares							(986,983)
Disposal of treasury shares							89,444
Employee welfare benefit fund							(11,198)
Net changes in items other than shareholders' equity	144,166	1,124	249,953	27,875	423,119	76,930	500,050
Total changes during period	144,166	1,124	249,953	27,875	423,119	76,930	1,458,071
Balance at end of period	6,613,546	4,400	947,951	26,718	7,592,616	911,493	47,559,280

**(4) Consolidated statement of cash flows**

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,643,232	4,867,369
Depreciation	950,946	1,436,547
Impairment losses	–	32,025
Increase (decrease) in allowance for doubtful accounts	(1,399)	(84)
Increase (decrease) in retirement benefit liability	33,248	(17,180)
Decrease (increase) in retirement benefit asset	(40,519)	(12,144)
Increase (decrease) in provision for environmental measures	(178,555)	426,000
Interest and dividend income	(331,761)	(341,921)
Interest expenses	1,260	1,308
Foreign exchange losses (gains)	(6,175)	(25,139)
Loss (gain) on sale of investment securities	(195,714)	(932,174)
Loss (gain) on valuation of investment securities	–	43,041
Loss (gain) on sale and retirement of property, plant and equipment	(57,620)	9,215
Decrease (increase) in trade receivables	(147,820)	(260,705)
Decrease (increase) in inventories	(2,586,099)	1,301,203
Increase (decrease) in guarantee deposits received	(345)	(10,689)
Increase (decrease) in trade payables	361,619	(312,545)
Decrease (increase) in consumption taxes refund receivable	(465,740)	524,652
Increase (decrease) in accrued consumption taxes	4,898	298,176
Other, net	(118,538)	177,576
Subtotal	2,864,915	7,204,530
Interest and dividends received	331,761	341,921
Interest paid	(1,260)	(1,308)
Income taxes paid	(1,756,211)	(1,266,998)
Net cash provided by (used in) operating activities	1,439,205	6,278,145
<b>Cash flows from investing activities</b>		
Payments into time deposits	–	(636,300)
Proceeds from withdrawal of time deposits	290,100	–
Purchase of property, plant and equipment	(2,606,730)	(851,237)
Proceeds from sale of property, plant and equipment	286,384	5,212
Purchase of intangible assets	(150,514)	(414,762)
Purchase of investment securities	(1,165)	(1,176)
Proceeds from sale of investment securities	401,966	1,264,101
Net cash provided by (used in) investing activities	(1,779,960)	(634,162)
<b>Cash flows from financing activities</b>		
Dividends paid	(1,346,506)	(1,460,915)
Dividends paid to non-controlling interests	(79,666)	(89,310)
Purchase of treasury shares	(1,885,533)	(986,983)
Other, net	(8,519)	(8,006)
Net cash provided by (used in) financing activities	(3,320,225)	(2,545,215)
Effect of exchange rate change on cash and cash equivalents	16,418	72,509
Net increase (decrease) in cash and cash equivalents	(3,644,561)	3,171,276
Cash and cash equivalents at beginning of period	11,410,777	7,766,215
Cash and cash equivalents at end of period	7,766,215	10,937,491

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

Not applicable.

**Changes in presentation**Consolidated statement of cash flows

“Increase (decrease) in provision for environmental measures,” “Decrease (increase) in consumption taxes refund receivable” and “Increase (decrease) in accrued consumption taxes,” which were included in “Other, net” under “Cash flows from operating activities” in the previous fiscal year, have been presented individually from the fiscal year under review since their materiality in terms of value has increased. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥(757,935) thousand presented as “Other, net” in “Cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year has been reclassified as ¥(178,555) thousand in “Increase (decrease) in provision for environmental measures,” ¥(465,740) thousand in “Decrease (increase) in consumption taxes refund receivable,” ¥4,898 thousand in “Increase (decrease) in accrued consumption taxes” and ¥(118,538) thousand in “Other, net.”

**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 “Functional products” and “Environmental hygiene products.”

The “Functional products” segment conducts manufacturing and sales, and stocking and sales of cosmetic ingredients, wool grease derivatives, phospholipids, functional coating agents, resin additives, vegetable oils and fats, synthetic resin products, and other products, and entrusts pharmacology and safety tests. In “Environmental hygiene products,” 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 the accounting method used 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, 2022 to March 31, 2023)

(Thousands of yen)

	Reporting segment			Other Note: 1	Total	Adjustment amount Note: 2	Consoli- dated financial statement amounts Note: 3
	Functional products	Environ- mental hygiene products	Total				
Net sales							
Revenue from contracts with customers	28,448,089	8,073,433	36,521,522	–	36,521,522	–	36,521,522
Other revenue	–	–	–	316,890	316,890	–	316,890
Revenues from external customers	28,448,089	8,073,433	36,521,522	316,890	36,838,413	–	36,838,413
Intersegment sales or transfers	282,952	31,015	313,967	31,207	345,174	(345,174)	–
Total	28,731,041	8,104,448	36,835,490	348,097	37,183,587	(345,174)	36,838,413
Segment profit	4,161,395	743,297	4,904,692	152,448	5,057,141	–	5,057,141
Segment assets	31,333,683	3,686,291	35,019,975	1,862,199	36,882,174	19,790,563	56,672,737
Other items							
Depreciation	831,121	67,199	898,320	40,418	938,739	12,206	950,946
Increase in property, plant and equipment and intangible assets	2,733,142	63,445	2,796,587	29,368	2,825,955	–	2,825,955

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

2. The adjustments are as follows:

- (1) Adjustments to segment assets were ¥89,545 thousand (loss) for intersegment eliminations and ¥19,880,108 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 of other items and increase in property, plant and equipment and intangible assets 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, 2023 to March 31, 2024)

(Thousands of yen)

	Reporting segment			Other Note: 1	Total	Adjustment amount Note: 2	Consoli- dated financial statement amounts Note: 3
	Functional products	Environ- mental hygiene products	Total				
Net sales							
Revenue from contracts with customers	26,195,914	7,083,228	33,279,143	–	33,279,143	–	33,279,143
Other revenue	–	–	–	252,705	252,705	–	252,705
Revenues from external customers	26,195,914	7,083,228	33,279,143	252,705	33,531,848	–	33,531,848
Intersegment sales or transfers	206,614	27,752	234,367	125,964	360,331	(360,331)	–
Total	26,402,528	7,110,981	33,513,510	378,670	33,892,180	(360,331)	33,531,848
Segment profit	3,603,278	487,672	4,090,950	106,956	4,197,907	–	4,197,907
Segment assets	32,023,942	3,297,168	35,321,110	1,675,550	36,996,661	22,454,089	59,450,750
Other items							
Depreciation	1,283,238	56,069	1,339,308	32,222	1,371,530	65,017	1,436,547
Increase in property, plant and equipment and intangible assets	1,543,780	24,312	1,568,093	–	1,568,093	288,952	1,857,045

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

2. The adjustments are as follows:

(1) Adjustments to segment assets were ¥104,669 thousand (loss) for intersegment eliminations and ¥22,558,758 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 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. Disclosure of changes, etc. in reporting segments

Segments have been reorganized based on business fields from the first quarter of the fiscal year under review.

The former “Industrial products” segment has been renamed the “Functional products” segment. The Company’s household products in the “Household products” segment and the business of entrusting pharmacology and safety tests in the “Other” segment have been incorporated into the “Functional products” segment. The former “Household products” segment has been renamed the “Environmental hygiene products” segment.

Segment information for the previous fiscal year is disclosed based on the new reporting segment classifications.

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

Previous fiscal year (From April 1, 2022 to March 31, 2023)

Not applicable.

## Current fiscal year (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Functional products	Environmental hygiene products	Other	Unallocated amounts and elimination	Total
Impairment losses	32,025	–	–	–	32,025

**Per share information**

(Yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net assets per share	1,984.58	2,074.07
Basic earnings per share	174.42	146.40

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, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	4,079,580	3,327,674
Value not attributable to shareholders of common shares (Thousands of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Thousands of yen)	4,079,580	3,327,674
Average number of shares outstanding during the period (Shares)	23,388,950	22,729,533

**Subsequent events**

Not applicable.