

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



July 31, 2024

Consolidated Financial Results for the Six Months Ended June 30, 2024 (Under Japanese GAAP)

Company name: Taki Chemical Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4025
 URL: <https://www.takichem.co.jp/>
 Representative: Katsuhiko Taki, Representative Director, President
 Inquiries: Osamu Okamoto, General Manager, General Affairs & Personnel Department
 TEL: 079-437-6002
 Scheduled date to file semi-annual securities report: August 9, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

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

1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 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	%
Six months ended								
June 30, 2024	19,522	11.2	1,150	125.4	1,414	94.8	1,014	65.0
June 30, 2023	17,551	(3.0)	510	(67.6)	725	(59.3)	614	(55.4)

Note: Comprehensive income For the six months ended June 30, 2024: ¥3,486 million [74.3%]
 For the six months ended June 30, 2023: ¥2,000 million [12.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2024	119.80	–
June 30, 2023	71.00	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	55,805	37,006	66.2
December 31, 2023	51,299	33,899	65.9

Reference: Equity
 As of June 30, 2024: ¥36,930 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	38,700	11.0	2,150	135.5	2,650	98.1	1,850	36.4	218.34

Note: Revisions to the earnings forecast most recently announced: Yes

***Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: 0 companies

Excluded: 0 companies

(2) Adoption of accounting treatment specific to the preparation of semi-annual 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 June 30, 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 June 30, 2024	981,173
As of December 31, 2023	992,644

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

Six months ended June 30, 2024	8,468,651
Six months ended June 30, 2023	8,662,055

* Semi-annual financial results reports are exempt from 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. Overview of Operating Results and Others” on page 3 of the appendix.

Appendix Table of Contents

Index

1. Overview of Operating Results and Others	2
(1) Overview of Operating Results for the Six Months Ended June 30, 2024	2
(2) Overview of Financial Position for the Six Months Ended June 30, 2024.....	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information.....	3
2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto	4
(1) Semi-annual Consolidated Balance Sheet	4
(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income	6
(Semi-annual Consolidated Statement of Income) (First six-month period).....	6
(Semi-annual Consolidated Statement of Comprehensive Income) (First six-month period).....	7
(3) Notes to Semi-annual Consolidated Financial Statements	8
(Notes on Significant Changes in Shareholders' Equity)	8
(Notes on Going Concern Assumption)	8
(Notes to Semi-annual Consolidated Statement of Income).....	8

1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Six Months Ended June 30, 2024

Given the backdrop of rebounding economic and social activities, during the first six-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 six months under review totaled ¥19,522 million (up 11.2% versus the same period last year), operating profit was ¥1,150 million (up 125.4% versus the same period last year), ordinary profit was ¥1,414 million (up 94.8% versus the same period last year), and profit attributable to owners of parent was ¥1,014 million (up 65.0% versus the same period last year).

Operating results by segment are as shown below.

Agriculture

While fertilizer sales prices decreased due to lower raw material prices, sales volume increased due primarily to the impact of last-minute demand in expectation of an increase in prices, resulting in net sales of ¥5,989 million, an increase of 7.1% versus the same period last year.

Chemicals

Sales of water treatment chemicals totaled ¥5,672 million, a significant increase of 10.3% 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 ¥2,982 million, a significant increase of 37.0% 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 ¥74 million, down 21.6% versus the same period last year.

As a result, net sales came to ¥8,729 million, a significant increase of 17.7% versus the same period last year.

Construction materials

Net sales totaled ¥1,787 million, a significant increase of 18.7% versus the same period last year as a result of an increase in both the sales volume and selling prices of gypsum board.

Petroleum

Net sales came to ¥922 million, a decrease of 2.9% 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 ¥675 million, down 0.3% 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 rose 0.5% versus the same period last year to ¥1,418 million as transported cargo increased despite a decrease in handling volume.

(2) Overview of Financial Position for the Six Months Ended June 30, 2024

Total assets at the end of the six months under review came to ¥55,805 million (up ¥4,505 million from the end of the previous fiscal year). Current assets totaled ¥24,215 million (up ¥430 million from the end of the previous fiscal year) due primarily to increases of ¥1,761 million in notes and accounts receivable - trade and ¥766 million in electronically recorded monetary claims - operating, despite decreases of ¥1,342 million in cash and deposits and ¥922 million in merchandise and finished goods. Non-current assets came to ¥31,590 million (up ¥4,075 million from the end of the previous fiscal year) due primarily to increases of ¥592 million in property, plant and equipment and ¥3,486 million in investment securities.

Total liabilities totaled to ¥18,799 million (up ¥1,399 million from the end of the previous fiscal year), due primarily to an increase of ¥1,181 million in deferred tax liabilities.

Net assets totaled ¥37,006 million (up ¥3,106 million from the end of the previous fiscal year) due primarily to increases of ¥591 million in retained earnings and ¥2,473 million in the valuation difference on available-for-sale securities.

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

The full year earnings forecast announced on February 13, 2024 has been revised in light of the results for the first six-month period and other factors. For details, see the “Notice Regarding Revisions to the Full-Year Consolidated Earnings Forecast” released separately today (July 31, 2024).

2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto

(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	5,075	3,732
Notes and accounts receivable - trade	9,233	10,994
Electronically recorded monetary claims - operating	2,248	3,015
Securities	–	100
Merchandise and finished goods	4,274	3,352
Work in process	242	324
Raw materials and supplies	1,931	1,988
Other	790	720
Allowance for doubtful accounts	(12)	(13)
Total current assets	23,784	24,215
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,376	23,958
Accumulated depreciation	(16,086)	(15,967)
Buildings and structures, net	6,290	7,991
Machinery, equipment and vehicles	16,908	17,046
Accumulated depreciation	(15,641)	(15,780)
Machinery, equipment and vehicles, net	1,266	1,265
Tools, furniture and fixtures	1,571	1,647
Accumulated depreciation	(1,425)	(1,396)
Tools, furniture and fixtures, net	145	251
Land	7,086	7,057
Leased assets	457	457
Accumulated depreciation	(121)	(135)
Leased assets, net	336	322
Construction in progress	1,255	84
Total property, plant and equipment	16,380	16,973
Intangible assets		
Software	317	257
Right to use water facilities, etc.	9	9
Total intangible assets	326	267
Investments and other assets		
Investment securities	10,605	14,092
Deferred tax assets	57	64
Other	179	227
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	10,807	14,349
Total non-current assets	27,515	31,590
Total assets	51,299	55,805

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,904	5,994
Short-term borrowings	373	355
Current portion of long-term borrowings	60	60
Lease liabilities	35	35
Accounts payable - other	1,218	1,188
Income taxes payable	174	350
Accrued consumption taxes	109	205
Provision for bonuses	42	42
Other	584	660
Total current liabilities	8,503	8,892
Non-current liabilities		
Long-term borrowings	335	275
Lease liabilities	342	325
Deferred tax liabilities	1,789	2,971
Retirement benefit liability	3,733	3,660
Guarantee deposits received	2,550	2,532
Other	146	143
Total non-current liabilities	8,897	9,907
Total liabilities	17,400	18,799
Net assets		
Shareholders' equity		
Share capital	2,147	2,147
Capital surplus	1,420	1,446
Retained earnings	26,435	27,026
Treasury shares	(1,370)	(1,352)
Total shareholders' equity	28,632	29,267
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,199	7,673
Remeasurements of defined benefit plans	(12)	(9)
Total accumulated other comprehensive income	5,187	7,663
Non-controlling interests	79	75
Total net assets	33,899	37,006
Total liabilities and net assets	51,299	55,805

(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income
(Semi-annual Consolidated Statement of Income)
(First six-month period)

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	17,551	19,522
Cost of sales	14,036	15,181
Gross profit	3,514	4,341
Selling, general and administrative expenses	3,004	3,190
Operating profit	510	1,150
Non-operating income		
Interest income	2	2
Dividend income	189	205
Other	39	68
Total non-operating income	231	275
Non-operating expenses		
Interest expenses	5	6
Loss on retirement of non-current assets	4	–
Waste disposal costs	2	3
Other	2	2
Total non-operating expenses	15	11
Ordinary profit	725	1,414
Extraordinary income		
Gain on sale of non-current assets	–	89
Gain on sale of investment securities	–	4
Insurance claim income	–	0
Subsidy income	214	–
Total extraordinary income	214	94
Extraordinary losses		
Loss on disaster	–	71
Loss on retirement of non-current assets	–	10
Total extraordinary losses	–	81
Profit before income taxes	940	1,427
Income taxes - current	352	342
Income taxes - deferred	0	74
Total income taxes	353	417
Profit	586	1,010
Loss attributable to non-controlling interests	(28)	(4)
Profit attributable to owners of parent	614	1,014

(Semi-annual Consolidated Statement of Comprehensive Income)
(First six-month period)

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	586	1,010
Other comprehensive income		
Valuation difference on available-for-sale securities	1,413	2,473
Remeasurements of defined benefit plans, net of tax	0	2
Total other comprehensive income	1,414	2,476
Comprehensive income	2,000	3,486
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,029	3,490
Comprehensive income attributable to non-controlling interests	(28)	(4)

(3) Notes to Semi-annual Consolidated Financial Statements
(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Notes on Going Concern Assumption)

Not applicable

(Notes to Semi-annual Consolidated Statement of Income)

Insurance claim income and loss on disaster

The Group recorded extraordinary losses for the amount incurred from the damage to factory buildings and product inventories, among others, caused by the hailstorm that struck southwest Harima, Hyogo Prefecture, on April 16, 2024.

Expenses to be incurred in the future will be recorded when a reasonable estimate becomes available.

As for the amount of insurance claim income, we will record the relevant amount as extraordinary income when it is determined.