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May 13, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)



Company name: Denka Co. Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4061
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 Scheduled date of annual general meeting of shareholders: June 20, 2025
 Scheduled date to commence dividend payments: June 23, 2025
 Scheduled date to file annual securities report: June 19, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for equity analysts and institutional investors)

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

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	400,251	2.8	14,413	7.7	7,623	39.3	(12,300)	—
March 31, 2024	389,263	(4.5)	13,376	(58.6)	5,474	(80.5)	11,947	(6.4)

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥(7,089) million [—%]
 For the fiscal year ended March 31, 2024: ¥19,301 million [(7.7)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	(142.73)	—	(4.1)	1.2	3.6
March 31, 2024	138.61	—	4.0	0.9	3.4

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2025: ¥1,983 million
 For the fiscal year ended March 31, 2024: ¥1,731 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	655,524	308,296	45.2	3,436.95
March 31, 2024	616,244	316,915	49.9	3,568.69

Reference: Equity
 As of March 31, 2025: ¥296,181 million
 As of March 31, 2024: ¥307,537 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
March 31, 2025	18,620	(59,586)	40,118	37,002
March 31, 2024	36,260	(22,572)	712	35,386

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 March 31, 2024	—	60.00	—	40.00	100.00	8,627	72.1	2.9
Fiscal year ended March 31, 2025	—	50.00	—	50.00	100.00	8,627	—	2.9
Fiscal year ending March 31, 2026 (Forecast)	—	50.00	—	50.00	100.00		57.5	

3. Forecasts for consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	195,000	(2.0)	7,000	(25.4)	4,500	(19.3)	2,500	(25.9)	29.01
Full fiscal year	410,000	2.4	25,000	73.4	19,000	149.2	15,000	—	174.06

* Notes

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

Newly included: 0 companies (Company name)

Excluded: 0 companies (Company name)

(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: Yes

(ii) Changes in accounting policies due to other reasons: Yes

(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, 2025	88,555,840 shares
As of March 31, 2024	88,555,840 shares

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

As of March 31, 2025	2,380,123 shares
As of March 31, 2024	2,379,319 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	86,176,487 shares
Fiscal year ended March 31, 2024	86,194,729 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	308,715	1.7	2,904	(35.0)	3,730	59.5	(11,110)	—
March 31, 2024	303,694	(7.1)	4,466	(79.8)	2,339	(88.8)	7,370	(14.8)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	(128.92)	—
March 31, 2024	85.52	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	502,602	197,105	39.2	2,287.25
March 31, 2024	485,629	218,397	45.0	2,534.30

Reference: Equity

As of March 31, 2025: ¥197,105 million

As of March 31, 2024: ¥218,397 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Earnings forecasts and other forward-looking statements in this report are based on information presently available to management and assumptions that management deems reasonable. Actual earnings and other forecasts may differ significantly from those in this report in accordance with numerous factors. For the assumptions used for the financial results forecasts and the notes regarding the use thereof, please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 5 of the attached document.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

Operating results for the fiscal year under review

During the fiscal year under review, the Japanese economy showed a moderate recovery, supported by a rebound in personal consumption and capital investment. The global economy as a whole also showed signs of recovery. However, uncertainties persisted due to factors such as the slowdown of the Chinese economy and high inflation in Europe and the United States. In addition, concerns over an economic slowdown have been increasing in the face of factors such as the impact of U.S. tariff policies and rapid fluctuations in foreign exchange rates.

Amid such circumstances, the Group focused on expanding business and securing profit by promoting initiatives based on the three growth strategies set forth in “Mission 2030,” the eight-year management plan launched in FY2023: Business Value Creation, Human Resources Value Creation, and Management Value Creation.

As a result, for the fiscal year under review, net sales were ¥400,251 million, up ¥10,987 million, or 2.8%, year on year, mainly due to sales price revisions in response to rising raw material and fuel prices and higher proceeds from weaker yen. In terms of earnings, although sales volume decreased and fixed costs increased due to the impact of foreign currency translation at overseas subsidiaries, improved terms of trade resulting from the weaker yen contributed to profitability. As a result, operating income was ¥14,413 million (up ¥1,036 million, or 7.7%, year on year) and ordinary income was ¥7,623 million (up ¥2,148 million, or 39.3%, year on year). Net income (loss) attributable to owners of parent resulted in a net loss of ¥12,300 million (compared with a net income of ¥11,947 million in the previous fiscal year), due to the recording of extraordinary losses, including the loss on business liquidation associated with the suspension of operations at the Ofuna Plant and impairment losses on fixed assets at Denka Performance Elastomer LLC, a U.S. subsidiary.

[Electronics & Innovative Products Division]

Sales of spherical alumina and spherical silica increased overall. Although demand for semiconductors for personal computers and smartphones saw only a modest recovery, demand for semiconductors for generative AI expanded. Sales of high-performance film also increased, supported by a gradual recovery in demand for electronic components. Regarding acetylene black, sales for xEV applications declined year on year, but sales for high-voltage cable applications increased year on year, resulting in overall sales growth. In addition, sales of ALONBRIGHT, a SiAlON phosphor for LEDs, increased due to sales volume increase, and sales of ALSINK, a high-reliability heat dissipating plate, also increased due a recovery in demand for electric railway applications and growth in demand for direct current transmission applications related to renewable energy. On the other hand, sales of ceramic printed circuit boards (PCBs) declined year on year due to a sharp decrease in sales volume.

As a result, division net sales increased ¥4,364 million, or 5.0%, year on year to ¥92,203 million, and operating income increased ¥146 million, or 1.6%, year on year to ¥9,168 million.

[Life Innovation Division]

Shipments of influenza vaccines remained at the same level as the previous fiscal year. On the other hand, sales for POCT test reagents declined year on year. Although demand remained strong for dual COVID-19 and influenza test kits, sufficient supply could not be secured due to temporary suspension of operations during production capacity expansion work. In addition, infections subsided toward the end of the fiscal year, resulting in a year-on-year decrease in sales volume. In addition, sales of other test reagents remained on par with the previous fiscal year.

As a result, division net sales decreased ¥3,816 million, or 8.1%, year on year to ¥43,262 million, and operating income decreased ¥2,131 million, or 18.2%, year on year to ¥9,602 million.

[Elastomers & Infrastructure Solutions Division]

Demand for chloroprene rubber remained sluggish, with sales volumes remaining at the same level as the previous fiscal year. On the cost side, fixed costs increased due to inflation, and raw materials prices also rose at Denka Performance Elastomer LLC, a U.S. subsidiary, putting pressure on profitability. In addition, sales of corrugated pipes and cement for agricultural and civil engineering applications remained at the previous fiscal year's level, but sales of special cement additives fell below the previous fiscal year's level due to construction delays and other factors.

As a result, division net sales increased ¥318 million, or 0.3%, year on year to ¥111,673 million, and operating loss was ¥7,962 million (operating loss in the previous fiscal year was ¥9,295 million).

[Polymer Solutions Division]

This division promoted sales price revisions for each product in response to rising raw material and fuel prices. In terms of sales volume, MS resins of Denka Singapore Pte. Ltd. remained at the same level as the previous fiscal year, and AS resins, ABS resins, and transparent resins exceeded those of the previous fiscal year. Also, sales of sheets for food wrapping materials and their processed products, as well as TOYOKALON®, a synthetic fiber for wigs, remained at the same level as in the previous fiscal year due to continued sluggish demand.

As a result, division net sales increased ¥11,125 million, or 9.0%, year on year to ¥135,365 million, and operating income was ¥1,154 million (operating loss in the previous fiscal year was ¥102 million).

[Others Division]

Transaction volumes of Akros Trading Co., Ltd. and other trading companies remained roughly unchanged year on year.

As a result, division net sales decreased ¥1,004 million, or 5.4%, year on year to ¥17,746 million, and operating income increased ¥498 million, or 26.3%, year on year to ¥2,395 million.

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review increased by ¥39,279 million from the end of the previous fiscal year to ¥655,524 million.

Current assets increased by ¥5,007 million from the end of the previous fiscal year to ¥270,455 million, mainly due to an increase in inventories. Non-current assets increased by ¥34,272 million from the end of the previous fiscal year to ¥385,069 million, mainly due to an increase in property, plant and equipment.

Liabilities increased by ¥47,898 million from the end of the previous fiscal year to ¥347,228 million, mainly due to an increase in interest-bearing debt.

Net assets, including non-controlling interests, decreased by ¥8,619 million from the end of the previous fiscal year to ¥308,296 million.

As a result, the equity ratio decreased from 49.9% at the end of the previous fiscal year to 45.2%, and net assets per share decreased from ¥3,568.69 to ¥3,436.95.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review amounted to ¥37,002 million, an increase of ¥1,616 million compared with the end of the previous fiscal year. Cash flows for the fiscal year under review are summarized as follows.

Net cash provided by operating activities amounted to ¥18,620 million, mainly due to a decrease in income before income taxes.

Net cash used in investing activities amounted to ¥59,586 million, mainly due to payments for capital expenditures.

Net cash provided by financing activities amounted to ¥40,118 million, mainly due an increase in loans payable.

Reference: Trends in cash flow indicators

	FY2020	FY2021	FY2022	FY2023	FY2024
Equity ratio (%)	50.8	51.7	50.1	49.9	45.2
Equity ratio based on market value (%)	72.5	52.6	39.8	32.8	28.1
Ratio of interest-bearing debt to cash flows (years)	3.4	3.2	19.0	4.8	11.7
Interest coverage ratio (times)	49.8	45.4	8.1	21.7	8.9

Equity ratio: Equity/Total assets

Equity ratio based on market value: Market capitalization/Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt/Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest paid

Notes: 1. All figures are based on consolidated financial data.

2. Market capitalization is calculated based on the number of outstanding shares excluding treasury shares.

3. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet that bear interest.

(4) Future Outlook

For FY2025, while factoring in uncertainties such as U.S. tariff policies and foreign exchange fluctuations, we expect demand to remain sluggish in the first half. However, we anticipate a recovery in demand, particularly in the Electronics & Innovative Products, in the second half. In addition, the efforts of various profitability improvement initiatives we are implementing are expected to materialize, and operating income is projected to increase from the previous fiscal year to ¥25,000 million. We also forecast ordinary income of ¥19,000 million and net income attributable to owners of parent of ¥15,000 million.

For FY2025 earnings forecast, please also refer to the Results Presentation of FY2024 (Fiscal Year Ended March 2025) disclosed today.

Note: The consolidated earnings forecast takes into account the anticipated impact of the suspension of manufacturing facilities at our U.S. subsidiary.

[FY2025 earnings forecast]

- Net sales: ¥410.0 billion (up 2.4% YoY)
- Operating income: ¥25.0 billion (up 73.4% YoY)
- Ordinary income: ¥19.0 billion (up 149.2% YoY)
- Net income attributable to owners of parent: ¥15.0 billion (— YoY)
- Dividends: ¥100.00 per share

[Assumptions for FY2025 earnings forecast]

- Domestic naphtha price: ¥69,000 per kiloliter
- Exchange rate: ¥145.00 per U.S. dollar

[Earnings forecast by segment]

		(Billions of yen)	
Net sales and operating income (forecast)		FY2025 2Q cumulative forecast	FY2025 full-year forecast
Electronics & Innovative Products	Net sales	50.0	105.0
	Operating income	4.0	10.0
Life Innovation	Net sales	20.0	45.0
	Operating income	4.5	10.0
Elastomers & Infrastructure Solutions	Net sales	50.0	105.0
	Operating income	(3.5)	1.0
Polymer Solutions	Net sales	65.0	135.0
	Operating income	1.0	2.0
Others and elimination	Net sales	10.0	20.0
	Operating income	1.0	2.0
Total	Net sales	195.0	410.0
	Operating income	7.0	25.0

2. Basic Policy on Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP in order to ensure compatibility between companies and over time.

In preparation for the future adoption of international accounting standards, the Group is working to acquire knowledge of international accounting standards, analyze gaps with Japanese standards, and investigate the impact of their introduction. The Group will continue to monitor domestic and international developments and take appropriate measures as necessary.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	35,386	37,002
Notes and accounts receivable - trade, and contract assets	96,431	88,035
Merchandise and finished goods	81,235	89,988
Work in process	5,816	6,565
Raw materials and supplies	34,565	33,951
Other	12,262	15,175
Allowance for doubtful accounts	(249)	(262)
Total current assets	265,447	270,455
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	80,601	85,794
Machinery, equipment and vehicles, net	93,112	99,494
Tools, furniture and fixtures, net	4,565	5,239
Land	63,740	63,674
Leased assets, net	3,451	3,823
Construction in progress	36,409	54,942
Total property, plant and equipment	281,880	312,969
Intangible assets		
Goodwill	44	10
Patent right	407	396
Software	1,429	1,828
Other	3,120	861
Total intangible assets	5,001	3,097
Investments and other assets		
Investment securities	52,511	48,702
Long-term loans receivable	101	87
Retirement benefit asset	—	4,316
Deferred tax assets	6,371	9,988
Other	5,003	5,985
Allowance for doubtful accounts	(72)	(77)
Total investments and other assets	63,914	69,002
Total non-current assets	350,796	385,069
Total assets	616,244	655,524

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,193	48,023
Short-term borrowings	46,368	74,679
Commercial papers	6,000	33,000
Current portion of long-term borrowings	5,000	—
Current portion of bonds payable	7,000	15,000
Income taxes payable	4,479	2,321
Accrued consumption taxes	946	262
Provision for bonuses	2,968	2,909
Other	44,601	54,304
Total current liabilities	171,557	230,501
Non-current liabilities		
Bonds payable	30,000	15,000
Long-term borrowings	80,000	80,000
Deferred tax liabilities	3,043	3,777
Deferred tax liabilities for land revaluation	8,367	8,613
Retirement benefit liability	657	2,506
Provision for share awards	110	145
Other	5,593	6,684
Total non-current liabilities	127,771	116,727
Total liabilities	299,329	347,228
Net assets		
Shareholders' equity		
Share capital	36,998	36,998
Capital surplus	49,405	49,412
Retained earnings	187,574	167,074
Treasury shares	(7,785)	(7,786)
Total shareholders' equity	266,192	245,698
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,257	12,062
Deferred gains or losses on hedges	(34)	(56)
Revaluation reserve for land	10,407	10,161
Foreign currency translation adjustment	16,680	26,104
Remeasurements of defined benefit plans	33	2,210
Total accumulated other comprehensive income	41,344	50,483
Non-controlling interests	9,377	12,114
Total net assets	316,915	308,296
Total liabilities and net assets	616,244	655,524

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

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	389,263	400,251
Cost of sales	306,762	315,655
Gross profit	82,501	84,595
Selling, general and administrative expenses	69,124	70,182
Operating income	13,376	14,413
Non-operating income		
Interest income	215	549
Dividend income	1,447	812
Insurance claim income	1,195	288
Share of profit of entities accounted for using equity method	1,731	1,983
Other	575	592
Total non-operating income	5,165	4,226
Non-operating expenses		
Interest expenses	1,683	2,093
Loss on disposal of non-current assets	2,054	2,543
Cost during the suspension of plant operation	4,639	3,416
Foreign exchange losses	796	599
Other	3,893	2,362
Total non-operating expenses	13,067	11,016
Ordinary income	5,474	7,623
Extraordinary income		
Gain on sale of investment securities	17,442	367
Total extraordinary income	17,442	367
Extraordinary losses		
Impairment losses	—	16,111
Loss on liquidation of business	7,573	7,852
Loss on disaster	859	—
Loss on valuation of shares of subsidiaries and associates	—	1,110
Total extraordinary losses	8,433	25,074
Income (loss) before income taxes	14,483	(17,083)
Income taxes - current	5,147	2,995
Income taxes - deferred	(2,680)	(3,022)
Total income taxes	2,466	(26)
Net income (loss)	12,017	(17,056)
Net income (loss) attributable to non-controlling interests	69	(4,756)
Net income (loss) attributable to owners of parent	11,947	(12,300)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net income (loss)	12,017	(17,056)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,136)	(2,712)
Deferred gains or losses on hedges	–	(557)
Revaluation reserve for land	–	(246)
Foreign currency translation adjustment	5,702	10,587
Remeasurements of defined benefit plans, net of tax	3,311	2,177
Share of other comprehensive income of entities accounted for using equity method	406	717
Total other comprehensive income	7,284	9,966
Comprehensive income	19,301	(7,089)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,096	(3,161)
Comprehensive income attributable to non-controlling interests	204	(3,928)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	36,998	49,406	183,391	(7,650)	262,145
Changes during period					
Dividends of surplus			(7,764)		(7,764)
Net income attributable to owners of parent			11,947		11,947
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Purchase of treasury shares				(150)	(150)
Disposal of treasury shares		(0)		15	15
Net changes in items other than shareholders' equity					—
Total changes during period	—	(0)	4,182	(134)	4,047
Balance at end of period	36,998	49,405	187,574	(7,785)	266,192

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	16,350	(246)	10,407	11,101	(3,277)	34,334	3,871	300,351
Changes during period								
Dividends of surplus						—		(7,764)
Net income attributable to owners of parent						—		11,947
Change in ownership interest of parent due to transactions with non-controlling interests						—		(0)
Purchase of treasury shares						—		(150)
Disposal of treasury shares						—		15
Net changes in items other than shareholders' equity	(2,092)	211	—	5,578	3,311	7,009	5,506	12,516
Total changes during period	(2,092)	211	—	5,578	3,311	7,009	5,506	16,563
Balance at end of period	14,257	(34)	10,407	16,680	33	41,344	9,377	316,915

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	36,998	49,405	187,574	(7,785)	266,192
Cumulative effects of changes in accounting policies			(435)		(435)
Restated balance	36,998	49,405	187,138	(7,785)	265,757
Changes during period					
Dividends of surplus			(7,764)		(7,764)
Loss attributable to owners of parent			(12,300)		(12,300)
Change in ownership interest of parent due to transactions with non-controlling interests		16			16
Sale of shares of consolidated subsidiaries		(8)			(8)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		(0)	(0)	4	4
Reversal of revaluation reserve for land			0		0
Net changes in items other than shareholders' equity					—
Total changes during period	—	7	(20,064)	(0)	(20,058)
Balance at end of period	36,998	49,412	167,074	(7,786)	245,698

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,257	(34)	10,407	16,680	33	41,344	9,377	316,915
Cumulative effects of changes in accounting policies							—	(435)
Restated balance	14,257	(34)	10,407	16,680	33	41,344	9,377	316,479
Changes during period								
Dividends of surplus							—	(7,764)
Loss attributable to owners of parent							—	(12,300)
Change in ownership interest of parent due to transactions with non-controlling interests							—	16
Sale of shares of consolidated subsidiaries							—	(8)
Purchase of treasury shares							—	(5)
Disposal of treasury shares							—	4
Reversal of revaluation reserve for land							—	0
Net changes in items other than shareholders' equity	(2,195)	(22)	(246)	9,424	2,177	9,138	2,736	11,874
Total changes during period	(2,195)	(22)	(246)	9,424	2,177	9,138	2,736	(8,183)
Balance at end of period	12,062	(56)	10,161	26,104	2,210	50,483	12,114	308,296

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Income (loss) before income taxes	14,483	(17,083)
Depreciation	26,516	27,820
Amortization of goodwill	403	37
Increase (decrease) in provision for bonuses	(57)	(26)
Increase (decrease) in retirement benefit liability	63	166
Increase (decrease) in allowance for doubtful accounts	23	6
Interest and dividend income	(1,663)	(1,362)
Interest expenses	1,683	2,093
Share of loss (profit) of entities accounted for using equity method	(1,731)	(1,983)
Loss (gain) on valuation of investment securities	5	1,110
Loss (gain) on sale of investment securities	(17,442)	(367)
Loss (gain) on sale and retirement of non-current assets	251	422
Loss on liquidation of business	7,573	5,986
Impairment losses	—	16,111
Decrease (increase) in trade receivables	3,224	10,416
Decrease (increase) in inventories	492	(9,456)
Increase (decrease) in trade payables	5,122	(7,812)
Other, net	1,838	(2,787)
Subtotal	40,788	23,291
Interest and dividends received	2,113	2,522
Interest paid	(1,671)	(2,097)
Income taxes refund (paid)	(4,970)	(5,096)
Net cash provided by (used in) operating activities	36,260	18,620
Cash flows from investing activities		
Purchase of property, plant and equipment	(43,855)	(58,752)
Proceeds from sale of property, plant and equipment	0	3
Purchase of intangible assets	(824)	(1,078)
Purchase of investment securities	(355)	(870)
Proceeds from sale of investment securities	22,089	1,471
Proceeds from sale of shares of subsidiaries	—	715
Other, net	373	(1,074)
Net cash provided by (used in) investing activities	(22,572)	(59,586)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	739	53,647
Proceeds from long-term borrowings	15,000	—
Repayments of long-term borrowings	(11,975)	(5,000)
Redemption of bonds	—	(7,000)
Purchase of treasury shares	(150)	(5)
Cash dividends paid	(7,764)	(7,764)
Dividends paid to non-controlling interests	(144)	(161)
Proceeds from share issuance to non-controlling shareholders on establishment of consolidated subsidiaries	5,246	—
Proceeds from share issuance to non-controlling shareholders	—	6,956
Other, net	(238)	(554)
Net cash provided by (used in) financing activities	712	40,118
Effect of exchange rate change on cash and cash equivalents	787	2,464
Net increase (decrease) in cash and cash equivalents	15,186	1,616
Cash and cash equivalents at beginning of period	20,199	35,386
Cash and cash equivalents at end of period	35,386	37,002

(5) Notes to Consolidated Financial Statements

Notes on going concern assumption

Not applicable.

Changes in accounting policies

(Application of “Accounting Standard for Current Income Taxes,” etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standard 2022”), etc. from the beginning of the fiscal year under review. This change in accounting policies has no impact on the consolidated financial statements.

(Change in the calculation method of retirement benefit obligations)

Effective from the fiscal year under review, Akros Trading Co., Ltd., a consolidated subsidiary of the Company, changed its method for calculating retirement benefit obligations from the simplified method to the principle method.

Akros Trading Co., Ltd. has increased its number of employees in recent years and may further expand its workforce going forward as a means to adapt to future business changes. Given such circumstances, Akros Trading Co., Ltd. evaluated the reliability of the actuarial estimates for retirement benefits and determined that the adoption of the principle method will enhance the accuracy of the calculation of retirement benefit obligations and retirement benefit expenses could be more appropriately reflected in the periodic profit and loss calculation.

The change in accounting policy has been applied prospectively from the beginning of the fiscal year under review, as Akros Trading Co., Ltd. has not accumulated necessary data on prior periods and it is impracticable to apply the change in principle on a retrospective basis.

As a result, retained earnings at the beginning of the fiscal year under review decreased by ¥435 million. The effect of this change on Consolidated Statement of Income and per share information for the fiscal year under review is immaterial.

Segment information, etc.

a. Segment information

1. Overview of reportable segments

Our reportable segments are components of our organization for which separate financial information is available and which are regularly reviewed by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

In order to develop products closely aligned with market needs, the Group has established four divisions by business field, which formulate domestic and overseas business strategies and implement business operations. The Group has consolidated segments with similar economic characteristics, product nature, and service content into the following reportable segments: Electronics & Innovative Products, Life Innovation, Elastomers & Infrastructure Solutions, and Polymer Solutions.

Main products of each reportable segment are as follows.

Reportable segment	Main products
Electronics & Innovative Products	Electronic packaging materials, fine ceramics, fused silica, acetylene black, electronic circuit substrates, industrial tapes, etc.
Life Innovation	Vaccines, diagnostic reagents, oncolytic virus agents, etc.
Elastomers & Infrastructure Solutions	Chloroprene rubber, cement, special cement additives, fertilizers, calcium carbide, fire resistant materials, environmental materials, etc.
Polymer Solutions	Styrene monomer, polystyrene resin, ABS resin, CLEAREN, heat-resistant resin, transparent resin, POVAL, synthetic fiber for wigs, food packaging materials, etc.

2. Basis for calculating net sales, income or loss, assets, liabilities, and other items by reportable segment

The accounting methods applied to the reportable segments are consistent with the accounting policies adopted in the preparation of the consolidated financial statements. Internal sales and transfers between segments are based on prevailing market prices.

3. Information on net sales, income or loss, assets, and other items by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment					Other businesses (Note 1)	Total	Adjustments (Note 2)	Amount in consolidated financial statements (Note 3)
	Electronics & Innovative Products	Life Innovation	Elastomers & Infrastructure Solutions	Polymer Solutions	Total				
Net sales									
Sales to external customers	87,839	47,078	111,354	124,240	370,513	18,750	389,263	–	389,263
Intersegment sales or transfers	–	0	9	67	77	4,377	4,455	(4,455)	–
Total	87,839	47,078	111,364	124,307	370,590	23,128	393,719	(4,455)	389,263
Segment income (loss)	9,022	11,733	(9,295)	(102)	11,357	1,896	13,253	122	13,376
Segment assets	196,673	57,503	169,802	128,023	552,003	43,279	595,282	20,961	616,244
Other items									
Depreciation	8,817	3,345	8,909	5,092	26,164	440	26,605	(89)	26,516
Increase in property, plant and equipment and intangible assets	23,157	3,886	11,792	4,673	43,510	229	43,740	(53)	43,686

Notes: 1. The other businesses category refers to business segments not included the reportable segments, including plant engineering business and trading company business, etc.

2. Adjustments to segment assets include amounts eliminated between segments and amounts attributable to corporate assets. The main components of corporate assets are the parent company's financial assets (cash and deposits, investment securities) and assets related to the supervisory organizations.

3. Segment income (loss) is adjusted with operating income in the consolidated statement of income.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment					Other businesses (Note 1)	Total	Adjustments (Note 2)	Amount in consolidated financial statements (Note 3)
	Electronics & Innovative Products	Life Innovation	Elastomers & Infrastructure Solutions	Polymer Solutions	Total				
Net sales									
Sales to external customers	92,203	43,262	111,673	135,365	382,505	17,746	400,251	—	400,251
Intersegment sales or transfers	—	—	16	66	82	3,865	3,948	(3,948)	—
Total	92,203	43,262	111,690	135,432	382,588	21,611	404,199	(3,948)	400,251
Segment income (loss)	9,168	9,602	(7,962)	1,154	11,962	2,395	14,358	55	14,413
Segment assets	230,862	60,174	158,633	110,715	560,386	50,557	610,943	44,580	655,524
Other items									
Depreciation	9,595	3,471	9,159	5,182	27,408	504	27,913	(93)	27,820
Increase in property, plant and equipment and intangible assets	40,860	10,613	11,681	6,004	69,159	71	69,231	(58)	69,173

- Notes: 1. The other businesses category refers to business segments not included the reportable segments, including plant engineering business and trading company business, etc.
2. Adjustments to segment assets include amounts eliminated between segments and amounts attributable to corporate assets. The main components of corporate assets are the parent company's financial assets (cash and deposits, investment securities) and assets related to the supervisory organizations.
3. Segment income (loss) is adjusted with operating income in the consolidated statement of income.

—
b. Related information

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

As the classification of products and services is the same as the reportable segment classification, disclosure is omitted.

2. Information by region

(1) Net sales

(Millions of yen)

	Japan	Overseas			Total
		Asia	Others	Total	
Net sales	226,206	97,985	65,071	163,057	389,263
Percentage of consolidated net sales (%)	58.1	25.2	16.7	41.9	100.0

Note: Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

	Japan	Overseas			Total
		Asia	Others	Total	
Property, plant and equipment	230,835	38,676	12,368	51,044	281,880

3. Information by major customer

As there are no specific external customers accounting for more than 10% of net sales in the consolidated statement of income, disclosure is omitted.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Information by product and service

As the classification of products and services is the same as the reportable segment classification, disclosure is omitted.

2. Information by region

(1) Net sales

(Millions of yen)

	Japan	Overseas			Total
		Asia	Others	Total	
Net sales	221,661	114,406	64,184	178,590	400,251
Percentage of consolidated net sales (%)	55.4	28.6	16.0	44.6	100.0

Note: Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

	Japan	Overseas			Total
		Asia	Others	Total	
Property, plant and equipment	247,909	64,591	467	65,059	312,969

3. Information by major customer

As there are no specific external customers accounting for more than 10% of net sales in the consolidated statement of income, disclosure is omitted.

c. Information on amortization of goodwill and unamortized balances by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment					Other businesses	Total	Adjustments	Amount in consolidated financial statements
	Electronics & Innovative Products	Life Innovation	Elastomers & Infrastructure Solutions	Polymer Solutions	Total				
Amortization during the fiscal year	–	368	35	–	403	–	403	–	403
Balance at the end of the fiscal year	–	–	44	–	44	–	44	–	44

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment					Other businesses	Total	Adjustments	Amount in consolidated financial statements
	Electronics & Innovative Products	Life Innovation	Elastomers & Infrastructure Solutions	Polymer Solutions	Total				
Amortization during the fiscal year	–	–	37	–	37	–	37	–	37
Balance at the end of the fiscal year	–	–	10	–	10	–	10	–	10

d. Information on gain on bargain purchase by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

Per share information

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	
Net assets per share	¥3,568.69	Net assets per share	¥3,436.95
Basic earnings per share	¥138.61	Basic loss per share	¥142.73
Diluted earnings per share are not reported, as there are no dilutive shares.		Diluted earnings per share are not reported, as there is basic loss per share and there are no dilutive shares.	

- Notes: 1. In the calculation of net assets per share, shares of the Company held by the stock benefit trust are included in treasury shares that are deducted from the total number of shares outstanding at the end of the fiscal year.
Similarly, in the calculation of basic earnings per share or basic loss per share, such shares are included in treasury shares deducted when calculating the average number of shares outstanding during the fiscal year.
2. The basis for the calculation of basic earnings per share or basic loss per share is as follows.

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Basic earnings per share or basic loss per share		
Net income (loss) attributable to owners of parent (million yen)	11,947	(12,300)
Amount not attributable to owners of common stock (million yen)	-	-
Net income (loss) attributable to owners of parent relating to common stock (million yen)	11,947	(12,300)
Average number of shares outstanding during the fiscal year (shares)	86,194,729	86,176,487