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February 10, 2025

Consolidated Financial Results for the Fiscal Year Ended December 31, 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
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 Scheduled date of annual general meeting of shareholders: March 27, 2025
 Scheduled date to commence dividend payments: March 28, 2025
 Scheduled date to file annual securities report: March 27, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Consolidated financial results for the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	38,916	11.7	2,668	192.3	3,161	136.4	2,299	69.5
December 31, 2023	34,852	(2.8)	912	(66.8)	1,337	(57.5)	1,356	(34.0)

Note: Comprehensive income For the fiscal year ended December 31, 2024: ¥4,439 million [53.4%]
 For the fiscal year ended December 31, 2023: ¥2,893 million [(6.0)%]

	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
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	271.37	—	6.4	5.8	6.9
December 31, 2023	156.86	—	4.1	2.6	2.6

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended December 31, 2024: ¥— million
 For the fiscal year ended December 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
December 31, 2024	58,402	37,959	64.9	4,468.46
December 31, 2023	51,299	33,899	65.9	3,994.74

Reference: Equity
 As of December 31, 2024: ¥37,881 million
 As of December 31, 2023: ¥33,819 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from 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
December 31, 2024	4,343	(1,613)	(352)	7,458
December 31, 2023	1,620	(1,640)	(1,169)	5,075

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (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 December 31, 2023	—	—	—	50.00	50.00	423	31.9	1.3
Fiscal year ended December 31, 2024	—	—	—	55.00	55.00	466	20.3	1.3
Fiscal year ending December 31, 2025 (Forecast)	—	—	—	60.00	60.00		30.8	

Breakdown of year-end dividend

For the fiscal year ended December 31, 2023:	Ordinary dividend:	¥45.00
	Commemorative dividend:	¥5.00 (Commemorating construction of the new head office building)
For the fiscal year ended December 31, 2024:	Ordinary dividend:	¥50.00
	Commemorative dividend:	¥5.00 (Commemorating appointment of a new company President)
For the fiscal year ending December 31, 2025 (Forecast):	Ordinary dividend:	¥60.00

3. Consolidated earnings forecast for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 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
Full year	41,000	5.4	1,300	(51.3)	1,850	(41.5)	1,650	(28.2)	194.60

*** Notes**

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

Newly included: 0 companies

Excluded: 0 companies

(2) 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

(3) Number of issued shares (common shares)

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

As of December 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 December 31, 2024	981,251
As of December 31, 2023	992,644

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2024	8,473,125
Fiscal year ended December 31, 2023	8,648,061

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	30,426	12.5	2,129	156.6	2,689	103.5	1,953	37.6
December 31, 2023	27,057	(2.8)	830	(65.7)	1,321	(53.8)	1,419	(32.1)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2024	230.56	—
December 31, 2023	164.18	—

(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
December 31, 2024	52,853	32,777	62.0	3,866.41
December 31, 2023	43,642	29,092	66.7	3,436.32

Reference: Equity

As of December 31, 2024: ¥32,777 million

As of December 31, 2023: ¥29,092 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 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.

For matters related to the above earnings forecasts, please see “(4) Outlook” in “1. Overview of Operating Results and Others” on page 4 of the appendix.

(How to obtain supplementary material for financial results)

Supplementary material on financial results is disclosed on the same day on TDnet. and the Company’s website (<https://www.takichem.co.jp/>).

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

Given the backdrop of rebounding economic and social activities, during the fiscal year 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 and fluctuations in financial and capital markets, the impact of US policy trends, 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 fiscal year under review totaled ¥38,916 million (up 11.7% versus the previous fiscal year), operating profit was ¥2,668 million (up 192.3% versus the previous fiscal year), ordinary profit was ¥3,161 million (up 136.4% versus the previous fiscal year), and profit attributable to owners of parent was ¥2,299 million (up 69.5% versus the previous fiscal year).

Operating results by segment are as shown below.

Agriculture

While fertilizer sales prices decreased, sales volume recovered, resulting in higher net sales of ¥10,779 million, an increase of 7.9% versus the previous fiscal year, and the cost of sales ratio decreased due to the impact of inventory valuation, resulting in operating profit of ¥230 million (operating loss of ¥423 million in the previous fiscal year).

Chemicals

Net sales of water treatment chemicals totaled ¥11,998 million, a significant increase of 11.8% versus the previous fiscal 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.

Net sales of functional materials amounted to ¥6,168 million, a significant increase of 27.9% versus the previous fiscal year, as the sales volume of high-purity tantalum oxide for smartphones was strong, in addition to an increase in volume of aluminum chloride with high basicity for automotive ceramic fibers mainly as a result of a recovery in demand.

Net sales of other chemical products totaled ¥157 million, down 19.1% versus the previous fiscal year.

As a result, net sales came to ¥18,323 million, a significant increase of 16.4% versus the previous fiscal year, and operating profit came to ¥2,086 million, a significant increase of 41.4% versus the previous fiscal year.

Construction materials

Net sales totaled ¥3,702 million, a significant increase of 15.2% versus the previous fiscal year, and operating profit totaled ¥54 million (operating loss of ¥315 million in the previous fiscal year), as a result of an increase in both the sales volume and selling prices of gypsum board.

Petroleum

Despite a decline in fuel oil sales volume as a result of falling demand, net sales came to ¥1,957 million, an increase of 0.8% versus the previous fiscal year, due primarily to rising sales prices, while operating profit came to ¥13 million, a decrease of 19.4% versus the previous fiscal year, due to a decrease in non-oil-related profits such as car wash services.

Real estate

Net sales totaled ¥1,338 million, down 1.4% versus the previous fiscal year with rental income at shopping centers remaining at the same level as the previous fiscal year. However, operating profit increased 2.2% versus the previous fiscal year to ¥736 million due to a decrease in repair expenses.

Transportation

Net sales rose 8.1% versus the previous fiscal year to ¥2,813 million, and operating profit rose 11.7% versus the previous fiscal year to ¥296 million as transported cargo increased despite a decrease in handling volume.

(2) Overview of Financial Position for the Fiscal Year

Total assets at the end of the fiscal year under review came to ¥58,402 million (up ¥7,102 million from the end of the previous fiscal year). Current assets totaled ¥27,274 million (up ¥3,489 million from the end of the previous fiscal year) due primarily to increases of ¥2,383 million in cash and deposits, ¥1,018 million in notes and accounts receivable - trade and ¥319 million in electronically recorded monetary claims - operating, despite a decrease of ¥294 million in merchandise and finished goods. Non-current assets came to ¥31,128 million (up ¥3,613 million from the end of the previous fiscal year) due primarily to increases of ¥610 million in property, plant and equipment and ¥3,044 million in investment securities.

Total liabilities amounted to ¥20,443 million (up ¥3,043 million from the end of the previous fiscal year) due primarily to increases of ¥798 million in notes and accounts payable - trade, ¥221 million in accounts payable - other, ¥574 million in income taxes payable, ¥520 million in provision for loss on disaster, and ¥821 million in deferred tax liabilities.

Net assets totaled ¥37,959 million (up ¥4,059 million from the end of the previous fiscal year) due primarily to increases of ¥1,876 million in retained earnings and ¥2,150 million in the valuation difference on available-for-sale securities.

(3) Overview of Cash Flows for the Fiscal Year

In the fiscal year under review, net cash provided by operating activities totaled ¥4,343 million, net cash used in investing activities totaled ¥1,613 million, and net cash used in financing activities totaled ¥352 million. As a result, cash and cash equivalents at the end of the fiscal year under review totaled ¥7,458 million, an increase of ¥2,383 million compared to the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥4,343 million (¥1,620 million provided in the previous fiscal year) due primarily to profit before income taxes of ¥3,262 million, depreciation of ¥1,244 million, an increase in cash resulting from an increase in trade payables of ¥798 million, and an increase in cash resulting from an increase in provision for loss on disaster of ¥520 million, despite decreases in cash resulting from an increase in trade receivables of ¥1,338 million and income taxes paid of ¥507 million.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥1,613 million (¥1,640 million used in the previous fiscal year) due primarily to purchase of non-current asset of ¥1,809 million.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥352 million (¥1,169 million used in the previous fiscal year) due primarily to dividends paid of ¥423 million.

Trends in cash flow indicators

	Year ended December 2020	Year ended December 2021	Year ended December 2022	Year ended December 2023	Year ended December 2024
Equity-to-asset ratio (%)	62.7	63.5	63.5	65.9	64.9
Equity-to-asset ratio based on market value (%)	131.3	109.0	78.4	53.1	50.1
Ratio of interest-bearing debt to cash flow (annual)	1.0	1.0	1.8	1.6	0.6
Interest coverage ratio (times)	227.6	222.1	118.3	135.6	347.2

Equity-to-asset ratio: $\text{Equity} / \text{Total assets}$

Equity-to-asset ratio based on market value: $\text{Total market capitalization} / \text{Total assets}$

Ratio of interest-bearing debt to cash flow: $\text{Interest-bearing debt} / \text{operating cash flow}$

Interest coverage ratio: $\text{Operating cash flow} / \text{Interest paid}$

- Notes:
1. Each indicator is calculated based on consolidated financial data.
 2. Total market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares outstanding (after deducting treasury shares) at the end of the fiscal year.
 3. Cash flows from operating activities in the consolidated statement of cash flows are used for operating cash flow. Interest-bearing debts include all of those debts reported on the consolidated balance sheet on which interest is paid. Interest expenses in the consolidated statement of cash flows are used for interest paid.

(4) Outlook

Given the backdrop of rebounding economic and social activities, the Japanese economy is recovering gradually due partly to the effects of various government policies. However, the future outlook of the Japanese economy remains uncertain due to downside risks caused by price increases and fluctuations in financial and capital markets, the impact of US policy trends, and other factors.

Working against this backdrop, the Group completed the first year of its five-year Medium-term Management Plan 2028 launched in 2024. The “Medium-term Management Plan 2028” has set out as basic policies: (1) Invest aggressively in growth businesses and create new businesses, (2) Enhance profitability by strengthening existing businesses, (3) Implement sustainability transformation, and (4) Promote GRC, with the management targets for the final year of the plan set forth as consolidated net sales of ¥42,000 million, consolidated operating profit of ¥3,000 million and ROE of 6.0% or more. The performance of the fiscal year ended December 31, 2024 remaining strong. Despite there being a decrease in sales prices for fertilizer, its sales volume recovered. In addition, sales for water treatment chemicals increased and demand for high-purity tantalum oxide for smartphones improved significantly. As a result, in terms of overall performance, the Group recorded consolidated net sales of ¥38,916 million, consolidated operating profit of ¥2,668 million, and a ROE of 6.4%. Although we project rising raw material prices in 2025, we will work to secure revenue by continuing to adjust production as appropriate to trends in demand and implementing suitable sales strategies.

At a meeting of the Board of Directors held on December 2, 2024, the Company resolved to acquire 56.3% of the shares of RAKUTO KASEI INDUSTRIAL CO., LTD and make it a consolidated subsidiary. On the same day, the Company concluded a share transfer agreement. The Company acquired the shares of the aforementioned company on January 7, 2025. The Company expects that the acquisition of shares of the aforementioned company will yield business synergies in the development of biostimulants in the Agriculture Business, which is the main segment of the Group, environmentally friendly water treatment chemicals in the Chemicals business, as well as in new research and development, thereby providing a powerful driving force for the achievement of the long-term vision.

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and Next Fiscal Year

The Company recognizes the return of profit to its shareholders as a key management priority, and it maintains a policy of paying stable dividends on a continual basis. Moreover, the Company will allocate profits to capital investment, research and development investment, and rationalization investment to improve sustainable development and the corporate value of the Company.

The Company has given comprehensive consideration to a range of factors including the enhancement of business structure, future business development and business performance, and it plans to pay a year-end dividend for the fiscal year under review of ¥55 in total, consisting of an ordinary dividend of ¥50 and a commemorative dividend to commemorate the appointment of a new company president of ¥5 per share, to repay the support of shareholders.

For the next fiscal year, the Company plans to pay an ordinary dividend of ¥60 per share for a year-end dividend.

2. Basic Rationale for Selection of Accounting Standards

The Group, in consideration of the inter-period-comparability and inter-company-comparability of consolidated financial statements, will prepare its consolidated financial statements, for the time being, in accordance with the Japanese accounting standards. With regard to the adoption of International Financial Reporting Standards (IFRS), the Group intends to give appropriate consideration to this issue as well as to various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	5,075	7,458
Notes and accounts receivable - trade	9,233	10,251
Electronically recorded monetary claims - operating	2,248	2,568
Merchandise and finished goods	4,274	3,980
Work in process	242	301
Raw materials and supplies	1,931	1,957
Other	790	771
Allowance for doubtful accounts	(12)	(14)
Total current assets	23,784	27,274
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,376	24,179
Accumulated depreciation	(16,086)	(16,194)
Buildings and structures, net	6,290	7,985
Machinery, equipment and vehicles	16,908	16,762
Accumulated depreciation	(15,641)	(15,462)
Machinery, equipment and vehicles, net	1,266	1,299
Tools, furniture and fixtures	1,571	1,653
Accumulated depreciation	(1,425)	(1,411)
Tools, furniture and fixtures, net	145	241
Land	7,086	7,112
Leased assets	457	449
Accumulated depreciation	(121)	(141)
Leased assets, net	336	308
Construction in progress	1,255	44
Total property, plant and equipment	16,380	16,990
Intangible assets		
Leasehold interests in land	—	66
Software	317	213
Right to use water facilities etc.	9	9
Software in progress	—	4
Total intangible assets	326	293
Investments and other assets		
Investment securities	10,605	13,649
Deferred tax assets	57	32
Other	179	196
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	10,807	13,844
Total non-current assets	27,515	31,128
Total assets	51,299	58,402

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,904	6,703
Short-term borrowings	373	529
Current portion of long-term borrowings	60	62
Lease liabilities	35	34
Accounts payable - other	1,218	1,439
Income taxes payable	174	749
Accrued consumption taxes	109	266
Provision for bonuses	42	43
Provision for loss on disaster	—	159
Other	584	500
Total current liabilities	8,503	10,489
Non-current liabilities		
Long-term borrowings	335	283
Lease liabilities	342	308
Deferred tax liabilities	1,789	2,610
Provision for loss on disaster	—	360
Retirement benefit liability	3,733	3,735
Guarantee deposits received	2,550	2,516
Other	146	140
Total non-current liabilities	8,897	9,954
Total liabilities	17,400	20,443
Net assets		
Shareholders' equity		
Share capital	2,147	2,147
Capital surplus	1,420	1,446
Retained earnings	26,435	28,311
Treasury shares	(1,370)	(1,352)
Total shareholders' equity	28,632	30,552
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,199	7,350
Remeasurements of defined benefit plans	(12)	(20)
Total accumulated other comprehensive income	5,187	7,329
Non-controlling interests	79	77
Total net assets	33,899	37,959
Total liabilities and net assets	51,299	58,402

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	34,852	38,916
Cost of sales	27,922	29,908
Gross profit	6,929	9,008
Selling, general and administrative expenses	6,016	6,339
Operating profit	912	2,668
Non-operating income		
Interest income	4	2
Dividend income	375	423
Gain on sale of investment securities	24	–
Other	67	95
Total non-operating income	472	520
Non-operating expenses		
Interest expenses	11	12
Loss on retirement of non-current assets	25	–
Waste disposal costs	5	14
Other	4	1
Total non-operating expenses	47	28
Ordinary profit	1,337	3,161
Extraordinary income		
Gain on sale of non-current assets	–	92
Gain on sale of investment securities	404	35
Insurance claim income	–	679
Subsidy income	214	–
Total extraordinary income	618	807
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on disaster	–	652
Loss on retirement of non-current assets	–	37
Loss on tax purpose reduction entry of non-current assets	–	15
Loss on sale of investment securities	–	0
Total extraordinary losses	–	707
Profit before income taxes	1,956	3,262
Income taxes - current	687	1,066
Income taxes - deferred	(58)	(102)
Total income taxes	628	964
Profit	1,328	2,297
Loss attributable to non-controlling interests	(28)	(1)
Profit attributable to owners of parent	1,356	2,299

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit	1,328	2,297
Other comprehensive income		
Valuation difference on available-for-sale securities	1,587	2,150
Remeasurements of defined benefit plans, net of tax	(21)	(8)
Total other comprehensive income	1,565	2,141
Comprehensive income	2,893	4,439
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,922	4,441
Comprehensive income attributable to non-controlling interests	(28)	(1)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,147	1,398	25,511	(729)	28,327
Changes during period					
Dividends of surplus			(432)		(432)
Profit attributable to owners of parent			1,356		1,356
Purchase of treasury shares				(647)	(647)
Disposal of treasury shares		22		6	28
Loss attributable to non-controlling interests					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	22	923	(640)	305
Balance at end of period	2,147	1,420	26,435	(1,370)	28,632

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,612	8	3,621	108	32,057
Changes during period					
Dividends of surplus					(432)
Profit attributable to owners of parent					1,356
Purchase of treasury shares					(647)
Disposal of treasury shares					28
Loss attributable to non-controlling interests				(28)	(28)
Net changes in items other than shareholders' equity	1,587	(21)	1,566	(0)	1,565
Total changes during period	1,587	(21)	1,566	(28)	1,842
Balance at end of period	5,199	(12)	5,187	79	33,899

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,147	1,420	26,435	(1,370)	28,632
Changes during period					
Dividends of surplus			(423)		(423)
Profit attributable to owners of parent			2,299		2,299
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		25		17	43
Loss attributable to non-controlling interests					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	25	1,876	17	1,919
Balance at end of period	2,147	1,446	28,311	(1,352)	30,552

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,199	(12)	5,187	79	33,899
Changes during period					
Dividends of surplus					(423)
Profit attributable to owners of parent					2,299
Purchase of treasury shares					(0)
Disposal of treasury shares					43
Loss attributable to non-controlling interests				(1)	(1)
Net changes in items other than shareholders' equity	2,150	(8)	2,142	(0)	2,141
Total changes during period	2,150	(8)	2,142	(1)	4,059
Balance at end of period	7,350	(20)	7,329	77	37,959

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,956	3,262
Depreciation	1,147	1,244
Loss (gain) on sale of investment securities	(404)	(35)
Loss (gain) on sale of non-current assets	(2)	(92)
Loss on disaster	–	132
Loss on retirement of non-current assets	25	37
Loss on tax purpose reduction entry of non-current assets	–	15
Increase (decrease) in allowance for doubtful accounts	(1)	1
Increase (decrease) in provision for loss on disaster	–	520
Increase (decrease) in retirement benefit liability	8	(10)
Interest and dividend income	(380)	(425)
Insurance claim income	–	(679)
Subsidy income	(214)	–
Interest expenses	11	12
Decrease (increase) in trade receivables	717	(1,338)
Decrease (increase) in inventories	199	165
Increase (decrease) in trade payables	(880)	798
Decrease (increase) in other assets	134	18
Increase (decrease) in other liabilities	(154)	187
Other, net	(2)	22
Subtotal	2,162	3,838
Interest and dividends received	380	425
Proceeds from insurance income	–	679
Subsidies received	214	–
Payments associated with disaster loss	–	(79)
Interest paid	(11)	(12)
Income taxes paid	(1,124)	(507)
Net cash provided by (used in) operating activities	1,620	4,343
Cash flows from investing activities		
Purchase of non-current assets	(2,149)	(1,809)
Proceeds from sale of non-current assets	22	135
Purchase of investment securities	(13)	(59)
Proceeds from sale of investment securities	485	53
Proceeds from redemption of investment securities	–	100
Other, net	15	(33)
Net cash provided by (used in) investing activities	(1,640)	(1,613)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3	155
Proceeds from long-term borrowings	–	10
Repayments of long-term borrowings	(60)	(60)
Refund of guarantee deposits received	(0)	–
Purchase of treasury shares	(647)	(0)
Dividends paid	(432)	(423)
Other, net	(32)	(35)
Net cash provided by (used in) financing activities	(1,169)	(352)
Effect of exchange rate change on cash and cash equivalents	7	5
Net increase (decrease) in cash and cash equivalents	(1,181)	2,383
Cash and cash equivalents at beginning of period	6,256	5,075
Cash and cash equivalents at end of period	5,075	7,458

(5) Notes to Consolidated Financial Statements
(Notes on Going Concern Assumption)

Not applicable

(Notes to 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. Moreover, the amount of this loss includes ¥520 million for provision for loss on disaster.

The amount of insurance claim income for this damage is recorded in extraordinary income.

(Segment Information)

1. Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available, and which are subject to regular review by the Board of Directors for the purpose of making decisions about the allocation of managerial resources and assessing their performance.

The Group is composed of segments based on the products and services they handle, and their six reportable segments are "Agriculture," "Chemicals," "Construction materials," "Petroleum," "Real estate" and "Transportation." Each segment formulates comprehensive strategies and conducts business activities for the businesses that each of them controls (including the businesses of subsidiaries).

The primary products and/or business details of each reportable segment are as follows:

Agriculture·····Compound fertilizers, phosphate fertilizers, agriculture-related materials, etc.

Chemicals ·····Water treatment chemicals, functional materials, etc.

Construction
materials·····Gypsum board

Petroleum ·····Petroleum, etc.

Real estate·····Real estate leasing, sale, etc.

Transportation ···Marine transportation, land transportation, etc.

2. Method for calculating amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting method for reportable segments follows that used to prepare the consolidated financial statements.

Profit figures for reportable segments are based on operating profit.

Intersegment revenue or transfers are based on actual market prices.

3. Information on amounts of net sales, profit or loss, assets, liabilities, and other items for each reportable segment and information on disaggregation of revenue

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segments							Adjustments (Note 1)	Consolidated financial statement amounts (Note 2)
	Agriculture	Chemicals	Construc- tion materials	Petroleum	Real estate	Transpor- tation	Total		
Net sales									
Agriculture	9,989	—	—	—	—	—	9,989	—	9,989
Water treatment chemicals	—	10,728	—	—	—	—	10,728	—	10,728
Functional materials	—	4,822	—	—	—	—	4,822	—	4,822
Construction materials	—	—	3,215	—	—	—	3,215	—	3,215
Petroleum	—	—	—	1,917	—	—	1,917	—	1,917
Real estate	—	—	—	—	18	—	18	—	18
Transportation	—	—	—	—	—	2,477	2,477	—	2,477
Others	—	194	—	—	—	—	194	—	194
Revenue from contracts with customers	9,989	15,745	3,215	1,917	18	2,477	33,363	—	33,363
Other revenue (Note 3)	—	—	—	25	1,338	124	1,488	—	1,488
Sales to external customers	9,989	15,745	3,215	1,942	1,357	2,602	34,852	—	34,852
Intersegment sales or transfers	—	59	—	133	74	488	756	(756)	—
Total	9,989	15,804	3,215	2,076	1,432	3,090	35,608	(756)	34,852
Segment profit (loss)	(423)	1,475	(315)	16	721	265	1,740	(827)	912
Segment assets	10,437	10,742	2,197	924	6,636	6,158	37,096	14,203	51,299
Others									
Depreciation	157	442	4	14	297	166	1,081	66	1,147
Increase in property, plant and equipment and intangible assets	511	844	34	11	647	24	2,073	73	2,146

Notes: 1. Adjustments are as follows.

- (1) The adjustment to segment profit (loss) of negative ¥827 million represents corporate expenses, etc. not allocated to each reportable segment.
 - (2) The adjustment to segment assets of ¥14,203 million represents corporate assets of ¥14,218 million not allocated to each reportable segment. Corporate assets mainly consist of cash and deposits of the parent company, long-term investment funds (investment securities) and assets, etc. in the administrative department.
 - (3) The adjustment to depreciation of ¥66 million represents the depreciation of corporate assets not allocated to each reportable segment.
 - (4) The adjustment to the increase in property, plant and equipment and intangible assets of ¥73 million represents an increase to corporate assets not allocated to each reportable segment.
2. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.
 3. Other revenue consists of transactions included in the scope of the Accounting Standard for Lease Transactions.

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments							Adjustments (Note 1)	Consolidated financial statement amounts (Note 2)
	Agriculture	Chemicals	Construc- tion materials	Petroleum	Real estate	Transpor- tation	Total		
Net sales									
Agriculture	10,779	—	—	—	—	—	10,779	—	10,779
Water treatment chemicals	—	11,998	—	—	—	—	11,998	—	11,998
Functional materials	—	6,168	—	—	—	—	6,168	—	6,168
Construction materials	—	—	3,702	—	—	—	3,702	—	3,702
Petroleum	—	—	—	1,936	—	—	1,936	—	1,936
Real estate	—	—	—	—	9	—	9	—	9
Transportation	—	—	—	—	—	2,714	2,714	—	2,714
Others	—	157	—	—	—	—	157	—	157
Revenue from contracts with customers	10,779	18,323	3,702	1,936	9	2,714	37,467	—	37,467
Other revenue (Note 3)	—	—	—	20	1,329	98	1,448	—	1,448
Sales to external customers	10,779	18,323	3,702	1,957	1,338	2,813	38,916	—	38,916
Intersegment sales or transfers	—	66	—	121	79	502	769	(769)	—
Total	10,779	18,390	3,702	2,079	1,418	3,315	39,685	(769)	38,916
Segment profit (loss)	230	2,086	54	13	736	296	3,418	(749)	2,668
Segment assets	11,135	11,803	2,404	955	6,263	4,167	36,731	21,671	58,402
Others									
Depreciation	198	481	11	13	303	154	1,162	82	1,244
Increase in property, plant and equipment and intangible assets	522	953	115	8	77	44	1,722	156	1,878

Notes: 1. Adjustments are as follows.

- (1) The adjustment to segment profit (loss) of negative ¥749 million represents corporate expenses, etc. not allocated to each reportable segment.
 - (2) The adjustment to segment assets of ¥21,671 million represents corporate assets of ¥21,682 million not allocated to each reportable segment. Corporate assets mainly consist of cash and deposits of the parent company, long-term investment funds (investment securities) and assets, etc. in the administrative department.
 - (3) The adjustment to depreciation of ¥82 million represents the depreciation of corporate assets not allocated to each reportable segment.
 - (4) The adjustment to the increase in property, plant and equipment and intangible assets of ¥156 million represents an increase to corporate assets not allocated to each reportable segment.
2. Segment profit is adjusted with operating profit in the consolidated statement of income.
 3. Other revenue consists of transactions included in the scope of the Accounting Standard for Lease Transactions.

(Per Share Information)

(Yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net assets per share	3,994.74	4,468.46
Basic earnings per share	156.86	271.37

- Notes: 1. The amount of diluted earnings per share is not provided because there are no potential shares.
2. The basis of calculating net assets per share is as follows:

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Total net assets (Millions of yen)	33,899	37,959
Amount to be deducted from total net assets (Millions of yen)	79	77
(of which, non-controlling interests (Millions of yen))	(79)	(77)
Net assets related to common stock at end of period (Millions of yen)	33,819	37,881
Number of shares of common stock at end of period used in the calculation of net assets per share (Thousand shares)	8,466	8,477

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

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Profit attributable to owners of parent (Millions of yen)	1,356	2,299
Amount not attributable to shareholders of common shares (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	1,356	2,299
Average number of shares outstanding during the period (Thousand shares)	8,648	8,473

(Subsequent Events)**(Business combination by acquisition)**

At a Board of Directors meeting held on December 2, 2024, the Company resolved to acquire 56.3% of the shares of RAKUTO KASEI INDUSTRIAL CO., LTD. and make it a subsidiary, and concluded the share transfer agreement on the same day. On January 7, 2025, the Company acquired the shares of RAKUTO KASEI INDUSTRIAL CO., LTD.

(1) Outline of business combination**(i) Name of acquired company and its business content**

Name of acquired company RAKUTO KASEI INDUSTRIAL CO., LTD.

Business descriptions Culture of microorganism, and manufacturing and sales of various enzyme agents.

(ii) Main reason for business combination

RAKUTO KASEI INDUSTRIAL CO., LTD. is an enzyme agents manufacturer focused on culture of bacterial microorganism, including culture trust, as well as agents for desizing for textiles, that possesses sophisticated culturing technology and abundant experience and know-how. The acquisition of shares of RAKUTO KASEI INDUSTRIAL CO., LTD. is expected to produce synergies in the biostimulant field of the Group's Agriculture business, one of its core segments, the development of environmentally friendly water treatment chemicals in the Chemicals business, and in new research and development. We expect these synergies to act as a powerful driving force toward the achievement of our long-term vision, and therefore decided to acquire the shares of RAKUTO KASEI INDUSTRIAL CO., LTD and make it a subsidiary.

(iii) Date of the business combination

Share acquisition date January 7, 2025

(iv) Legal form of the business combination

Share acquisition in consideration for cash

(v) Name of entity after the business combination

Unchanged.

(vi) Ratio of voting rights acquired

56.3%

(vii) Main reason for deciding the acquiring enterprise

The Company is the acquiring enterprise as it acquired the shares in consideration for cash.

(2) Acquisition cost for the acquired enterprise and breakdown by type of consideration

Consideration for	Cash	¥536 million
Acquisition cost		¥536 million

(3) Details and amounts of major acquisition-related expenses

Advisory fees and commissions ¥16 million

(4) Amount of goodwill recognized, the reason for recognition, and the method and period of amortization

At present, this figure has yet to be confirmed.

(5) Amounts of assets acquired and liabilities assumed on the date of the business combination, and the major components thereof

At present, this figure has yet to be confirmed.

4. Others

For details regarding the changing of officers on March 27, 2025, please refer to "Appointment of Officers" to be disclosed today on the Company's website (<https://www.takichem.co.jp/>).