



# Consolidated Financial Results for the Three Months Ended June 30, 2023 [Under Japanese GAAP]

July 31, 2023

Company name: Dexerials Corporation Listing: Tokyo Stock Exchange Security code: 4980 URL: https://www.dexerials.jp/en

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Quarterly Securities Report (Shihanki Hokokusho) filing date: August 8, 2023

Scheduled date of dividend payment:

Preparation of supplementary briefing material on quarterly financial results: Yes

Investors meeting presentation for quarterly financial results:

Yes (For securities analysts and institutional investors)

(Note) Amounts less than one million yen have been omitted.

## 1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

## (1) Consolidated operating results (cumulative)

(Percentage indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2023	20,858	(22.1)	4,864	(41.4)	4,665	(35.4)	3,224	(30.8)
June 30, 2022	26,775	31.6	8,303	69.2	7,216	59.9	4,660	57.2

Note: Comprehensive income
For the three months ended June 30, 2023:
For the three months ended June 30, 2022:
For the three months ended June 30, 2022:
For the three months ended June 30, 2023:
For the three months ended June 30, 2023:
For the three months ended June 30, 2022:
For the three months ended June 30, 2023:
For

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	55.60	55.35
June 30, 2022	78.05	77.62

## (2) Consolidated financial position

\ /	1				
	Total assets	Total assets Net assets		Net assets per share	
As of	Millions of yen	Millions of yen	%	Yen	
June 30, 2023	124,688	74,395	59.0	1,267.90	
March 31, 2023	126,379	73,774	57.7	1,257.14	

 $Reference: Capital \ (Shareholders'\ equity + Accumulated\ other\ comprehensive\ income)$ 

As of June 30, 2023: ¥73,528 million As of March 31, 2023: ¥72,896 million

#### 2 Dividends

		Cash dividends per share							
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total				
Fiscal year	Yen	Yen	Yen	Yen	Yen				
Ended March 31, 2023	_	30.00	_	35.00	65.00				
Ending March 31, 2024	_								
Fiscal year Ending March 31, 2024 (forecast)		35.00	ı	40.00	75.00				

Note: Revisions to dividend forecast published most recently: None

# 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentage indicates year-on-year changes.)

	Net sales	S	Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Fiscal year	Millions of yen 100,000	% (5.8)	Millions of yen 25,000	% (22.6)	Millions of yen 26,300	% (12.8)	Millions of yen 18,000	% (13.0)	Yen 305.09

Note: Revisions to earnings forecast published most recently: None

For more information on the consolidated financial results for the three months ended June 30, 2023, please refer to the supplementary briefing material on quarterly financial results, Quarterly Securities Report for the first quarter to be filed on August 8, 2023, and other materials, which you can find on our website at https://www.dexerials.jp/en/ir/library/index.html.

### [Notes]

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of accounting methods used specifically for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements
  - (a) Changes in accounting policies due to the application of new or revised accounting standards: None
  - (b) Changes in accounting policies due to reasons other than above (a): None
  - (c) Changes in accounting estimates:
  - (d) Restatements of prior period financial statements:

    None
- (4) Number of shares of common stock issued
  - (a) Number of shares issued (including treasury shares)

As of June 30, 2023: 61,029,400 shares As of March 31, 2023: 64,575,000 shares

(b) Number of treasury shares

As of June 30, 2023: 3,037,721 shares As of March 31, 2023: 6,589,029 shares

(c) Average number of shares of common stock during the period

Three months ended June 30, 2023: 57,987,315 shares Three months ended June 30, 2022: 59,702,350 shares

- Notes: 1. The number of shares issued as of June 30, 2023 has decreased by 3,545,600 shares as the number of shares issued increased by 5,000 shares upon the exercise of stock options but decreased by 3,550,600 shares upon the retirement of treasury shares during the three months ended June 30, 2023.
  - 2. As the Company has introduced a stock compensation plan which delivers shares with restrictions on transfer, the Company's treasury shares held mainly for the purpose of allotting them as restricted shares are included in the number of treasury shares at the end of the period (293,800 shares as of June 30, 2023 and 293,800 shares as of June 30, 2022).
  - 3. As the Company has introduced an Employee Stock Ownership Plan ("J-ESOP") and a Board Benefit Trust (BBT), the number of shares of the Company held by the trust account is included in the number of treasury shares as of the end of the period. In addition, the number of shares of the Company held by the Trust (an average of 5,105,983 shares for the three months ended June 30, 2023 and an average of 4,805,797 shares for the three months ended June 30, 2022) was included in the number of treasury shares to be deducted in the calculation of the average number of shares of common stock during the period.
- \* This quarterly consolidated financial results report is not subject to a quarterly review by certified public accountants or an audit firm.

(Disclaimer with respect to earnings and other forecasts)

The forward-looking statements including results forecasts contained in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable. Accordingly, the Company does not intend to promise their achievement. Actual results may differ from these forecasts and forward-looking statements due to various factors.

<sup>\* [</sup>Proper use of earnings forecast, and other special notes]

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# 1. Quarterly Consolidated Financial Statements and Notes

# (1) Quarterly consolidated balance sheet

		(Millions of yen
	Previous fiscal year (As of March 31, 2023)	Current quarter (As of June 30, 2023)
Assets		
Current assets:		
Cash and deposits	29,286	28,617
Notes and accounts receivable - trade	13,126	14,214
Electronically recorded monetary claims - operating	342	329
Merchandise and finished goods	4,111	4,175
Work in process	2,883	3,115
Raw materials and supplies	4,358	4,882
Other	5,133	2,364
Allowance for doubtful accounts	(2)	(3)
Total current assets	59,238	57,696
Non-current assets:		
Property, plant and equipment		
Buildings and structures	27,709	27,730
Accumulated depreciation	(13,976)	(14,121)
Buildings and structures, net	13,732	13,608
Machinery, equipment and vehicles	40,475	40,773
Accumulated depreciation	(33,308)	(33,788)
Machinery, equipment and vehicles, net	7,167	6,985
Land	2,524	2,524
Construction in progress	6,646	7,196
Other	8,672	8,701
Accumulated depreciation	(6,458)	(6,451)
Other, net	2,214	2,249
Total property, plant and equipment	32,284	32,564
Intangible assets:	,	·
Goodwill	21,444	20,873
Patent right	695	656
Customer-related intangible assets	2,884	2,839
Other	2,295	2,390
Total intangible assets	27,320	26,760
Investments and other assets:		-,
Shares of subsidiaries and associates	117	122
Retirement benefit asset	3,242	3,281
Deferred tax assets	2,389	2,431
Other	1,799	1,846
Allowance for doubtful accounts	(13)	(14)
Total investments and other assets	7,535	7,667
Total non-current assets	67,141	66,992
Total assets	126,379	124,688

		(Millions of yen)
	Previous fiscal year (As of March 31, 2023)	Current quarter (As of June 30, 2023)
Liabilities		
Current liabilities:		
Notes and accounts payable - trade	5,972	6,844
Electronically recorded obligations - operating	2,569	2,280
Short-term borrowings	2,000	2,000
Current portion of long-term borrowings	6,560	6,561
Accounts payable - other	7,817	6,145
Accrued expenses	856	1,212
Income taxes payable	4,705	962
Provision for bonuses	2,558	1,058
Other	2,034	6,864
Total current liabilities	35,074	33,929
Non-current liabilities		
Long-term borrowings	11,152	9,955
Retirement benefit liability	4,273	4,184
Deferred tax liabilities	1,323	1,395
Other	780	827
Total non-current liabilities	17,530	16,362
Total liabilities	52,605	50,292
Net assets		·
Shareholders' equity:		
Share capital	16,194	16,196
Capital surplus	16,147	16,148
Retained earnings	52,663	42,380
Treasury shares	(15,908)	(4,525)
Total shareholders' equity	69,097	70,199
Accumulated other comprehensive income:		,
Deferred gains or losses on hedges	(26)	(1,538)
Foreign currency translation adjustment	3,278	4,338
Remeasurements of defined benefit plans	547	527
Total accumulated other comprehensive income	3,799	3,328
Non-controlling interests	878	867
Total net assets	73,774	74,395
Total liabilities and net assets	126,379	124,688

# (2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income Quarterly consolidated statement of income

For the three months ended June 30, 2023 bit 10, 10, 2023 bit 10,			(Millions of yen)
Cost of sales         13,242         10,446           Gross profit         13,532         10,411           Selling, general and administrative expenses         5,228         5,546           Operating profit         83,03         4,864           Non-operating income:         ************************************		June 30, 2022 (From April 1, 2022	(From April 1, 2023
Gross profit         13,532         10,411           Selling, general and administrative expenses         5,228         5,546           Operating profit         8,303         4,864           Non-operating income:         Interest income         4         32           Share of profit of entities accounted for using equity method         2         4           Compensation income         -         35           Rental income         4         4           Other         43         29           Total non-operating income         54         106           Non-operating expenses:         19         15           Interest expenses         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         10         0           Gain on sale of non-current assets         10         0           Total extraordinary income         162         8           Total extraordinary losses:         162         8 </td <td>Net sales</td> <td>26,775</td> <td>20,858</td>	Net sales	26,775	20,858
Selling, general and administrative expenses         5,228         5,546           Operating profit         8,303         4,864           Non-operating income:         Interest income         4         32           Share of profit of entities accounted for using equity method         2         4           Compensation income         -         35           Rental income         4         4           Other         43         29           Total non-operating income         54         106           Non-operating expenses:         19         15           Interest expenses         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,102         305           Ordinary profit         7,216         4,665           Extraordinary income:         1         0           Extraordinary income         10         0           Extrao	Cost of sales	13,242	10,446
Operating profit         8,303         4,864           Non-operating income:         32           Interest income         4         32           Share of profit of entities accounted for using equity method         2         4           Compensation income         -         35           Rental income         4         4           Other         43         29           Total non-operating income         54         106           Non-operating expenses:         19         15           Interest expenses         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         10         0           Gain on sale of non-current assets         10         0           Total extraordinary income         10         0           Extraordinary losses:         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065 <td< td=""><td>Gross profit</td><td>13,532</td><td>10,411</td></td<>	Gross profit	13,532	10,411
Non-operating income:         4         32           Share of profit of entities accounted for using equity method         2         4           Compensation income         -         35           Rental income         4         4           Other         43         29           Total non-operating income         54         106           Non-operating expenses:         1         106           Interest expenses         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         10         0           Gain on sale of non-current assets         10         0           Extraordinary income         10         0           Extraordinary losses:         1         2           Loss on retirement of non-current assets         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - curr	Selling, general and administrative expenses	5,228	5,546
Interest income         4         32           Share of profit of entities accounted for using equity method         2         4           Compensation income         -         35           Rental income         4         4           Other         43         29           Total non-operating income         54         106           Non-operating expenses:         19         15           Interest expenses         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income         10         0           Extraordinary income         10         0           Extraordinary losses:         10         0           Extraordinary losses         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred	Operating profit	8,303	4,864
Share of profit of entities accounted for using equity method         2         4           Compensation income         —         35           Rental income         4         4           Other         43         29           Total non-operating income         54         106           Non-operating expenses:         ***         ***           Interest expenses         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         ***         ***           Extraordinary income:         10         0           Extraordinary losses:         10         0           Extraordinary losses:         162         8           Total extraordinary losses         162         8           Total extraordinary losses         162         8           Forfit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred	Non-operating income:		
Compensation income         —         35           Rental income         4         4           Other         43         29           Total non-operating income         54         106           Non-operating expenses:         31         106           Interest expenses         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         10         0           Extraordinary income:         10         0           Extraordinary losses:         10         0           Extraordinary losses:         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit (loss) attributable to non-controlling interests         <	Interest income	4	32
Rental income         4         4           Other         43         29           Total non-operating income         54         106           Non-operating expenses:             Interest expenses         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         10         0           Gain on sale of non-current assets         10         0           Total extraordinary income         10         0           Extraordinary losses         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit (loss) attributable to non-controlling interests         10         (13)         (13)	Share of profit of entities accounted for using equity method	2	4
Other         43         29           Total non-operating income         54         106           Non-operating expenses:         ***           Interest expenses         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         10         0           Gain on sale of non-current assets         10         0           Total extraordinary income         10         0           Extraordinary losses         162         8           Total extraordinary losses         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit (loss) attributable to non-controlling interests         10         (13)	Compensation income	_	35
Total non-operating income         54         106           Non-operating expenses:         19         15           Interest expenses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         10         0           Gain on sale of non-current assets         10         0           Total extraordinary income         10         0           Extraordinary losses:         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit (loss) attributable to non-controlling interests         10         (13)	Rental income	4	4
Non-operating expenses:         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         10         0           Gain on sale of non-current assets         10         0           Total extraordinary income         10         0           Extraordinary losses:         162         8           Loss on retirement of non-current assets         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit (loss) attributable to non-controlling interests         10         (13)	Other	43	29
Interest expenses         19         15           Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         10         0           Gain on sale of non-current assets         10         0           Total extraordinary income         10         0           Extraordinary losses:         162         8           Total extraordinary losses         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit (loss) attributable to non-controlling interests         10         (13)	Total non-operating income	54	106
Foreign exchange losses         1,102         235           Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         10         0           Gain on sale of non-current assets         10         0           Total extraordinary income         10         0           Extraordinary losses:         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit (loss) attributable to non-controlling interests         10         (13)	Non-operating expenses:		
Depreciation         15         48           Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:         ****         ****           Gain on sale of non-current assets         10         0           Total extraordinary income         10         0           Extraordinary losses:         ****         ****           Loss on retirement of non-current assets         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit (loss) attributable to non-controlling interests         10         (13)	Interest expenses	19	15
Other         5         5           Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:	Foreign exchange losses	1,102	235
Total non-operating expenses         1,142         305           Ordinary profit         7,216         4,665           Extraordinary income:                 Gain on sale of non-current assets               10               0                 Total extraordinary income               10                   0                 Extraordinary losses:                     162                   8                 Total extraordinary losses                   162                   8                      Profit before income taxes                   7,065                   4,657                       Income taxes - current                   1,332                   736                       Income taxes - deferred                   1,062                   709                       Total income taxes                   2,394                    1,446                      Profit (loss) attributable to non-controlling interests                         10                    (13)	Depreciation	15	48
Ordinary profit         7,216         4,665           Extraordinary income:         30         0           Gain on sale of non-current assets         10         0           Total extraordinary income         10         0           Extraordinary losses:         30         0           Loss on retirement of non-current assets         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit         4,670         3,211           Profit (loss) attributable to non-controlling interests         10         (13)	Other	5	5
Extraordinary income:         10         0           Total extraordinary income         10         0           Extraordinary losses:         162         8           Total extraordinary losses         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit         4,670         3,211           Profit (loss) attributable to non-controlling interests         10         (13)	Total non-operating expenses	1,142	305
Gain on sale of non-current assets         10         0           Total extraordinary income         10         0           Extraordinary losses:         Uses on retirement of non-current assets         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit         4,670         3,211           Profit (loss) attributable to non-controlling interests         10         (13)	Ordinary profit	7,216	4,665
Total extraordinary income         10         0           Extraordinary losses:	Extraordinary income:		
Extraordinary losses:           Loss on retirement of non-current assets         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit         4,670         3,211           Profit (loss) attributable to non-controlling interests         10         (13)	Gain on sale of non-current assets	10	0
Loss on retirement of non-current assets         162         8           Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit         4,670         3,211           Profit (loss) attributable to non-controlling interests         10         (13)	Total extraordinary income	10	0
Total extraordinary losses         162         8           Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit         4,670         3,211           Profit (loss) attributable to non-controlling interests         10         (13)	Extraordinary losses:		
Profit before income taxes         7,065         4,657           Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit         4,670         3,211           Profit (loss) attributable to non-controlling interests         10         (13)	Loss on retirement of non-current assets	162	8
Income taxes - current         1,332         736           Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit         4,670         3,211           Profit (loss) attributable to non-controlling interests         10         (13)	Total extraordinary losses	162	8
Income taxes - deferred         1,062         709           Total income taxes         2,394         1,446           Profit         4,670         3,211           Profit (loss) attributable to non-controlling interests         10         (13)	Profit before income taxes	7,065	4,657
Total income taxes         2,394         1,446           Profit         4,670         3,211           Profit (loss) attributable to non-controlling interests         10         (13)	Income taxes - current	1,332	736
Profit4,6703,211Profit (loss) attributable to non-controlling interests10(13)	Income taxes - deferred	1,062	709
Profit (loss) attributable to non-controlling interests 10 (13)	Total income taxes	2,394	1,446
	Profit	4,670	3,211
	Profit (loss) attributable to non-controlling interests	10	(13)
		4,660	3,224

		(Millions of yen)
	For the three months ended	For the three months ended
	June 30, 2022	June 30, 2023
	(From April 1, 2022	(From April 1, 2023
	to June 30, 2022)	to June 30, 2023)
Profit	4,670	3,211
Other comprehensive income:		
Deferred gains or losses on hedges	16	(1,511)
Foreign currency translation adjustment	1,056	1,062
Remeasurements of defined benefit plans, net of tax	(19)	(19)
Total other comprehensive income	1,053	(468)
Comprehensive income	5,723	2,743
Comprehensive income attributable to:		
Owners of parent	5,708	2,753
Non-controlling interests	15	(10)

(3) Notes to quarterly consolidated financial statements

(Going concern assumption)

Not applicable.

(Significant changes in shareholders' equity)

(Retirement of treasury shares)

At the Board of Directors' meeting held on May 10, 2023, the Company resolved matters pertaining to the retirement of its treasury shares pursuant to Article 178 of the Companies Act, and subsequently retired 3,550,600 treasury shares effective on May 24, 2023.

As a result, the value of treasury shares decreased to ¥4,525 million as of June 30, 2023.

## (Supplemental information)

(Employee Stock Ownership Plan ("J-ESOP"))

The Company has introduced an Employee Stock Ownership Plan ("J-ESOP") as an incentive program to grant employees the Company's shares for the purpose of increasing their motivation and morale to improve the Company's stock price and business performance by more strongly linking their compensation to the Company's stock price and financial results and sharing economic benefits with shareholders.

Shares of the Company held by the J-ESOP trust are presented as treasury shares in the net assets section of the consolidated balance sheet. The book value and the number of treasury shares at the end of the previous fiscal year and at the end of the first quarter of the current fiscal year were \(\frac{4}{2}\),544 million and 2,428 thousand shares and \(\frac{4}{2}\),543 million and 2,427 thousand shares, respectively.

#### (Board Benefit Trust (BBT))

The Company has introduced a Board Benefit Trust (BBT) as a performance-based stock compensation plan for directors and executive officers (excluding directors who are Audit and Supervisory Committee members and outside directors; the same applies hereinafter) to more clearly link their compensation to the Company's financial results and stock value and increase their awareness of contributing to better business performance and enhancing corporate value continuously over the medium to long term by sharing the benefits of rising stock prices and the risks of falling stock prices.

Shares of the Company held by BBT are presented as treasury shares in the net assets section of the consolidated balance sheet. The book value and the number of treasury shares at the end of the previous fiscal year and at the end of the first quarter of the current fiscal year are \(\frac{\pma}{1},038\) million and 316 thousand shares, respectively.

#### (Segment information)

I. For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022) Information on amounts of net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable Segment					
	Optical Materials and Components	Electronic Materials and Components (Notes 2 & 3)	Total	Adjustment (Note 1)	Consolidated (Note 3)	
Net sales						
Sales to external customers	13,151	13,623	26,775	_	26,775	
Intersegment sales or transfers	79	70	150	(150)	_	
Total	13,231	13,693	26,925	(150)	26,775	
Segment profit	4,303	4,447	8,750	(446)	8,303	

Notes: 1. The amount of adjustment for segment profit of ¥446 million is the amount of amortization of goodwill that does not belong to any reportable segment.

- 2. The Group made Kyoto Semiconductor Co., Ltd. its consolidated subsidiary in March 2022. Accordingly, the company's opto semiconductor business was included in the Electronic Materials and Components segment.
- 3. Segment information for the three months ended June 30, 2022 includes amounts that reflect a significant revision to the initial allocations of the acquisition cost due to the determination of a provisional accounting process related to a business combination.

(Reference) Net sales by region: Japan ¥7,765 million China ¥7,267 million South Korea ¥3,314 million

Taiwan ¥6,051 million Other ¥2,375 million

II. For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023) Information on amounts of net sales and profit (loss) by reportable segment

(Millions of yen)

	R	eportable Segment			
	Optical Materials and Components	Electronic Materials and Components	Total	Adjustment (Note)	Consolidated
Net sales					
Sales to external customers	9,086	11,771	20,858	_	20,858
Intersegment sales or transfers	100	39	139	(139)	-
Total	9,186	11,810	20,997	(139)	20,858
Segment profit	1,989	3,322	5,311	(446)	4,864

Note: The amount of adjustment for segment profit of ¥446 million is the amount of amortization of goodwill that does not belong to any reportable segment.

(Reference) Net sales by region: Japan ¥5,029 million China ¥7,450 million South Korea ¥2,521 million

Taiwan ¥3,157 million Other ¥2,698 million

## (Significant subsequent events)

(Resolution to launch an integrated company in the photonics domain)

At the Board of Directors' meeting held on July 31, 2023, the Company resolved a policy of integrating the businesses of Dexerials Precision Components Corporation and Kyoto Semiconductor Co., Ltd., both of which are its consolidated subsidiaries.

This is aimed at launching an integrated company on around April 1, 2024 that will lead business growth in the photonics\* domain, which is positioned as a growth field in the next Mid-term Management Plan commencing from FY2024.

Going forward, the Company will work on procedures for integrating the two subsidiaries' businesses and announce the details of the integrated company, including its name and representative, when they are determined.

\* Photonics: Technologies and solutions that generate, transmit and process information transmitted by optical signals, using light detection technology and light control technology. Photonics is expected to be applied to optical communication and optical sensing, as well as to optical computers further down the road.

Reference: Profiles of Dexerials Precision Components and Kyoto Semiconductor

Company name	Dexerials Precision Components Corporation	Kyoto Semiconductor Co., Ltd.
Head office location	30 Aza Kaganosakai, Takaraeniida, Nakada-cho, Tome-shi, Miyagi	1724 Shimotsuboyama, Shimotsuke-shi, Tochigi
Representative	Toshiya Satake, Representative Director and President	Yoshihisa Shinya, Representative Director and President
Business	Design, technology, planning and management, and manufacture control related to micro devices	Research and development, manufacturing and sales of opto semiconductor devices including opto semiconductor elements and optical and opto sensors, optical communications-use devices, and other semiconductor-related products
Share capital	100 million yen	353 million yen
Date of establishment	October 1, 2020	April 26, 1980 (New Kyoto Semiconductor Co., Ltd. founded: May 24, 2016)
Net sales (Fiscal year ended March 31, 2023)	4,332 million yen	4,366 million yen