Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [JGAAP]

May 15, 2025

Company Name: Kanto Denka Kogyo Co., Ltd. Stock Exchange Listing: Tokyo
Code Number: 4047 https://www.kantodenka.co.jp/
Representative: Jun'ichi Hasegawa, President
Contact: Masanobu Shirokura, General Manager, Public Relations & Investor Relations Dept. Phone: +81-3-4236-8804

Scheduled date of Ordinary General Shareholders' Meeting: June 27, 2025
Scheduled date to commence dividend payments: June 30, 2025
Scheduled date for submitting the Annual Securities Report: June 27, 2025
Availability of supplementary briefing material on financial results: Yes
Financial results briefing session: Yes (For institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

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

(1) Consolidated operating results

(% figures are the rate of year-on-year increase or decrease)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	62,351	–3.7	4,272	—	4,507	—	3,248	—
Fiscal year ended March 31, 2024	64,768	–17.7	(1,968)	—	(1,304)	—	(4,610)	—

(Note) Comprehensive income:
Fiscal year ended March 31, 2025: ¥2,933 million (–%)
Fiscal year ended March 31, 2024: ¥(1,443) million (–%)

	Basic earnings (loss) per share	Diluted basic earnings per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	56.53	—	5.0	3.6	6.9
Fiscal year ended March 31, 2024	(80.25)	—	(7.0)	(1.0)	(3.0)

(Reference) Equity gains (losses) of affiliated companies:
Fiscal year ended March 31, 2025: ¥— million
Fiscal year ended March 31, 2024: ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	123,617	67,622	53.4	1,147.96
As of March 31, 2024	125,302	65,578	51.1	1,114.07

(Reference) Equity capital:
As of March 31, 2025: ¥65,958 million
As of March 31, 2024: ¥64,006 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	13,085	(14,081)	(4,722)	20,098
Fiscal year ended March 31, 2024	11,208	(10,554)	1,780	25,225

2. Dividends

	Annual dividends per share					Total dividend amount	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	7.00	—	7.00	14.00	805	—	1.2
Fiscal year ended March 31, 2025	—	8.00	—	9.00	17.00	977	30.1	1.5
Fiscal year ending March 31, 2026 (Forecast)	—	9.00	—	9.00	18.00		31.3	

(Note) The year-end dividend for the fiscal year ended March 31, 2025 was increased by ¥1 per share from ¥8 to ¥9 per share. For details, please refer to “Notice Regarding Revision of Year-End Dividend Forecast” announced today.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (April 1, 2025–March 31, 2026)

(% figures are the rate of year-on-year increase or decrease)

	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
First half	32,700	4.6	1,900	10.4	1,900	–21.3	1,200	–16.2	20.88
Full year	68,000	9.1	5,000	17.0	5,000	10.9	3,300	1.6	57.43

Notes:

(1) Significant changes in the scope of consolidation during the period: Not applicable
New: — companies (company names); Removed: — companies (company names)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
i. Changes in accounting policies accompanying amendments to accounting standards, etc.: None
ii. Changes in accounting policies other than i.: None
iii. Changes in accounting estimates: None
iv. Retrospective restatement: None

(3) Number of shares issued (common stock)

i. Number of shares issued at the end of the period (including treasury shares)	As of March 31, 2025	57,546,050 shares	As of March 31, 2024	57,546,050 shares
ii. Number of treasury shares at the end of the period	As of March 31, 2025	88,481 shares	As of March 31, 2024	93,207 shares
iii. Average number of shares during the period	As of March 31, 2025	57,455,756 shares	As of March 31, 2024	57,452,894 shares

(Reference) Summary of non-consolidated financial results

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

(1) Non-consolidated operating results

(% figures are the rate of year-on-year increase or decrease)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	54,890	–1.4	3,839	—	4,144	—	3,289	—
Fiscal year ended March 31, 2024	55,691	–22.7	(4,217)	—	(2,846)	—	(5,247)	—

	Basic earnings (loss) per share	Diluted basic earnings per share
	Yen	Yen
Fiscal year ended March 31, 2025	57.24	—
Fiscal year ended March 31, 2024	(91.34)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	102,063	54,708	53.6	952.15
As of March 31, 2024	105,804	52,662	49.8	916.62

(Reference) Equity capital:

As of March 31, 2025: ¥54,708 million

As of March 31, 2024: ¥52,662 million

Notes:

- Summary of financial results are not subject to audit by a certified public accountant or an auditing firm.
- Proper use of performance forecasts, and other special matters

(Notes to performance forecasts and other forward-looking statements)

The performance outlooks and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to be a promise by the Company that they will be realized. Actual results may differ significantly due to various factors. Please refer to "1. Overview of operating results, etc., (4) Future outlook" on page 4 of the attached materials for information on the performance forecasts.

(How to obtain supplementary financial results briefing materials)

The Company plans to hold a financial results briefing for institutional investors and securities analysts on Friday, May 23, 2025. Supplementary financial results briefing materials to be used at this briefing will be posted on the Company's website after the session.

Contents

1. Overview of operating results, etc.

(1) Operating results

i. Operating results for the fiscal year under review

In the fiscal year ended March 31, 2025, the Japanese economy showed signs of a gradual recovery due to the positive effects of various government policies under an improving employment and income environment. However, severe conditions continued to prevail. Overseas, the outlook remained uncertain due to the need for caution amid downside risks stemming from high interest rates in Europe and the United States and the stagnation of the real estate market in China, as well as inflation, U.S. policy developments, geopolitical tensions in the Middle East, and fluctuations in financial and capital markets.

The chemical industry also continued to face a challenging business environment, with rising raw material, fuel and logistics prices coupled with the impact of production adjustments in the semiconductor and electronic materials industries.

Against this backdrop, the Kanto Denka Group has focused on strengthening the profitability of its Fundamental Chemicals Division, Fine Chemicals Division, and Ferrochemicals Division, while also advancing the development of new products that leverage its strength in fluorine-related technologies.

Net sales amounted to ¥62,351 million, down ¥2,417 million, or 3.7%, year on year. On the profit front, the Group recorded an ordinary profit of ¥4,507 million and profit attributable to owners of parent of ¥3,248 million. In the previous fiscal year, the Group recorded an ordinary loss of ¥1,304 million, primarily due to persistently high costs of sales for battery materials and the recognition of a loss on valuation of inventories. In addition, impairment losses were recorded reflecting the decline in profitability of battery materials, resulting in a net loss attributable to owners of parent of ¥4,610 million.

ii. Overview by reporting segment

a. Fundamental Chemicals Division

For inorganic products, sales of caustic soda decreased year on year due to a reduction in sales volume resulting from the discontinuation of certain product lines and a decline in selling price caused by worsening market conditions. Hydrochloric acid sales increased due to price adjustments.

For organic products, an increase in trichloroethylene and perchloroethylene sales volumes caused sales to rise year on year, despite a decline in selling prices.

As a result of the above, net sales in the Fundamental Chemicals Division amounted to ¥7,995 million, down ¥841 million or 9.5% year on year. Operating loss amounted to ¥578 million, compared with a loss of ¥139 million in the previous fiscal year.

b. Fine Chemicals Division

Sales of specialty gases for semiconductors increased year on year due to higher sales volume for nitrogen trifluoride, tungsten hexafluoride, and hexafluoro-1,3-butadiene.

Sales of lithium hexafluorophosphate, a battery material, were down due to a decrease in sales volume and selling price. Technical support fees received under license agreements decreased.

As a result of the above, net sales in the Fine Chemicals Division amounted to ¥49,482 million, down ¥1,771 million or 3.5% year on year. Operating profit amounted to ¥3,998 million (versus an operating loss of ¥2,824 million in the previous fiscal year).

c. Ferrochemicals Division

Sales of reprographic carriers, used in developers for copiers and printers, were up year on year due to higher sales volumes. Sales of iron oxide were down due to lower sales of colorants.

As a result of the above, net sales in the Ferrochemicals Division amounted to ¥2,301 million, up ¥487 million or 26.9% year on year. Operating profit amounted to ¥356 million, up ¥184 million or 107.0%.

d. Commercial Business Division

Commercial business sales were down due to lower sales of chemical products.

As a result of the above, net sales in the Commercial Business Division amounted to ¥662 million, down ¥35 million or 5.1%. Operating profit totaled ¥131 million, down ¥59 million or 31.3% year on year.

e. Facilities Division

Net sales in chemical facility plant and general industrial plant construction were down year on year due to a decrease in contract work.

As a result of the above, net sales in the Facilities Division amounted to ¥1,908 million, down ¥257 million or 11.9% year on year. Operating profit totaled ¥338 million, down ¥329 million or 49.3% year on year.

(2) Financial position

Total assets at the end of the consolidated fiscal year under review amounted to ¥123,617 million, down ¥1,684 million from the end of the previous consolidated fiscal year.

Current assets amounted to ¥57,426 million, down ¥5,841 million from the end of the previous fiscal year. The main factor was a ¥5,115 million decrease in cash and deposits.

Non-current assets amounted to ¥66,191 million, up ¥4,157 million from the end of the previous fiscal year. The main factors were a ¥6,168 million increase in property, plant and equipment, which offset a ¥1,043 million decrease in investment securities.

Current liabilities amounted to ¥29,180 million, down ¥1,710 million from the end of the previous fiscal year. The main factors were a ¥1,877 million decrease in short-term borrowings and a ¥852 million decrease in notes and accounts payable—trade, which offset a ¥467 million increase in income taxes payable.

Non-current liabilities amounted to ¥26,814 million, down ¥2,017 million from the end of the previous fiscal year. The main factor was a ¥2,185 million decrease in long-term borrowings. The balance of interest-bearing debt was ¥37,884 million, down ¥3,798 million from the end of the previous fiscal year.

Total net assets amounted to ¥67,622 million, up ¥2,043 million from the end of the previous fiscal year. The main factor was a ¥2,385 million increase in retained earnings due to profit attributable to owners of parent.

(3) Cash flows

Cash and cash equivalents at the end of the consolidated fiscal year under review amounted to ¥20,098 million, down ¥5,126 million from the end of the previous fiscal year.

a. Cash flows from operating activities

Net cash provided by operating activities amounted to ¥13,085 million (compared with net cash of ¥11,208 million provided in the previous fiscal year). This increase is mainly due to depreciation of ¥8,246 million and profit before income taxes of ¥5,013 million.

b. Cash flows from investing activities

Net cash used in investing activities amounted to ¥14,081 million (compared with net cash of ¥10,554 million used in the previous fiscal year). This was mainly due to the acquisition of property, plant and equipment.

c. Cash flows from financing activities

Net cash used in financing activities amounted to ¥4,722 million (compared with net cash of ¥1,780 million provided in the previous fiscal year). This was mainly due to repayments of long-term borrowings of ¥9,041 million and a net decrease of ¥1,918 million in short-term borrowings, while proceeds from long-term borrowings amounted to ¥7,300 million.

(Cash flow indicators)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio	55.2%	53.0%	51.6%	51.1%	53.4%
Equity ratio on a market value basis	55.7%	56.5%	45.3%	46.2%	40.4%
Ratio of interest-bearing debt to cash flows	2.3%	2.8%	5.2%	3.7%	2.9%
Interest coverage ratio	61.1%	36.3%	22.6%	28.6%	29.1%

(Notes) Equity ratio: Equity capital / Total assets
Equity ratio on a market value basis: Market capitalization / Total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flow
Interest coverage ratio: Cash flow / Interest payments
All calculations are based on consolidated financial figures.
Market capitalization is calculated based on the number of shares issued, minus treasury shares.
Operating cash flows are used for cash flows.
Interest-bearing debt is all debt on the consolidated balance sheet for which interest is paid.

(4) Future outlook

Looking ahead, the economy is expected to continue rebounding moderately on the back of an improving employment and income environment and the effects of various governmental policies. Nonetheless, attention must be paid to factors such as the ongoing impact of price increases on personal consumption, the effects of U.S. policy trends, including trade policies, on the global economy, worldwide geopolitical risks, and the risk of fluctuations in financial and capital markets. As such, the future remains highly uncertain, and the business environment is expected to remain a challenging one.

Against this backdrop, the Group launched its new medium-term management plan, "Dominate 1000," in the fiscal year ended March 31, 2023 with the goal of achieving ¥100 billion in consolidated net sales in the fiscal year ending March 31, 2025. However, taking into account the evolving business landscape and performance trends, we have reevaluated the plan and extended it by two years. We will implement new strategies and measures in addition to the initially planned key strategies to enhance corporate value. Specifically, we will expand business, predominantly in the Fine Chemicals Division, reform our business portfolio, pursue management leveraging return on invested capital (ROIC), strengthen investor relations (IR) activities, and reduce cross-shareholdings. These and other efforts seek to revitalize profitability while also prioritizing management mindful of capital costs.

As we look ahead to the society we envision in 2030, we are committed to providing a safe work environment that fosters job satisfaction and supporting technologies that are cutting-edge on a global stage with our superior, original products. By building on a stable management foundation, we aim to grow into an innovative, development-driven company that contributes to a sustainable society.

In terms of consolidated earnings forecast for the fiscal year ending March 31, 2026, we project net sales of ¥68.0 billion, marking an increase over the fiscal year ended March 31, 2024, primarily due to expected growth in sales volume of specialty gases for semiconductors. We also forecast operating profit of ¥5.0 billion and ordinary profit of ¥5.0 billion.

(5) Basic policy on profit distribution and dividends for the current and next fiscal years

In determining dividends from surplus, the Company's basic policy is to appropriately returning profits while securing funds for capital investment, an indispensable driver of greater earnings, and to strengthen its financial position. These actions are founded in its business plans over the medium to long term and take into consideration trends in business performance.

In addition, although we set a target dividend payout ratio of 20% in our medium-term management plan, "Dominate 1000," introduced in April 2022, we have increased this to 30% following a review of the plan in November 2023.

For the fiscal year ended March 31, 2025, the Company plans to pay a year-end dividend of ¥9 per share, to be decided at the Board of Directors' meeting on May 28, 2025, based on comprehensive consideration of performance for the year and the business environment, among other factors. This makes the annual dividend per share ¥17, including the interim dividend of ¥8 already paid.

For the fiscal year ending March 31, 2026, the Company plans to pay an annual dividend of ¥18 per share (interim: ¥9, year-end: ¥9), taking into consideration the above policy, trends in business performance, and other factors.

2. Basic approach to the selection of accounting standards

The Group has adopted Japanese generally accepted accounting principles due to the lack of need to raise funds from overseas, and has no immediate plans to change this policy.

3. Consolidated financial statements and notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets:		
Current assets		
Cash and deposits	25,409	20,294
Notes and accounts receivable—trade, and contract assets	14,835	14,362
Electronically recorded monetary claims—operating	1,292	1,129
Merchandise and finished goods	6,943	7,218
Work in process	6,475	6,124
Raw materials and supplies	3,993	3,938
Other	4,359	4,387
Allowance for doubtful accounts	(41)	(28)
Total current assets	63,268	57,426
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,719	14,049
Machinery and equipment, net	19,767	17,876
Land	2,677	2,669
Lease assets, net	256	167
Construction in progress	10,012	17,215
Other, net	3,609	3,232
Total property, plant and equipment	49,042	55,210
Intangible assets		
Other	752	632
Total intangible assets	752	632
Investments and other assets		
Investment securities	9,224	8,181
Retirement benefit assets	11	8
Deferred tax assets	2,093	1,476
Other	916	692
Allowance for doubtful accounts	(7)	(9)
Total investments and other assets	12,238	10,348
Total non-current assets	62,034	66,191
Total assets	125,302	123,617

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities:		
Current liabilities		
Notes and accounts payable—trade	7,287	6,434
Electronically recorded obligations—operating	1,021	1,158
Short-term borrowings	5,028	3,151
Current portion of long-term borrowings	9,022	9,410
Lease obligations	160	167
Income taxes payable	272	739
Other	8,098	8,118
Total current liabilities	30,891	29,180
Non-current liabilities		
Long-term borrowings	26,872	24,686
Lease obligations	598	468
Deferred tax liabilities	10	1
Provision for retirement benefits for directors (and other officers)	151	158
Provision for share awards for directors (and other officers)	33	52
Retirement benefit liability	1,084	1,364
Other	81	83
Total non-current liabilities	28,832	26,814
Total liabilities	59,724	55,995
Net assets:		
Shareholders' equity		
Capital	2,877	2,877
Capital surplus	1,859	1,859
Retained earnings	52,149	54,535
Treasury shares	(66)	(62)
Total shareholders' equity	56,821	59,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,939	3,449
Foreign currency translation adjustment	2,402	2,628
Remeasurements of defined benefit plans	843	670
Total accumulated other comprehensive income	7,185	6,748
Non-controlling interests	1,572	1,663
Total net assets	65,578	67,622
Total liabilities and net assets	125,302	123,617

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	From April 1, 2023 to March 31, 2024	From April 1, 2024 to March 31, 2025
Net sales	64,768	62,351
Cost of sales	57,602	48,356
Gross profit	7,166	13,995
Selling, general and administrative expenses	9,135	9,722
Operating profit (loss)	(1,968)	4,272
Non-operating profit		
Interest income	58	42
Dividend income	255	445
Foreign exchange gains	831	26
Miscellaneous income	373	363
Total non-operating profit	1,519	877
Non-operating expenses		
Interest expenses	473	449
Loss on valuation of derivatives	173	22
Miscellaneous loss	208	170
Total non-operating expenses	855	642
Ordinary profit (loss)	(1,304)	4,507
Extraordinary income		
Gain on sale of investment securities	586	918
Total extraordinary income	586	918
Extraordinary losses		
Loss on retirement of non-current assets	336	112
Environmental expenses	—	300
Impairment losses	4,262	—
Total extraordinary losses	4,598	412
Profit (loss) before income taxes	(5,317)	5,013
Income taxes—current	415	973
Income taxes—deferred	(1,335)	634
Total income taxes	(919)	1,607
Profit (loss)	(4,397)	3,406
Profit attributable to non-controlling interests	212	158
Profit (loss) attributable to owners of parent	(4,610)	3,248

Consolidated Statement of Comprehensive Income

(Millions of yen)

	From April 1, 2023 to March 31, 2024	From April 1, 2024 to March 31, 2025
Profit (loss)	(4,397)	3,406
Other comprehensive income		
Valuation difference on available-for-sale securities	1,514	(534)
Foreign currency translation adjustment	872	234
Remeasurements of defined benefit plans	567	(172)
Total other comprehensive income	2,954	(473)
Comprehensive income	(1,443)	2,933
Comprehensive income attributable to:		
Owners of parent	(1,748)	2,811
Non-controlling interests	305	121

(3) Consolidated Statement of Changes in Equity

From April 1, 2023 to March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,877	1,859	58,486	(65)	63,157
Changes during period					
Dividends of surplus			(1,725)		(1,725)
Profit (loss) attributable to owners of parent			(4,610)		(4,610)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(6,336)	(0)	(6,336)
Balance at end of period	2,877	1,859	52,149	(66)	56,821

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,512	1,534	275	4,323	1,293	68,774
Changes during period						
Dividends of surplus						(1,725)
Profit (loss) attributable to owners of parent						(4,610)
Purchase of treasury shares						(0)
Disposal of treasury shares						—
Net changes in items other than shareholders' equity	1,427	867	567	2,861	278	3,140
Total changes during period	1,427	867	567	2,861	278	(3,196)
Balance at end of period	3,939	2,402	843	7,185	1,572	65,578

From April 1, 2024 to March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,877	1,859	52,149	(66)	56,821
Changes during period					
Dividends of surplus			(862)		(862)
Profit attributable to owners of parent			3,248		3,248
Purchase of treasury shares					—
Disposal of treasury shares				3	3
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,385	3	2,388
Balance at end of period	2,877	1,859	54,535	(62)	59,210

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,939	2,402	843	7,185	1,572	65,578
Changes during period						
Dividends of surplus						(862)
Profit attributable to owners of parent						3,248
Purchase of treasury shares						—
Disposal of treasury shares						3
Net changes in items other than shareholders' equity	(490)	225	(172)	(436)	91	(345)
Total changes during period	(490)	225	(172)	(436)	91	2,043
Balance at end of period	3,449	2,628	670	6,748	1,663	67,622

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	From April 1, 2023 to March 31, 2024	From April 1, 2024 to March 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	(5,317)	5,013
Depreciation	8,496	8,246
Impairment losses	4,262	-
Interest and dividend income	(313)	(488)
Interest expenses	473	449
Foreign exchange losses (gains)	(673)	(922)
Loss on retirement of non-current assets	336	112
Loss (gain) on sale of investment securities	(586)	(918)
Decrease (increase) in trade receivables	5,690	690
Decrease (increase) in inventories	6,700	114
Increase (decrease) in trade payables	(2,571)	(742)
Decrease (increase) in other current assets	745	(538)
Increase (decrease) in other current liabilities	(3,071)	1,746
Other	(143)	230
Subtotal	14,027	12,994
Interest and dividends received	280	484
Interest paid	(391)	(450)
Income taxes refund (paid)	(2,707)	56
Cash flows from operating activities	11,208	13,085
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,966)	(15,533)
Proceeds from sale of investment securities	691	1,447
Purchase of investment securities	(22)	(26)
Other	(257)	31
Cash flows from investing activities	(10,554)	(14,081)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	512	(1,918)
Proceeds from long-term borrowings	10,170	7,300
Repayments of long-term borrowings	(6,920)	(9,041)
Dividends paid	(1,725)	△862
Dividends paid to non-controlling interests	(26)	(30)
Purchase of treasury shares	(0)	—
Other	(228)	(169)
Cash flows from financing activities	1,780	(4,722)
Effect of exchange rate change on cash and cash equivalents	802	591
Net increase (decrease) in cash and cash equivalents	3,237	(5,126)
Cash and cash equivalents at beginning of period	21,987	25,225
Cash and cash equivalents at end of period	25,225	20,098

(5) Notes to the consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Significant matters forming the basis for preparation of the consolidated financial statements)

1. Matters concerning scope of consolidation

(1) Number of consolidated subsidiaries: 7

Name of consolidated subsidiaries

Kanden Kosan Co., Ltd.
Jobi Engineering Co., Ltd.
Kanto Denka Finetech Co., Ltd.
Kanto Denka Korea Co., Ltd.
Taiwan Kanto Denka Co., Ltd.
Kanto Denka Fine Products Korea Co., Ltd.
Xuancheng KDK Technology Co., Ltd.

(2) Name of non-consolidated subsidiaries

Kanto Denka Sangyo Co., Ltd.
Gunma Tekkojo Co., Ltd.
Kanden Mizushima Sangyo Co., Ltd.
Kanden Shibukawa Sangyo Co., Ltd.
Kanto Denka Kogyo (Shanghai) Co., Ltd.

Reason for exclusion from scope of consolidation

All non-consolidated subsidiaries are small companies, with none of total assets, net sales, net profit (commensurate with equity holdings), or retained earnings (commensurate with equity holdings) exerting any important influence on consolidated financial statements.

2. Matters concerning the application of the equity method

There are no non-consolidated subsidiaries for which the equity method is applied. There are also no affiliated companies.

Non-consolidated subsidiaries for which the equity method is not applied

Kanto Denka Sangyo Co., Ltd.
Gunma Tekkojo Co., Ltd.
Kanden Mizushima Sangyo Co., Ltd.
Kanden Shibukawa Sangyo Co., Ltd.
Kanto Denka Kogyo (Shanghai) Co., Ltd.

Reason for non-application of the equity method

Non-consolidated subsidiaries for which the equity method is not applied do not have a material impact on net profit or retained earnings and are not significant as a whole, and therefore the equity method is not applied.

3. Matters concerning the fiscal year of consolidated subsidiaries

The fiscal year end of Kanto Denka Korea Co. Ltd., Taiwan Kanto Denka Co., Ltd., Kanto Denka Fine Products Korea Co., Ltd., and Xuancheng KDK Technology Co., Ltd. is December 31. In preparing consolidated financial statements, financial statements as of this day are used, making necessary adjustments for important transactions occurring between this day and the consolidated closing date.

4. Matters concerning accounting policies

(1) Valuation standards and valuation methods for significant assets

i. Securities

Available-for-sale securities

Items other than stocks, etc. with no market price

The market value method is used.

(All valuation differences are processed by the direct net assets method, and selling cost is calculated by the moving average method.)

Stocks, etc. with no market price

Stated at cost determined by the moving average method.

ii. Inventories

Merchandise and finished goods, work in process, and raw materials and supplies

Mainly stated at cost determined by the monthly moving average method (the balance sheet amount is calculated by the method of writing down book value based on decline in profitability).

(2) Method of depreciation and amortization of significant depreciable assets

i. Property, plant and equipment (excluding lease assets)

While the Company and its domestic consolidated subsidiaries mainly use the straight-line method, the declining-balance method is used for "Machinery" within the Fine Chemicals Division. Overseas consolidated subsidiaries mainly use the straight-line method.

ii. Intangible assets (excluding lease assets)

The straight-line method is used.

Software for internal use is amortized over the estimated internal useful life (five years).

iii. Lease assets

Lease assets related to finance lease transactions with transfer of ownership

The same depreciation method is used as that applied to internally held non-current assets.

Lease assets related to finance lease transactions without transfer of ownership

The straight-line method is used, with useful life set as the leasing term and the remaining value set at zero.

(3) Standards for recognition of significant allowances and provisions

i. Allowance for doubtful accounts

To provide for bad debt expenses on receivables such as trade receivable and loans receivable, an allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt is booked based on the recoverability of individual cases for specified receivables such as debt with a possibility of default.

ii. Provision for retirement benefits for directors (and other officers)

To provide for the payment of retirement benefits to directors and other officers of consolidated subsidiaries, a standard amount is recorded based on internal regulations.

iii. Provision for share awards for directors (and other officers)

To provide for the award of the Company’s shares to directors (excluding outside directors) and executive officers who have signed delegation agreements with the Company, an amount is recorded based on the estimated share award as of the end of the consolidated fiscal year under review, in accordance with the rules on share issuance.

(4) Accounting treatment for defined benefits

i. Method for period attribution of expected defined benefit amount

When calculating defined benefit obligations, the method of attributing expected defined benefit amounts to the period up to the end of the current consolidated fiscal year shall be based on the benefit formula.

ii. Method for amortization of actuarial variances and expenses for past service

Actuarial variances are amortized by the straight-line method over a fixed number of years (15 years） within the average remaining service period of employees at the time of occurrence of each consolidated fiscal year, starting from the consolidated fiscal year following each occurrence.

Expenses for past service are amortized by the straight-line method over a fixed number of years (15 years) within the average remaining service period of employees at the time of occurrence.

(5) Standards for recognition of significant revenue and expenses

i. Sales of finished goods and merchandise

In the fundamental chemicals, fine chemicals, and ferrochemicals businesses, the Company manufactures and sells finished goods, and its primary performance obligation is to deliver these finished goods to the customer. For domestic transactions, control of finished products is deemed to be transferred to the customer upon delivery. However, revenue is recognized at the time of shipment, in principle, since the period between shipment and delivery is typically within a normal timeframe and an alternative treatment for materiality, etc. is applied. For export sales, performance obligations are deemed satisfied when risk is transferred to the customer based on trade terms set forth in Incoterms and other trade rules. Revenue is recognized when these performance obligations are satisfied.

In the commercial business, the Company mainly sells merchandise. Its primary performance obligation is to deliver this merchandise to the customer and this obligation is deemed to be satisfied upon delivery pursuant to the contract with the customer. Revenue is recognized when this obligation is satisfied. For sales of merchandise for which the Group is deemed to be an agent, revenue is recognized at the net amount received from the customer less the amount paid to the supplier.

ii. Work contracts, etc.

For work contracts, etc. in the facilities business, the Company undertakes construction pursuant to the contract with the customer and has an obligation to deliver completed facilities, etc. to the customer. Revenue is recognized over a specified period of time as control of the goods or services is transferred to the customer over the contract period. Costs incurred are deemed to be proportional to the degree of progress toward satisfying the performance obligation, and the ratio of actual costs to total estimated costs is used to determine the degree of progress (input method).

When the degree of progress toward satisfying the performance obligation in question cannot be reasonably estimated, but it is probable that the costs incurred in satisfying the obligation will be recovered, revenue is recognized on a cost recovery basis for performance obligations that will be satisfied over a specified period of time.

(6) Standards for translating significant foreign currency denominated assets or liabilities into Japanese currency

The assets and liabilities of overseas subsidiaries are converted to yen at the spot exchange rate on the day of the overseas subsidiaries' fiscal year end, while related revenues and expenses are converted to yen at the average rate during the period. These translation differences are posted as foreign currency translation adjustments and non-controlling interests under net assets.

(7) Scope of funds in the consolidated statement of cash flows

The funds (cash and cash equivalents) in the consolidated statement of cash flows consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are those for which separate financial information is available and are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Company's reportable segments are the Fundamental Chemicals Division, Fine Chemicals Division, Ferrochemicals Division, Commercial Business Division, and Facilities Division.

In the Fundamental Chemicals Division, the Company manufactures and sells fundamental chemicals such as inorganic and organic chemicals. In the Fine Chemicals Division, the Company manufactures and sells fine chemicals including fluorinated gases and battery materials. In the Ferrochemicals Division, the Company manufactures and sells ferrochemical products. In the Commercial Business Division, the Company sells fundamental chemicals and fine chemicals, and provides maintenance for containers and other services. In the Facilities Division, the Company engages in facility-related construction work.

2. Calculation method of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting treatment methods for reported business segments are the same as those described in "Significant matters forming the basis for preparation of the consolidated financial statements."

Profit or loss by reportable segment is based on operating profit or operating loss.

Inter-segment revenues and transfers are based on prevailing market prices.

3. Calculation method of net sales, profit or loss, assets, liabilities, and other items by reportable segment

I. From April 1, 2023 to March 31, 2024

(Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Fundamental Chemicals	Fine Chemicals	Ferrochemicals	Commercial Business	Facilities	Total		
Net sales								
Net sales to external customers	8,836	51,253	1,813	698	2,165	64,768	—	64,768
Inter-segment net sales or transfers	—	—	0	1,379	3,967	5,347	(5,347)	—
Total	8,836	51,253	1,814	2,078	6,133	70,116	(5,347)	64,768
Segment profit (loss)	(139)	(2,824)	172	190	668	(1,932)	(35)	(1,968)
Segment assets	12,354	108,506	4,013	3,358	7,361	135,594	(10,292)	125,302
Other items								
Depreciation	974	7,654	99	38	38	8,805	(309)	8,496
Increase in property, plant and equipment and intangible assets	765	13,208	128	61	62	14,226	(351)	13,875

(Notes) 1. The segment profit (loss) adjustment of –¥35 million is elimination of inter-segment transactions.
The segment assets adjustment of –¥10,292 million includes inter-segment eliminations of ¥14,935 million and corporate assets of ¥4,643 million that are not allocated to any reportable segment.
The adjustment of –¥309 million for depreciation under other items is inter-segment elimination.
The adjustment of –¥351 million for increase in property, plant and equipment and intangible assets under other items is inter-segment elimination.
2. Segment profit (loss) is adjusted with operating profit (loss) in the consolidated statement of income.

II. From April 1, 2024 to March 31, 2025

(Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Fundamental Chemicals	Fine Chemicals	Ferrochemicals	Commercial Business	Facilities	Total		
Net sales								
Net sales to external customers	7,995	49,482	2,301	662	1,908	62,351	—	62,351
Inter-segment net sales or transfers	—	—	0	1,123	2,622	3,745	(3,745)	—
Total	7,995	49,482	2,301	1,786	4,531	66,097	(3,745)	62,351
Segment profit (loss)	(578)	3,998	356	131	338	4,246	25	4,272
Segment assets	7,682	111,184	4,571	3,352	6,470	133,261	(9,643)	123,617
Other items								
Depreciation	900	7,504	93	39	42	8,581	(335)	8,246
Increase in property, plant and equipment and intangible assets	914	12,494	958	20	49	14,436	(298)	14,138

(Notes) 1. The segment profit (loss) adjustment of ¥25 million is elimination of inter-segment transactions.
The segment assets adjustment of –¥9,643 million includes inter-segment eliminations of ¥13,582 million and corporate assets of ¥3,938 million that are not allocated to any reportable segment.
The adjustment of –¥335 million for depreciation under other items is inter-segment elimination.
The adjustment of –¥298 million for increase in property, plant and equipment and intangible assets under other items is inter-segment elimination.
2. Segment profit (loss) is adjusted with operating profit (loss) in the consolidated statement of income.

[Related information]

From April 1, 2023 to March 31, 2024

1. Information by product and service

This information is omitted because the same information is disclosed in "Segment information."

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	Europe and North America	Total
29,574	27,817	7,376	64,768

(Notes) 1. Net sales are based on customer location and are classified by country or region.

2. Net sales to the Asia region include ¥15,390 million in South Korea, which accounts for more than 10% of the net sales on the consolidated statement of income.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Total
30,160	18,882	49,042

(Note) Property, plant and equipment in the Asia region includes property, plant and equipment of ¥10,274 million in South Korea, and ¥8,211 million in China, which each account for more than 10% of the property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
Samsung Electronics Co., Ltd.	13,354	Fine Chemicals
KIOXIA Corporation	6,494	Fine Chemicals

From April 1, 2024 to March 31, 2025

1. Information by product and service

This information is omitted because the same information is disclosed in "Segment information."

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	Europe and North America	Total
30,473	29,572	2,305	62,351

(Notes) 1. Net sales are based on customer location and are classified by country or region.

2. Net sales to the Asia region include ¥15,226 million in South Korea, which accounts for more than 10% of the net sales on the consolidated statement of income.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Total
34,471	20,739	55,210

(Note) Property, plant and equipment in the Asia region includes property, plant and equipment of ¥9,930 million in South Korea, and ¥10,454 million in China, which each account for more than 10% of the property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
Samsung Electronics Co., Ltd.	13,548	Fine Chemicals
KIOXIA Corporation	9,625	Fine Chemicals

[Information about impairment loss of non-current assets by reportable segment]

From April 1, 2023 to March 31, 2024

Impairment loss of non-current assets was recorded in the Fine Chemicals Division in the amount of ¥4,262 million.

From April 1, 2024 to March 31, 2025

Not applicable.

[Information about amortization and unamortized balance of goodwill by reportable segment]

From April 1, 2023 to March 31, 2024

Not applicable.

From April 1, 2024 to March 31, 2025

Not applicable.

[Information about gain on bargain purchase by reportable segment]

From April 1, 2023 to March 31, 2024

Not applicable.

From April 1, 2024 to March 31, 2025

Not applicable.

(Per share information)

(Yen)

	From April 1, 2023 to March 31, 2024	From April 1, 2024 to March 31, 2025
Net assets per share	1,114.07	1,147.96
Basic earnings (loss) per share	(80.25)	56.53

(Notes) 1. Diluted basic earnings per share is not shown in the above table, as there are no dilutive shares.

2. Calculation of net assets per share includes the Company's shares held in its stock benefit trust in the treasury shares deducted from the total number of shares issued at the end of the period. Also, calculation of basic earnings per share includes treasury shares deducted from the average number of shares during the period.

3. The basis for calculation of basic earnings per share is as follows:

	From April 1, 2023 to March 31, 2024	From April 1, 2024 to March 31, 2025
Profit (loss) attributable to owners of parent (Millions of yen)	(4,610)	3,248
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit (loss) attributable to owners of parent relating to common shares (Millions of yen)	(4,610)	3,248
Average number of common shares during the period (Shares)	57,452,894	57,455,756

(Significant subsequent events)

Not applicable.