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April 30, 2024

Consolidated Financial Results for the Three Months Ended March 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4025
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 Scheduled date to file quarterly securities report: May 10, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2024	9,279	4.9	497	100.5	575	98.3	418	34.1
March 31, 2023	8,843	5.1	248	(60.8)	290	(58.8)	311	(37.3)

Note: Comprehensive income For the three months ended March 31, 2024: ¥2,337 million [332.6%]
 For the three months ended March 31, 2023: ¥540 million [(51.4)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2024	49.42	–
March 31, 2023	36.02	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2024	55,364	35,814	64.5
December 31, 2023	51,299	33,899	65.9

Reference: Equity
 As of March 31, 2024: ¥35,731 million
 As of December 31, 2023: ¥33,819 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	–	–	–	50.00	50.00
Fiscal year ending December 31, 2024	–				
Fiscal year ending December 31, 2024 (Forecast)		–	–	55.00	55.00

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

Breakdown of year-end dividend for the fiscal year ended December 31, 2023

Ordinary dividend: ¥45.00

Commemorative dividend: ¥5.00 (Commemorating the construction of the new head office building)

3. Consolidated earnings forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(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
Full year	37,000	6.2	1,200	31.4	1,650	23.4	1,500	10.6	177.18

Note: Revisions to the earnings forecast most recently announced: None

***Notes**

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

Newly included: 0 companies
Excluded: 0 companies

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

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

As of March 31, 2024	9,458,768
As of December 31, 2023	9,458,768

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

As of March 31, 2024	992,644
As of December 31, 2023	992,644

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2024	8,466,124
Three months ended March 31, 2023	8,659,828

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

* Proper use of earnings forecasts, and other special matters

The earnings forecast is based on information available to the Company as of the date of this document as well as certain assumptions it believes to be reasonable, and actual results may differ materially due to various factors. Please also see “(3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information” in “1. Qualitative Information on Quarterly Financial Results” on page 3 of the appendix.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

Given the backdrop of rebounding economic and social activities, during the three-month period under review, the Japanese economy continued recovering gradually due partly to the effects of various government policies. However, the situation remained uncertain due to downside risks caused by price increases, fluctuations in financial and capital markets, and other factors.

Working against this backdrop, the Group focused on enhancing the profitability of its current businesses in line with the Medium-term Management Plan 2028 launched in January 2024. As a result, net sales for the three months under review totaled ¥9,279 million (up 4.9% versus the same period last year), operating profit was ¥497 million (up 100.5% versus the same period last year), ordinary profit was ¥575 million (up 98.3% versus the same period last year), and profit attributable to owners of the parent was ¥418 million (up 34.1% versus the same period last year).

Operating results by segment are as shown below.

Agriculture

While the fertilizer sales volume remained at the same level as the same period last year, net sales came to ¥2,603 million, a significant decrease of 15.3% versus the same period last year, as selling prices decline due to lower raw material prices.

Chemicals

Sales of water treatment chemicals totaled ¥2,763 million, a significant increase of 13.0% versus the same period last year, as the sales volume of ultra-high-basicity polyaluminum chloride increased and due to work to revise selling prices resulting from higher raw material prices.

Sales of functional materials amounted to ¥1,445 million, a significant increase of 50.9% versus the same period last year, as the sales volume of high-purity tantalum oxide for smartphones was strong due to a recovery in demand, despite lower sales volume of aluminum chloride with high basicity for automotive ceramic fibers, mainly as a result of falling demand.

Sales of other chemical products totaled ¥39 million, down 15.3% versus the same period last year.

As a result, net sales came to ¥4,248 million, a significant increase of 23.1% versus the same period last year.

Construction materials

Net sales totaled ¥895 million, a significant increase of 16.6% versus the same period last year as a result of an increase in selling prices of gypsum board despite the sales volume remaining flat.

Petroleum

Net sales came to ¥497 million, a decrease of 1.1% versus the same period last year, due to a decline in fuel oil sales volume as a result of falling demand.

Real estate

Net sales totaled ¥338 million, up 0.1% versus the same period last year with rental income at shopping centers remaining at the same level as the same period last year.

Transportation

Net sales declined 2.0% versus the same period last year to ¥695 million as handling volume decreased despite the transported cargo remaining flat.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the current fiscal year came to ¥55,364 million (up ¥4,064 million from the end of the previous fiscal year). Current assets totaled ¥24,548 million (up ¥764 million from the end of the previous fiscal year) due primarily to an increase of ¥1,071 million in notes and accounts receivable - trade, despite a decrease of ¥692 million in cash and deposits. Non-current assets came to ¥30,815 million (up ¥3,299 million from the end of the previous fiscal year) due primarily to increases of ¥662 million in property, plant and equipment and ¥2,670 million in investment securities.

Total liabilities amounted to ¥19,549 million (up ¥2,149 million from the end of the previous fiscal year) due primarily to increases of ¥425 million in notes and accounts payable - trade, ¥957 million in accounts payable - other and ¥863 million in deferred tax liabilities.

Net assets totaled ¥35,814 million (up ¥1,914 million from the end of the previous fiscal year) due primarily to an increase of ¥1,915 million in the valuation difference on available-for-sale securities.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information

No changes have been made to the earnings forecast for the fiscal year ending December 31, 2024, which was announced on February 13, 2024.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	5,075	4,383
Notes and accounts receivable - trade	9,233	10,304
Electronically recorded monetary claims - operating	2,248	2,261
Securities	-	100
Merchandise and finished goods	4,274	4,368
Work in process	242	330
Raw materials and supplies	1,931	2,021
Other	790	792
Allowance for doubtful accounts	(12)	(13)
Total current assets	23,784	24,548
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,376	24,266
Accumulated depreciation	(16,086)	(16,226)
Buildings and structures, net	6,290	8,039
Machinery, equipment and vehicles	16,908	16,927
Accumulated depreciation	(15,641)	(15,728)
Machinery, equipment and vehicles, net	1,266	1,199
Tools, furniture and fixtures	1,571	1,682
Accumulated depreciation	(1,425)	(1,433)
Tools, furniture and fixtures, net	145	249
Land	7,086	7,086
Leased assets	457	457
Accumulated depreciation	(121)	(129)
Leased assets, net	336	328
Construction in progress	1,255	140
Total property, plant and equipment	16,380	17,043
Intangible assets		
Software	317	287
Right to use water facilities, etc.	9	9
Total intangible assets	326	297
Investments and other assets		
Investment securities	10,605	13,276
Deferred tax assets	57	55
Other	179	177
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	10,807	13,474
Total non-current assets	27,515	30,815
Total assets	51,299	55,364

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,904	6,330
Short-term borrowings	373	373
Current portion of long-term borrowings	60	60
Lease liabilities	35	35
Accounts payable - other	1,218	2,175
Income taxes payable	174	151
Accrued consumption taxes	109	94
Provision for bonuses	42	227
Other	584	446
Total current liabilities	8,503	9,894
Non-current liabilities		
Long-term borrowings	335	335
Lease liabilities	342	333
Deferred tax liabilities	1,789	2,653
Retirement benefit liability	3,733	3,633
Guarantee deposits received	2,550	2,555
Other	146	145
Total non-current liabilities	8,897	9,654
Total liabilities	17,400	19,549
Net assets		
Shareholders' equity		
Share capital	2,147	2,147
Capital surplus	1,420	1,420
Retained earnings	26,435	26,430
Treasury shares	(1,370)	(1,370)
Total shareholders' equity	28,632	28,627
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,199	7,115
Remeasurements of defined benefit plans	(12)	(10)
Total accumulated other comprehensive income	5,187	7,104
Non-controlling interests	79	82
Total net assets	33,899	35,814
Total liabilities and net assets	51,299	55,364

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First three-month period)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	8,843	9,279
Cost of sales	7,108	7,224
Gross profit	1,735	2,054
Selling, general and administrative expenses	1,487	1,557
Operating profit	248	497
Non-operating income		
Interest income	1	1
Dividend income	30	35
Gain on sale of investment securities	0	-
Other	15	47
Total non-operating income	48	83
Non-operating expenses		
Interest expenses	2	2
Loss on retirement of non-current assets	0	-
Waste disposal costs	0	1
Other	1	0
Total non-operating expenses	5	5
Ordinary profit	290	575
Extraordinary income		
Gain on sale of investment securities	-	4
Subsidy income	214	-
Total extraordinary income	214	4
Extraordinary losses		
Loss on retirement of non-current assets	-	1
Total extraordinary losses	-	1
Profit before income taxes	504	578
Income taxes - current	264	134
Income taxes - deferred	(55)	22
Total income taxes	209	157
Profit	295	421
Profit (loss) attributable to non-controlling interests	(16)	2
Profit attributable to owners of parent	311	418

(Quarterly Consolidated Statement of Comprehensive Income)
(First three-month period)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	295	421
Other comprehensive income		
Valuation difference on available-for-sale securities	244	1,915
Remeasurements of defined benefit plans, net of tax	0	1
Total other comprehensive income	245	1,916
Comprehensive income	540	2,337
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	557	2,335
Comprehensive income attributable to non-controlling interests	(16)	2

(3) Notes to Quarterly Consolidated Financial Statements
(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable