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February 13, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4025
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Scheduled date of annual general meeting of shareholders: March 27, 2024
 Scheduled date to commence dividend payments: March 28, 2024
 Scheduled date to file annual securities report: March 27, 2024
 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, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	34,852	(2.8)	912	(66.8)	1,337	(57.5)	1,356	(34.0)
December 31, 2022	35,846	–	2,751	–	3,144	–	2,056	–

Note: Comprehensive income For the fiscal year ended December 31, 2023: ¥2,893 million [(6.0)%]
 For the fiscal year ended December 31, 2022: ¥3,079 million [–%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2023	156.86	–	4.1	2.6	2.6
December 31, 2022	237.53	–	6.7	6.5	7.7

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

For the fiscal year ended December 31, 2023: ¥ – million

For the fiscal year ended December 31, 2022: ¥ – million

* The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the previous fiscal year, and each figure for the fiscal year ended December 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

(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, 2023	51,299	33,899	65.9	3,994.74
December 31, 2022	50,323	32,057	63.5	3,689.28

Reference: Equity

As of December 31, 2023: ¥33,819 million

As of December 31, 2022: ¥31,948 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, 2023	1,620	(1,640)	(1,169)	5,075
December 31, 2022	1,444	(1,083)	(543)	6,256

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, 2022	—	—	—	50.00	50.00	432	21.0	1.4
Fiscal year ended December 31, 2023	—	—	—	50.00	50.00	423	31.9	1.3
Fiscal year ending December 31, 2024 (Forecast)	—	—	—	55.00	55.00		31.0	

Breakdown of year-end dividend

For the fiscal year ended December 31, 2022: Ordinary dividend: ¥45.00
Commemorative dividend: ¥5.00 (Commemorating transition to the Prime Market)

For the fiscal year ended December 31, 2023: Ordinary dividend: ¥45.00
Commemorative dividend: ¥5.00 (Commemorating construction of the new head office building)

3. Consolidated earnings forecast for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	37,000	6.2	1,200	31.4	1,650	23.4	1,500	10.6	177.18

* **Notes**

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

Newly included: 0 companies
Excluded: 0 companies

(2) 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: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

* For more information, please see “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” in “3. Consolidated Financial Statements and Significant Notes Thereto” on page 13 of the appendix.

(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, 2023	9,458,768 shares
As of December 31, 2022	9,458,768 shares

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

As of December 31, 2023	992,644 shares
As of December 31, 2022	798,931 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2023	8,648,061 shares
Fiscal year ended December 31, 2022	8,657,922 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	27,057	(2.8)	830	(65.7)	1,321	(53.8)	1,419	(32.1)
December 31, 2022	27,844	–	2,423	–	2,860	–	2,090	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	164.18	–
December 31, 2022	241.50	–

* The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the previous fiscal year, and each figure for the fiscal year ended December 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

(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, 2023	43,642	29,092	66.7	3,436.32
December 31, 2022	42,635	27,184	63.8	3,139.10

Reference: Equity

As of December 31, 2023: ¥29,092 million

As of December 31, 2022: ¥27,184 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, 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 2023 launched in January 2021. Net sales for the fiscal year under review totaled ¥34,852 million (down 2.8% versus the previous fiscal year), due to factors such as rising raw materials prices and energy costs, operating profit was ¥912 million (down 66.8% versus the previous fiscal year), ordinary profit was ¥1,337 million (down 57.5% versus the previous fiscal year), and profit attributable to owners of the parent was ¥1,356 million (down 34.0% versus the previous fiscal year).

Operating results by segment are as shown below.

Agriculture

While fertilizer sales prices increased due to higher raw material prices, sales volume declined sharply due a decline in demand as people refrained from purchasing in expectation of a drop in prices, resulting in net sales of ¥9,989 million, a significant decrease of 13.3% versus the previous fiscal year.

Chemicals

Sales of water treatment chemicals totaled ¥10,728 million, a significant increase of 14.9% 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.

Sales of functional materials amounted to ¥4,822 million, a significant decrease of 12.2% versus the previous fiscal year, due to lower sales volume of high-purity tantalum oxide for smartphones and aluminum chloride with high basicity for automotive ceramic fibers as a result of significantly falling demand.

Sales of other chemical products totaled ¥194 million, on par with the previous fiscal year.

As a result, net sales came to ¥15,745 million, up 4.8% versus the previous fiscal year.

Construction materials

Net sales totaled ¥3,215 million, up 3.2% versus the previous fiscal year as a result of an increase in selling prices of gypsum board despite the sales volume remaining flat.

Petroleum

Net sales came to ¥1,942 million, a significant decrease of 11.8% versus the previous fiscal year, due to a decline in fuel oil sales volume as a result of falling demand.

Real estate

Net sales totaled ¥1,357 million, up 1.6% versus the previous fiscal year with rental income at shopping centers remaining at the same level as the previous fiscal year.

Transportation

Net sales dropped 1.7% versus the previous fiscal year to ¥2,602 million as transported cargo and handling volume both decreased.

(2) Overview of Financial Position for the Fiscal Year

Total assets at the end of the fiscal year under review came to ¥51,299 million (up ¥976 million from the end of the previous fiscal year). Current assets totaled ¥23,784 million (down ¥2,254 million from the end of the previous fiscal year) due primarily to decreases of ¥1,181 million in cash and deposits, ¥769 million in notes and accounts receivable - trade, and ¥360 million in raw materials and supplies. Non-current assets came to ¥27,515 million (up ¥3,231 million from the end of the previous fiscal year) due primarily to increases of ¥1,067 million in property, plant and equipment and ¥2,243 million in investment securities.

Total liabilities amounted to ¥17,400 million (down ¥865 million from the end of the previous fiscal year) due primarily to decreases of ¥880 million in notes and accounts payable - trade and ¥453 million in income taxes payable, despite an increase of ¥658 million in deferred tax liabilities.

Net assets totaled ¥33,899 million (up ¥1,842 million from the end of the previous fiscal year) due primarily to increases of ¥923 million in retained earnings and ¥1,587 million in the valuation difference on available-for-sale securities, despite a decrease in the purchase of treasury shares of ¥640 million.

(3) Overview of Cash Flows for the Fiscal Year

In the fiscal year under review, net cash provided by operating activities totaled ¥1,620 million, net cash used in investing activities totaled ¥1,640 million, and net cash used in financing activities totaled ¥1,169 million. As a result, cash and cash equivalents at the end of the fiscal year under review totaled ¥5,075 million, a decrease of ¥1,181 million compared to the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥1,620 million (¥1,444 million provided in the previous fiscal year) due primarily to profit before income taxes of ¥1,956 million, depreciation of ¥1,147 million, and an increase in cash resulting from a decrease in sale of trade receivables of ¥717 million, despite decreases in cash resulting from decreases in trade receivables of ¥880 million and income taxes paid of ¥1,124 million.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥1,640 million (¥1,083 million used in the previous fiscal year) due primarily to purchase of non-current assets of ¥2,149 million, despite proceeds from sale of investment securities of ¥485 million.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥1,169 million (¥543 million used in the previous fiscal year) due primarily to the purchase of treasury shares of ¥647 million and dividends paid of ¥432 million.

Trends in cash flow indicators

	Year ended December 2019	Year ended December 2020	Year ended December 2021	Year ended December 2022	Year ended December 2023
Equity-to-asset ratio (%)	61.5	62.7	63.5	63.5	65.9
Equity-to-asset ratio based on market value (%)	94.8	131.3	109.0	78.4	53.1
Ratio of interest-bearing debt to cash flow (annual)	0.9	1.0	1.0	1.8	1.6
Interest coverage ratio (times)	212.1	227.6	222.1	118.3	135.6

Equity-to-asset ratio: Equity/Total assets

Equity-to-asset ratio based on market value: Total market capitalization/Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/operating cash flow

Interest coverage ratio: Operating cash flow/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, fluctuations in financial and capital markets, and other factors.

The Group has completed the Medium-term Management Plan 2023, a three-year plan that started in 2021. As a result, consolidated net sales were ¥34,800 million compared to the target of ¥32,000 million, but the fertilizer sales volume in the Agriculture business segment declined due to a slowdown of purchases in anticipation of lower prices, and the cost of sales ratio increased due to the impact of product inventories. In the construction materials business, the impact of being unable to fully pass on higher energy costs to product prices resulted in consolidated ordinary profit of ¥1,300 million against a target of ¥2,500 million, and a ROE of 4.1% against a target of 6.0% or more.

Based on these results, the Group formulated the “Long-Term Vision 2050” that clarifies the ideal state of the company in 2050, as a roadmap for sustainable growth in times when making predictions for the future is difficult. The five-year “Medium-term Management Plan 2028” was also created by backcasting from the long-term vision, and has been launched in 2024. The “Medium-term Management Plan 2028” sets out four 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 (Governance, Risk Management and Compliance), 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.

To promote sustainability, the Company formulated the “Sustainability Vision 2030” with the view of accomplishing Sustainable Development Goals (SDGs), and have identified four materialities and 13 key issues based on “Addressing climate change,” “Contributing to the environment and society through products and services,” “Respect for human rights and human resource development,” and “Governance and communication,” and the Group is united in its efforts toward contributing to the development of a sustainable society and enhancing corporate value.

In the fiscal year ending December 31, 2024, the Group expects net sales of ¥37,000 million, operating profit of ¥1,200 million, ordinary profit of ¥1,650 million and profit attributable to owners of parent of ¥1,500 million.

A project team is developing technology for “Fully artificial cultivation of *Tricholoma bakamatsutake*” in preparation for commercialization. Various investigations in the cultivation research facilities are being conducted to resolve issues such as production cost and stability of production at scale. Restaurants and other locations have been supplied with samples and ongoing market assessments indicate a certain level of recognition in terms of aroma and flavor. Market demand and production efficiency will continue to be assessed in detail. Going forward, we will promptly release new information as it becomes available.

(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 ¥50 in total, consisting of an ordinary dividend of ¥45 and a commemorative dividend to commemorate the construction of the new head office building of ¥5 per share, to repay the support of shareholders.

For the next fiscal year, the Company plans to pay a year-end dividend of ¥55 per share.

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, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	6,256	5,075
Notes and accounts receivable - trade	10,002	9,233
Electronically recorded monetary claims - operating	2,196	2,248
Merchandise and finished goods	4,085	4,274
Work in process	271	242
Raw materials and supplies	2,292	1,931
Other	947	790
Allowance for doubtful accounts	(13)	(12)
Total current assets	26,039	23,784
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,324	22,376
Accumulated depreciation	(15,652)	(16,086)
Buildings and structures, net	6,672	6,290
Machinery, equipment and vehicles	16,810	16,908
Accumulated depreciation	(15,346)	(15,641)
Machinery, equipment and vehicles, net	1,463	1,266
Tools, furniture and fixtures	1,494	1,571
Accumulated depreciation	(1,383)	(1,425)
Tools, furniture and fixtures, net	111	145
Land	6,455	7,086
Leased assets	457	457
Accumulated depreciation	(93)	(121)
Leased assets, net	364	336
Construction in progress	245	1,255
Total property, plant and equipment	15,312	16,380
Intangible assets		
Software	406	317
Right to use water facilities, etc.	9	9
Software in progress	1	–
Total intangible assets	418	326
Investments and other assets		
Investment securities	8,361	10,605
Deferred tax assets	29	57
Other	196	179
Allowance for doubtful accounts	(35)	(34)
Total investments and other assets	8,552	10,807
Total non-current assets	24,283	27,515
Total assets	50,323	51,299

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,785	5,904
Short-term borrowings	369	373
Current portion of long-term borrowings	60	60
Lease liabilities	35	35
Accounts payable - other	1,372	1,218
Income taxes payable	627	174
Accrued consumption taxes	77	109
Provision for bonuses	42	42
Other	602	584
Total current liabilities	9,973	8,503
Non-current liabilities		
Long-term borrowings	395	335
Lease liabilities	378	342
Deferred tax liabilities	1,131	1,789
Retirement benefit liability	3,693	3,733
Guarantee deposits received	2,509	2,550
Other	185	146
Total non-current liabilities	8,293	8,897
Total liabilities	18,266	17,400
Net assets		
Shareholders' equity		
Share capital	2,147	2,147
Capital surplus	1,398	1,420
Retained earnings	25,511	26,435
Treasury shares	(729)	(1,370)
Total shareholders' equity	28,327	28,632
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,612	5,199
Remeasurements of defined benefit plans	8	(12)
Total accumulated other comprehensive income	3,621	5,187
Non-controlling interests	108	79
Total net assets	32,057	33,899
Total liabilities and net assets	50,323	51,299

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

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	35,846	34,852
Cost of sales	27,040	27,922
Gross profit	8,805	6,929
Selling, general and administrative expenses	6,053	6,016
Operating profit	2,751	912
Non-operating income		
Interest income	5	4
Dividend income	334	375
Gain on sale of investment securities	45	24
Other	64	67
Total non-operating income	450	472
Non-operating expenses		
Interest expenses	12	11
Loss on retirement of non-current assets	28	25
Waste disposal costs	7	5
Other	9	4
Total non-operating expenses	58	47
Ordinary profit	3,144	1,337
Extraordinary income		
Gain on sale of investment securities	145	404
Subsidy income	-	214
Total extraordinary income	145	618
Extraordinary losses		
Impairment losses	110	-
Loss on valuation of investment securities	125	-
Loss on retirement of non-current assets	14	-
Total extraordinary losses	251	-
Profit before income taxes	3,038	1,956
Income taxes - current	983	687
Income taxes - deferred	32	(58)
Total income taxes	1,015	628
Profit	2,022	1,328
Loss attributable to non-controlling interests	(33)	(28)
Profit attributable to owners of parent	2,056	1,356

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	2,022	1,328
Other comprehensive income		
Valuation difference on available-for-sale securities	1,031	1,587
Remeasurements of defined benefit plans, net of tax	26	(21)
Total other comprehensive income	1,057	1,565
Comprehensive income	3,079	2,893
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,113	2,922
Comprehensive income attributable to non-controlling interests	(33)	(28)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,147	1,372	23,888	(736)	26,672
Changes during period					
Dividends of surplus			(432)		(432)
Profit attributable to owners of parent			2,056		2,056
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		25		6	31
Loss attributable to non-controlling interests					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	25	1,623	6	1,655
Balance at end of period	2,147	1,398	25,511	(729)	28,327

	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	2,581	(17)	2,563	142	29,378
Changes during period					
Dividends of surplus					(432)
Profit attributable to owners of parent					2,056
Purchase of treasury shares					(0)
Disposal of treasury shares					31
Loss attributable to non-controlling interests				(33)	(33)
Net changes in items other than shareholders' equity	1,031	26	1,057	0	1,057
Total changes during period	1,031	26	1,057	(33)	2,678
Balance at end of period	3,612	8	3,621	108	32,057

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

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,038	1,956
Depreciation	1,281	1,147
Loss (gain) on sale of investment securities	(145)	(404)
Impairment losses	110	–
Loss (gain) on valuation of investment securities	125	–
Loss on retirement of non-current assets	4	25
Increase (decrease) in allowance for doubtful accounts	2	(1)
Increase (decrease) in retirement benefit liability	(38)	8
Interest and dividend income	(339)	(380)
Subsidy income	–	(214)
Interest expenses	12	11
Decrease (increase) in trade receivables	(1,341)	717
Decrease (increase) in inventories	(1,904)	199
Increase (decrease) in trade payables	1,808	(880)
Decrease (increase) in other assets	(727)	134
Increase (decrease) in other liabilities	49	(154)
Other, net	(20)	(4)
Subtotal	1,915	2,162
Interest and dividends received	339	380
Subsidies received	–	214
Interest paid	(12)	(11)
Income taxes paid	(797)	(1,124)
Net cash provided by (used in) operating activities	1,444	1,620
Cash flows from investing activities		
Purchase of non-current assets	(1,478)	(2,149)
Proceeds from sale of non-current assets	8	22
Purchase of investment securities	(3)	(13)
Proceeds from sale of investment securities	267	485
Proceeds from redemption of investment securities	100	–
Other, net	22	15
Net cash provided by (used in) investing activities	(1,083)	(1,640)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6)	3
Repayments of long-term borrowings	(60)	(60)
Refund of guarantee deposits received	(11)	(0)
Purchase of treasury shares	(0)	(647)
Dividends paid	(432)	(432)
Other, net	(32)	(32)
Net cash provided by (used in) financing activities	(543)	(1,169)
Effect of exchange rate change on cash and cash equivalents	5	7
Net increase (decrease) in cash and cash equivalents	(176)	(1,181)
Cash and cash equivalents at beginning of period	6,433	6,256
Cash and cash equivalents at end of period	6,256	5,075

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

Not applicable

(Changes in Accounting Policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Group has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This has no effect on the consolidated financial statements.

(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.

From the fiscal year under review, to measure the operating results for each reportable segment within the scope possible by management and gain a clearer understanding, part of the selling, general and administrative expenses not allocated to each reportable segment have been allocated to each segment in accordance with rational standards.

Segment information for the previous fiscal year has been created using the standards after the change and included here.

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, 2022 (from January 1, 2022 to December 31, 2022)

(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	11,521	—	—	—	—	—	11,521	—	11,521
Water treatment chemicals	—	9,340	—	—	—	—	9,340	—	9,340
Functional materials	—	5,489	—	—	—	—	5,489	—	5,489
Construction materials	—	—	3,115	—	—	—	3,115	—	3,115
Petroleum	—	—	—	2,176	—	—	2,176	—	2,176
Real estate	—	—	—	—	18	—	18	—	18
Transportation	—	—	—	—	—	2,540	2,540	—	2,540
Others	—	194	—	—	—	—	194	—	194
Revenue from contracts with customers	11,521	15,024	3,115	2,176	18	2,540	34,396	—	34,396
Other revenue (Note 3)	—	—	—	26	1,317	106	1,449	—	1,449
Sales to external customers	11,521	15,024	3,115	2,202	1,335	2,646	35,846	—	35,846
Intersegment sales or transfers	—	53	—	148	75	533	811	(811)	—
Total	11,521	15,078	3,115	2,351	1,411	3,180	36,657	(811)	35,846
Segment profit (loss)	1,123	1,631	(155)	18	705	306	3,630	(878)	2,751
Segment assets	11,138	10,081	2,209	979	6,421	6,101	36,932	13,390	50,323
Others									
Depreciation	167	506	34	15	300	181	1,206	75	1,281
Increase in property, plant and equipment and intangible assets	128	293	24	0	295	7	750	45	795

Notes: 1. Adjustments are as follows.

- (1) The adjustment to segment profit (loss) of negative ¥878 million represents corporate expenses, etc. not allocated to each reportable segment.
 - (2) The adjustment to segment assets of ¥13,390 million represents corporate assets of ¥13,407 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 ¥75 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 ¥45 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, 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.

(Per Share Information)

(Yen)

	Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)
Net assets per share	3,689.28	3,994.74
Basic earnings per share	237.53	156.86

- 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, 2022 (from January 1, 2022 to December 31, 2022)	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)
Total net assets (Millions of yen)	32,057	33,899
Amount to be deducted from total net assets (Millions of yen)	108	79
(of which, non-controlling interests (Millions of yen))	(108)	(79)
Net assets related to common stock at end of period (Millions of yen)	31,948	33,819
Number of shares of common stock at end of period used in the calculation of net assets per share (Thousand shares)	8,659	8,466

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

	Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)
Profit attributable to owners of parent (Millions of yen)	2,056	1,356
Amount not attributable to shareholders of common shares (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	2,056	1,356
Average number of shares outstanding during the period (Thousand shares)	8,657	8,648

(Subsequent Events)

Not applicable

4. Other

For details regarding the changing of officers on March 27, 2024, please refer to “Appointment of Officers” disclosed today on the Company’s website (<https://www.takichem.co.jp/>).