

KUMIAI CHEMICAL INDUSTRY CO., LTD.

Consolidated Financial Results for the Fiscal Year Ended October 31, 2021 Under Japanese GAAP

This document is an English translation of the consolidated financial results (tanshin) prepared in Japanese. It is only for the reference of non-Japanese readers, and the Japanese version is the original.

Head Office: 4-26, Ikenohata 1-chome, Taito-ku, Tokyo 110-0008, Japan
 Stock Exchange Listings: First Section of Tokyo Stock Exchange (Securities code: 4996)
 URL: <https://www.kumiai-chem.co.jp>
 Representative: Makoto Takagi, President and Representative Director
 For Inquiry: Takumi Yoshimura, Managing Executive Officer and General Manager of General & Personnel Affairs Department
 (Telephone: 81-3-3822-5036)

Scheduled Annual General Meeting of Shareholders: January 28, 2022
 Scheduled Commencement of Dividend Payment: January 31, 2022
 Scheduled Filing of Securities Report: January 31, 2022
 Supplementary Materials on Financial Results: None
 IR Presentation on Financial Results: Scheduled (For Institutional Investors and Analysts)

Amounts less than one million yen have been omitted.

1. Consolidated Financial Results (for the fiscal year ended October 31, 2021)

(1) Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
Year ended October 31, 2021	¥118,176	10.2%	¥8,456	2.1%	¥12,829	29.4%	¥9,023	36.3%
Year ended October 31, 2020	107,280	3.8	8,283	8.4	9,916	1.9	6,618	(2.5)

Notes: 1. Comprehensive income: Year ended October 31, 2021: ¥7,042 million [11.9%] Year ended October 31, 2020: ¥6,294 million [16.2%]
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ordinary Income / Total Assets	Operating Margin
Year ended October 31, 2021	¥72.13	—	8.9%	7.9%	7.2%
Year ended October 31, 2020	52.92	—	6.9	6.7	7.7

(Reference) Equity in earnings of affiliates: Year ended October 31, 2021: ¥2,073 million Year ended October 31, 2020: ¥2,311 million

(2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of October 31, 2021	¥169,172	¥109,954	61.4%	¥830.44
As of October 31, 2020	154,857	103,959	63.6	787.01

(Reference) Shareholders' equity: As of October 31, 2021: ¥103,889 million As of October 31, 2020: ¥98,414 million

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year ended October 31, 2021	¥4,478	¥(5,311)	¥ 439	¥19,424
Year ended October 31, 2020	4,532	(4,734)	5,067	18,706

2. Cash Dividends for Shareholders of Common Stock

(Millions of yen, except per share data and percentages)

	Cash Dividends per Share					Total Dividends (Annual)	Consolidated Basis	
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-End	Annual		Dividend Payout Ratio	Ratio of Dividends to Net Assets
Year ended October 31, 2020	¥ —	¥4.00	¥ —	¥ 8.00	¥12.00	¥1,501	22.7%	1.6%
Year ended October 31, 2021	—	5.00	—	10.00	15.00	1,877	20.8	1.9
Year ending October 31, 2022 (Forecast)	—	5.00	—	10.00	15.00		24.1	

*The Company revised the year-end dividend per share for the fiscal year ended October 31, 2021 from 8 yen to 10 yen. Please see "Announcement of Increased Fiscal Year-End Cash Dividend" (in Japanese) published on December 14, 2021 for details.

3. Consolidated Earnings Forecast (for the fiscal year ending October 31, 2022)

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent		Net Income per Share
Six months ending April 30, 2022	¥ 65,300	11.1%	¥5,700	18.9%	¥ 6,800	5.1%	¥4,800	1.7%	¥38.37
Year ending October 31, 2022	123,900	4.8	9,000	6.4	11,200	(12.7)	7,800	(13.5)	62.35

Note: For fiscal-year figures, percentages indicate the percentage change from the previous fiscal year. For first-half figures, percentages indicate the percentage change from the corresponding half of the previous fiscal year.

***Notes:**

(1) Changes in significant subsidiaries during the period under review (changes to subsidiaries that would alter the scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements due to error correction

a) Changes in accounting policies due to revisions of accounting standards: No

b) Changes in accounting policies due to other reasons: No

c) Changes in accounting estimates: No

d) Restatements of prior period financial statements due to error correction: No

(3) Number of shares issued (common stock)

	As of October 31, 2021	As of October 31, 2020
a) Number of shares issued (including treasury stock)	133,184,612 shares	133,184,612 shares
b) Number of treasury stock	8,083,073 shares	8,136,495 shares
	Year ended October 31, 2021	Year ended October 31, 2020
c) Average number of shares issued in the period	125,083,987 shares	125,066,073 shares

**The Financial Results Report has not been subjected to audit procedures by certified public accountants or an audit corporation.*

**Statement concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items*

Earnings forecasts contained in this document are based on information available to management and provisional assumptions made as of the date of publication regarding uncertain factors that may impact future earnings. Readers are advised that actual results may differ materially from the forecasts due to a variety of factors.

(How to Obtain the Supplementary Materials for the Financial Results and the Details of the Financial Results Briefing)

The Company plans to hold a financial results briefing for institutional investors and securities analysts on Friday, December 24, 2021.

It is planned to post the financial results briefing materials to be distributed at the briefing on the Company's website after the briefing has been held.

Accompanying Materials

1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year Ended October 31, 2021

During the fiscal year under review (November 1, 2020 to October 31, 2021), the challenging conditions for the Japanese economy continued due to the stagnation in economic activity caused mainly by the COVID-19 pandemic. Looking ahead, recovery is expected to take hold as the level of social and economic activity gradually increases while measures continue to control the spread of infection. However, the outlook is still uncertain, since the risk of an economic downturn due to soaring resource prices is increasing, and it will be necessary to monitor future trends.

Against this backdrop, the Group formulated the Medium-Term Business Plan, Create the Future—The Challenge for New Possibilities, to start in this fiscal year. It also worked toward accomplishing priority measures in each department based on the four key policies of expanding research and business fields, ensuring diversity in sales channels, ensuring cost competitiveness, and corporate activities with an emphasis on ESG.

In the fiscal year under review, net sales increased by ¥10,895 million, or 10.2%, year on year, to ¥118,176 million, driven by the continued strong sales of agricultural chemicals for overseas exports and in Japan. Operating income was ¥8,456 million, up ¥173 million, or 2.1%, year on year. Ordinary income was ¥12,829 million, up ¥2,913 million, or 29.4%, year on year, mainly due to foreign exchange gains associated with the depreciation in the value of the yen. Net income attributable to owners of the parent amounted to ¥9,023 million, up ¥2,405 million, or 36.3%, year on year.

The percentage of overseas net sales in the fiscal year under review was 46.6%.

Business results by segment were as follows

(Millions of yen, except percentages)

Segment	Fiscal Year Ended October 31, 2020			Fiscal Year Ended October 31, 2021			YoY	
	Net sales	Composition ratio	Operating income	Net sales	Composition ratio	Operating income	Net sales [% change]	Operating income [% change]
Agricultural Chemicals and Agriculture-Related Businesses	¥79,395	74.0%	¥8,014	¥89,150	75.4%	¥8,349	¥9,755 [12.3]	¥334 [4.2]
Fine Chemicals Business	18,921	17.6	985	20,660	17.5	888	1,739 [9.2]	(97) [(9.9)]
Other Businesses	8,965	8.4	831	8,366	7.1	868	(599) [(6.7)]	38 [4.5]
Total	107,280	100.0	8,283	118,176	100.0	8,456	10,895 [10.2]	173 [2.1]

- Notes: 1. Consolidated segment operating income for the previous fiscal year includes ¥1,547 million in adjustments, mainly corporate expenses that are not allocated to any reportable segment (general and administrative expenses not attributable to any reportable segment).
2. Consolidated segment operating income for the current fiscal year includes ¥1,649 million in adjustments, mainly corporate expenses that are not allocated to any reportable segment (general and administrative expenses not attributable to any reportable segment).

1) Agricultural Chemicals and Agriculture-Related Businesses segment

Sales in Japan were higher than in the previous fiscal year, with sales of Disarta, a new fungicide, staying strong, and sales of Effeeda, including sales of its active ingredients, also holding steady. In sales outside Japan, shipments of field crop herbicide Axeev to the U.S., Australia, Brazil, and Argentina remained strong while shipments of plant growth regulator Prohexadione Calcium agents to Germany recovered. In addition, Asiatic Agricultural Industries became a consolidated subsidiary on February 1, and this resulted in significantly higher segment sales than in the previous fiscal year.

As a result of the factors above, net sales in the Agricultural Chemicals and Agriculture-related Businesses segment came to ¥89,150 million, up ¥9,755 million (12.3%) compared with the previous fiscal year. Operating income increased ¥334 million (4.2%) year on year to ¥8,349 million.

2) Fine Chemicals Business segment

Sales of bismaleimides and other products increased with the substantial growth in demand for electronic materials. However, sales of chloroxylene-based chemical products, which were still affected by the COVID-19 pandemic, industrial chemicals, and expanded polystyrene were flat with the previous fiscal year.

As a result of the factors above, net sales in the Fine Chemicals Business segment came to ¥20,660 million, up by ¥1,739 million (9.2%) compared with the previous fiscal year. Operating income decreased by ¥97 million (9.9%) year on year to ¥888 million due to soaring raw material prices, and increases in distribution costs and in depreciation and amortization.

3) Other Businesses segment

Although sales in both the printing business and the logistics business remained at the same level as in the previous fiscal year, sales in the Other Businesses segment overall amounted to ¥8,366 million, down ¥599 million, or 6.7%, from the previous fiscal year. Operating income increased ¥38 million, or 4.5%, year on year to ¥868 million due to the impact of completion method work.

(2) Overview of Financial Position in the Fiscal Year Ended October 31, 2021

As of October 31, 2021, total assets amounted to ¥169,172 million, an increase of ¥14,315 million compared with the end of the previous fiscal year. Current assets increased by ¥14,401 million, and fixed assets decreased by ¥86 million. The increase in current assets was mainly due to the increases in notes and accounts receivable-trade and merchandise and finished products. The decrease in fixed assets was mainly due to the decrease in investment securities, which exceeded the increase in property, plant and equipment.

Liabilities increased by ¥8,320 million compared with the end of the previous fiscal year to ¥59,218 million. Current liabilities increased by ¥1,811 million, and long-term liabilities increased by ¥6,509 million. The increase in current liabilities was mainly due to the increase in accounts payable-other and income taxes payable, which exceeded the decrease in short-term loans payable. The increase in long-term liabilities was mainly due to the increase in long-term loans payable.

Total net assets amounted to ¥109,954 million, an increase of ¥5,995 million compared with the end of the previous fiscal year.

As a result, the equity ratio stood at 61.4%, and net assets per share were ¥830.44.

(3) Overview of Cash Flows for the Year Ended October 31, 2021

Cash flows from operating activities provided net cash of ¥4,478 million, compared with net cash provided of ¥4,532 million in the previous fiscal year. Major factors included inflows of ¥12,419 million in income before income taxes and non-controlling interests and ¥3,687 million in depreciation and amortization, and cash outflows due to a ¥4,971 million increase in notes and accounts receivable, a ¥4,576 million increase in inventories, and a ¥2,090 million payment of income taxes paid.

Cash flows from investing activities used net cash of ¥5,311 million, compared with net cash used of ¥4,734 million in the previous fiscal year. Major factors were an inflow of ¥2,470 million in proceeds from sales of investments in securities and outflows of ¥6,627 million in acquisitions of property, plant, and equipment and ¥1,186 million in purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows from financing activities provided net cash of ¥439 million, compared with net cash provided of ¥5,067 million in the previous fiscal year. This figure includes inflows from proceeds of long-term loans payable of ¥11,032 million and outflows due to a ¥6,304 million decrease in short-term bank loans, a ¥2,433 million repayment of long-term loans payable, and ¥1,620 million in cash dividends paid.

As a result, cash and cash equivalents at the end of the fiscal year stood at ¥19,424 million, an increase of ¥718 million from the previous fiscal year end.

(Reference) Changes in Cash Flow-Related Indicators

	Year ended October 31, 2019	Year ended October 31, 2020	Year ended October 31, 2021
Equity ratio (%)	65.9	63.6	61.4
Equity ratio based on market value (%)	88.5	80.7	62.6
Ratio of interest-bearing liabilities to cash flows (%)	—	371.1	483.3
Interest coverage ratio (times)	—	37.8	33.3

(Notes) Equity ratio: equity capital / total assets

Equity ratio based on market value: gross market capitalization / total assets

Ratio of interest-bearing liabilities to cash flows: interest-bearing liabilities / cash flows

Interest coverage ratio: cash flows / interest payment

** Indicators are all calculated based on consolidated financial data.*

** Gross market capitalization calculated using fiscal year-end closing price multiplied by total number of shares issued at fiscal year-end (excluding treasury stock)*

** Cash flows used are those from operating activities shown in the Consolidated Statements of Cash Flows. Interest-bearing liabilities covers all liabilities recorded on the Consolidated Balance Sheets on which interest is paid. The amount of interest paid is that shown in the Consolidated Statements of Cash Flows.*

** As operating cash flow was negative in the fiscal year ended October 31, 2019, the ratio of interest-bearing liabilities to cash flows and the interest coverage ratio are omitted.*

(4) Future Outlook

The future outlook is expected to remain uncertain. Amid the prolonged effects of the COVID-19 pandemic, there have been problems with soaring raw material costs due to rising crude oil prices, environmental regulations and power supply shortages in China, and transportation disruptions and cost increases due to tight supply and demand for marine transportation.

Agricultural Chemicals and Agriculture-Related Businesses, which are the Group's core businesses, are involved in the fundamentals of food production, so the direct impact due to COVID-19 is considered to be limited. However, the business environment for the Group has become more challenging against the backdrop of the uncertainties described above and the changes in the environment surrounding agriculture in Japan and internationally.

In these circumstances, the Kumiai Chemical Group will strive to enhance its corporate value by implementing "Create the Future—The Challenge for New Possibilities" as its Medium-Term Business Plan for the period from fiscal 2021 to fiscal 2023, which was formulated with an eye on Kumiai Chemical Group's ultimate goals in 20-30 years.

The Kumiai Chemical Group will also promote sustainability management in accordance with its Basic Policy on Sustainability established on November 1, 2021 under the Kumiai Chemical Group Corporate Philosophy, and its detailed eight fundamental policies set forth to address various ESG issues under the Basic Policy. In the Agricultural Chemicals and Agriculture-Related Businesses, which are the Group's core businesses, the Group will respond to the Strategy for Sustainable Food Systems (Strategy MeaDRI), formulated by the Japanese government to build sustainable food systems. In the Fine Chemicals Business, the Group will contribute to society by supplying materials that help make people's lives safer and more fulfilling.

In the Japanese market, the Group will further expand and promote sales of Effeeda, the major herbicide for rice paddy fields, and further promote Bensulfuron-Methyl agents, with the aim of increasing its market share in one-shot herbicides for rice paddy fields. The Group will also expand its product line up with Disarta, a new fungicide launched in 2021, and promote expansion in sales of in-house agents for direct seeded rice.

In the area of products for fruits and vegetables, the Group will work to expand its product portfolio as well as developing promotion activities with a focus on agents containing active ingredients developed in house such as Axeev and Pyribencarb.

Moreover, in response to the Strategy for Sustainable Food Systems (Strategy MeaDRI), the Group will develop products and packaging with due consideration for the environment and energy conservation, It will also promote adaptation to smart agriculture utilizing active ingredients developed in house and Mametsubu granular pea-sized agents.

In the overseas market, the Group will implement promotion activities to expand the market share of Axeev, a core product in the Agricultural Chemicals and Agriculture-related Businesses sector, in the U.S., Australia, Argentina, and Brazil, which are the leading markets. It will also extend local support for the development of compound agents, while continuing to work on increasing the number of target countries and applicable crops. The Group will also maintain and expand sales of Prohexadione Calcium agents.

Going forward, the Group will make active efforts for the overseas expansion of its product portfolio, including in-house developed agents, through full utilization of its sales networks.

In the special sales market, the Group will make effective use of proprietary agricultural chemical formulation technologies to maximize sales and profit for products developed in house, including Effeeda and Pyribencarb, as well as expanding its product portfolio and business territory. In addition, the Group will work to expand its contract business by making maximum use of its outstanding formulation technology and active ingredient synthesis technology to create new initiatives.

In the Fine Chemicals Business segment, the Group will maintain and expand sales of existing products and the existing contract business while adapting to the changing business environment. The entire Group will endeavor to optimize the management resources of the Fine Chemicals Business segment as a whole, including the chlorination business, the fine chemicals business, the industrial chemicals business, and the expanded polystyrene business, and to maximize and optimize the Fine Chemicals Business segment by exploiting new sales channels and creating new businesses to expand business scope.

In the Other Business segment, the Group will address the following issues in each business. In the construction business, the Group will strengthen sales capabilities to win new construction contracts and promote the use of IT, while seeking to reduce environmental impact by reducing waste and increasing the recycling rate. In the printing business, the Group will strive to reinforce sales activities by strengthening business proposals for customers and other measures. In the logistics business, the Group will expand its logistics network in Japan and ensure safe, reliable, and high-security logistics, while improving transportation efficiency, including switching to environmentally-friendly transportation methods.

In the area of production and materials, the Group will continue to ensure safe production activities and stable supply by strengthening cost competitiveness through optimization of procurement in response to soaring raw material prices, as well as by building a production system that supports the business continuity plan (BCP) framework and reduces environmental impact. In addition, in the area of procurement, the Group will seek stabilization of the supply chain and continue to work on CSR procurement.

In the area of research and development, the Group will accelerate the creation of new active ingredients in the pipeline of new agricultural chemicals under development. It will also work to create new environmentally friendly products and technology that are in harmony with nature and address the Strategy for Sustainable Food Systems (MeaDRI), the EU's Farm to Fork Strategy, and the risk of climate change.

In the area of new product development, the Group will focus its efforts on development targeting expansion of the portfolio of products containing active ingredients developed in house and extending designated regions for these products. The Group will promote the development of Effeeda, a safe and environmentally friendly herbicide, in Europe, as well as the development of Flupentiofenox, a high-performance acaricide, and bio-pesticides and bio-stimulants as alternatives to chemical pesticides. In the development of fine chemicals, the Group will effectively leverage the raw materials and intermediates it possesses and the proprietary technologies cultivated in the agricultural chemical business to develop a high-value-added Fine Chemicals Business segment and pursue the commercialization of new technologies. The Group will also begin evaluation efforts seeking to develop greenhouse gas reduction technologies as part of its efforts to address environmental issues.

The Group will also integrate chemical-related research centers in three separate locations in Shizuoka Prefecture into a new chemicals research institute scheduled for completion at the beginning of 2023. The aim of this move is to accelerate the creation of new agricultural chemicals and speed up research into product commercialization, as well as to further expand research and business domains by leveraging synergies.

In the area of workstyle reform initiatives, the Group will develop an environment that is supportive of new workstyles anticipating the post-COVID-19 world and work to keep improving workplace conditions and human resources management systems in order to increase employees' work satisfaction and happiness.

In the area of corporate governance, the Group will develop the environment for transitioning to the Prime Market in conjunction with the revision of the market segments of the Tokyo Stock Exchange and will reinforce and enhance Group compliance, while implementing the proper establishment and operation of the internal control system.

In fiscal 2022, the Group will steadily implement measures based on the Medium-Term Management Plan under the management inaugurated at the beginning of the year. The goal of these efforts is "to be a corporate group that can contribute to the sustainable development of society," as advocated in the Basic Management Policy. The efforts are also guided by the slogan "Speed, Cost, Innovation—Never-ending challenges for 100-year-old company."

The Group will also pursue the happiness of all stakeholders and promote sustainability management that includes social contribution and environmental measures, rather than focusing solely on business performance and quantitative targets.

Kumiai Chemical Industry forecasts net sales of ¥123,900 million, operating income of ¥9,000 million, ordinary income of ¥11,200 million, and net income attributable to owners of the parent of ¥7,800 million in the earnings forecast for next fiscal year, ending October 31, 2022.

2. Basic Policy Regarding Selection of Accounting Standards

The Kumiai Chemical Group will prepare its consolidated financial statements based on Japanese standards for the foreseeable future, as this enables a comparison of fiscal years in the consolidated financial statements as well as a comparison of companies.

The Group will take the appropriate response to the application of IFRS, taking into consideration circumstances in Japan and overseas.

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of October 31, 2020	As of October 31, 2021
ASSETS		
Current assets:		
Cash and deposits	19,390	19,755
Notes and accounts receivable-trade	27,617	33,902
Marketable securities	—	300
Merchandise and finished products	26,007	32,542
Work in process	9,571	9,554
Raw materials and supplies	6,555	5,748
Other current assets	1,745	3,617
Allowance for doubtful accounts	(83)	(214)
Total current assets	90,803	105,203
Fixed assets:		
Property, plant and equipment:		
Buildings and structures, net	10,566	12,848
Machinery, equipment and vehicles, net	7,342	9,293
Land	12,139	12,145
Construction in progress	2,482	1,263
Other property, plant and equipment, net	1,500	1,731
Total property and equipment	34,029	37,281
Intangible fixed assets:		
Goodwill	3,729	4,081
Other intangible assets	1,420	1,558
Total intangible assets	5,148	5,639
Investments and other assets:		
Investments securities	22,280	18,441
Long-term loans	310	318
Deferred tax assets	936	918
Net defined benefit asset	103	104
Other	1,377	1,398
Allowance for doubtful accounts	(130)	(130)
Total investments and other assets	24,876	21,048
Total fixed assets	64,054	63,968
Total assets	154,857	169,172

	Millions of yen	
	As of October 31, 2020	As of October 31, 2021
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	15,194	16,710
Short-term loan payable	10,309	6,089
Accounts payable-other	4,637	7,051
Income taxes payable	834	2,842
Provision for bonuses	1,545	1,628
Provision for environmental measures	426	280
Other current liabilities	875	1,031
Total current liabilities	33,820	35,630
Long-term liabilities:		
Long-term loan payable	9,434	16,303
Deferred tax liabilities	2,135	1,603
Provision for directors' retirement benefits	642	414
Net defined benefit liability	4,315	4,130
Asset retirement obligations	40	41
Provision for environmental measures	—	164
Other long-term liabilities	511	934
Total long-term liabilities	17,078	23,587
Total liabilities	50,898	59,218
NET ASSETS		
Shareholders' equity:		
Capital stock	4,534	4,534
Capital surplus	37,081	37,370
Retained earnings	65,314	72,710
Less treasury stocks, at cost	(5,374)	(5,334)
Total shareholders' equity	101,555	109,281
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	1,110	1,320
Foreign currency translation adjustments	(4,114)	(6,728)
Remeasurements of defined benefit plans	(137)	17
Total accumulated other comprehensive loss	(3,142)	(5,392)
Non-controlling interests	5,545	6,065
Total net assets	103,959	109,954
Total liabilities and net assets	154,857	169,172

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

Consolidated Statements of Income

	Millions of yen	
	Year ended October 31, 2020	Year ended October 31, 2021
Net sales	107,280	118,176
Cost of sales	80,388	89,133
Gross profits	26,892	29,043
Selling, general and administrative expenses	18,609	20,587
Operating income	8,283	8,456
Non-operating income:		
Interest income	26	23
Dividend income	242	231
Reversal of allowance for doubtful accounts	1	3
Equity in earnings of affiliates	2,311	2,073
Foreign exchange gains	—	1,900
Other	153	352
Total non-operating income	2,733	4,583
Non-operating expenses:		
Interest expenses	127	141
Foreign exchange losses	930	—
Non-deductible consumption tax, etc.	17	34
Other	26	35
Total non-operating expenses	1,100	210
Ordinary income	9,916	12,829
Extraordinary income:		
Gain on sales of fixed assets	23	119
Gain on sales of investment securities	4	236
Compensation income	66	—
Insurance income	18	6
Gain on extinguishment of tie-in shares	—	44
Total extraordinary income	112	406
Extraordinary loss:		
Loss on disposal of fixed assets	283	353
Impairment losses	—	49
Loss on sales of investment securities	—	0
Loss on valuation of investment securities	200	—
Loss on sales of golf club membership	0	1
Loss on valuation of golf club membership	1	6
Compensation expenses	105	—
Loss on disaster	4	—
Environmental expenses	426	406
Total extraordinary loss	1,019	815
Income before income taxes and non-controlling interests	9,009	12,419
Current	2,450	3,884
Deferred	(284)	(697)
Total income taxes	2,166	3,187
Net income	6,842	9,232
Net income attributable to non-controlling interests	224	209
Net income attributable to owners of parent	6,618	9,023

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Year ended October 31, 2020	Year ended October 31, 2021
Net income	6,842	9,232
Other comprehensive income:		
Valuation difference on available-for-sale securities	273	214
Foreign currency translation adjustment	(318)	295
Remeasurements of defined benefit plans	(20)	154
Share of other comprehensive income of associates accounted for using equity method	(484)	(2,853)
Total other comprehensive loss	(548)	(2,190)
Comprehensive income	6,294	7,042
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,100	6,772
Comprehensive income attributable to non-controlling interests	194	269

(3) Consolidated Statements of Changes in Net Assets

Year ended October 31, 2020	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Balance at the end of the previous period	4,534	37,137	60,196	(5,268)	96,600
Changes during the period					
Cash dividends			(1,501)		(1,501)
Net income attributable to owners of parent			6,618		6,618
Purchase of treasury stock				(106)	(106)
Disposal of treasury stock		0		0	0
Increase (decrease) in capital surplus due to change in equity in consolidated subsidiaries					—
Increase (decrease) in surplus due to purchase of treasury stock from consolidated subsidiaries		(56)			(56)
Net changes during the period except for shareholders' equity					
Total changes during the period	—	(56)	5,117	(106)	4,955
Balance at the end of the period	4,534	37,081	65,314	(5,374)	101,555

Year ended October 31, 2020	Millions of yen					
	Accumulated other comprehensive income					
	Valuation differences on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the end of the previous period	833	(3,339)	(117)	(2,623)	5,283	99,260
Changes during the period						
Cash dividends						(1,501)
Net income attributable to owners of parent						6,618
Purchase of treasury stock						(106)
Disposal of treasury stock						0
Increase (decrease) in capital surplus due to change in equity in consolidated subsidiaries						—
Increase (decrease) in surplus due to purchase of treasury stock from consolidated subsidiaries						(56)
Net changes during the period except for shareholders' equity	277	(775)	(20)	(518)	263	(256)
Total changes during the period	277	(775)	(20)	(518)	263	4,699
Balance at the end of the period	1,110	(4,114)	(137)	(3,142)	5,545	103,959

*** Increase (decrease) in capital surplus due to change in equity in consolidated subsidiaries**

Pursuant to Article 156, Paragraph 1 and Article 163 of the Companies Act, the Company acquired treasury stock held by consolidated subsidiaries through a resolution at a meeting of the Company's Board of Directors held on December 13, 2019. The capital surplus increased due to an adjustment of tax expense associated with the acquisition.

Year ended October 31, 2021	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Balance at the end of the previous period	4,534	37,081	65,314	(5,374)	101,555
Changes during the period					
Cash dividends			(1,626)		(1,626)
Net income attributable to owners of parent			9,023		9,023
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		7		42	50
Increase (decrease) in capital surplus due to change in equity in consolidated subsidiaries		281			281
Increase (decrease) in surplus due to purchase of treasury stock from consolidated subsidiaries					—
Net changes during the period except for shareholders' equity					
Total changes during the period	—	289	7,397	40	7,725
Balance at the end of the period	4,534	37,370	72,710	(5,334)	109,281

Year ended October 31, 2021	Millions of yen					
	Accumulated other comprehensive income					
	Valuation differences on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the end of the previous period	1,110	(4,114)	(137)	(3,142)	5,545	103,959
Changes during the period						
Cash dividends						(1,626)
Net income attributable to owners of parent						9,023
Purchase of treasury stock						(2)
Disposal of treasury stock						50
Increase (decrease) in capital surplus due to change in equity in consolidated subsidiaries						281
Increase (decrease) in surplus due to purchase of treasury stock from consolidated subsidiaries						—
Net changes during the period except for shareholders' equity	210	(2,614)	154	(2,250)	520	(1,731)
Total changes during the period	210	(2,614)	154	(2,250)	520	5,995
Balance at the end of the period	1,320	(6,728)	17	(5,392)	6,065	109,954

(4) Consolidated Statements of Cash Flows

	Millions of yen	
	Year ended October 31, 2020	Year ended October 31, 2021
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	9,009	12,419
Depreciation and amortization	3,229	3,687
Amortization of goodwill	539	631
Increase in allowance for doubtful accounts	17	126
Increase in provision for bonuses	82	82
Increase in provision for environmental measures	426	17
Increase (decrease) in net defined benefit asset and liability	76	36
Increase (decrease) in provision for directors' retirement benefits	24	(229)
Interest and dividend income	(269)	(254)
Equity in earnings of affiliates	(2,311)	(2,073)
Interest expenses	127	141
Foreign exchange losses (gains)	260	(873)
Loss on disposal of property, plant and equipment	260	234
Impairment losses	—	49
Gain on sales of investment securities	(4)	(236)
Loss on valuation of investment securities	200	—
Increase in notes and accounts receivable	(1,200)	(4,971)
Increase in inventories	(4,286)	(4,576)
Increase in notes and accounts payable	2,523	315
Other, net	(166)	1,387
Sub total	8,536	5,913
Interest and dividend income received	864	785
Interest expenses paid	(120)	(135)
Income taxes paid	(4,753)	(2,090)
Income taxes refund	5	5
Net cash provided by operating activities	4,532	4,478
Cash flows from investing activities:		
Decrease in time deposits, net	558	355
Acquisitions of property, plant and equipment	(5,274)	(6,627)
Proceeds from sale of property, plant and equipment	118	129
Acquisitions of intangible assets	(415)	(314)
Acquisitions of investments in securities	(55)	(5)
Proceeds from redemption of investments in securities	30	—
Proceeds from sales of investments in securities	26	2,470
Payments of loans receivable	(771)	(629)
Collection of loans receivable	802	661
Purchase of insurance funds	(124)	(103)
Proceeds from maturity of insurance funds	497	198
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,186)
Other, net	(127)	(260)
Net cash used in investing activities	(4,734)	(5,311)

	Millions of yen	
	Year ended October 31, 2020	Year ended October 31, 2021
Cash flows from financing activities:		
Decrease in short-term bank loans, net	(3,983)	(6,304)
Proceeds from long-term loans payable	11,389	11,032
Repayment of long-term loans payable	(659)	(2,433)
Net increase in treasury stock	(3)	(2)
Cash dividends paid	(1,495)	(1,620)
Cash dividends paid to non-controlling interests	(34)	(41)
Other, net	(148)	(192)
Net cash used in financing activities	5,067	439
Effect of exchange rate changes on cash and cash equivalents	(266)	1,076
Net increase in cash and cash equivalents	4,599	681
Cash and cash equivalents at beginning of year	14,107	18,706
Increase in cash and cash equivalents resulting from merger	—	37
Cash and cash equivalents at end of year	18,706	19,424

(Segment Information, etc.)

[Segment Information]

1. Overview of the Reporting Segments

(1) *The method to categorize reported segments*

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

(2) *Products and services categorized for each reported segments*

The principal products and services in each reportable segment are as in the table below.

Agricultural Chemicals and Agriculture-Related	Manufacture, sale, import and export of agricultural chemicals (insecticide, fungicide, herbicide, etc.), sale of greening materials, comprehensive golf course maintenance
Fine Chemicals	Manufacture, sale, import and export of toluene and xylene-based chemicals, fine chemicals, industrial chemicals, and expanded polystyrene

2. Method of Calculation of Amounts of Net Sales and Profit for Each Reportable Segment

The accounting methods for each of the reportable business segments are the same as those described in "Basis of Presentation of the Consolidated Financial Statements."

Profit for each reportable segment is the figure based on operating income. Internal revenues and inter-segment transfers are based on prevailing market prices.

3. Information regarding sales and income or loss of reportable segments

For the fiscal year ended October 31, 2020 (From November 1, 2019 to October 31, 2020)

	Millions of yen						
	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Agricultural Chemicals and Agriculture- Related	Fine Chemicals	Total				
Net sales:							
Outside customers	79,395	18,921	98,316	8,965	107,280	—	107,280
Inter-segment	0	52	53	3,925	3,977	(3,977)	—
Total	79,396	18,973	98,369	12,889	111,258	(3,977)	107,280
Segment income/(loss)	8,014	985	8,999	831	9,830	(1,547)	8,283

(Notes)

1. The Other Businesses segment was not included under reportable segments. It is comprised of the leasing business, power generation and electricity sales business, construction business, printing business, logistics business, and information services business.
2. The segment income adjustment of ¥1,547 million consists of corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general administrative expenses that are not attributable to reportable segments.
3. Segment income was reconciled to operating income in the quarterly consolidated statements of income.

For the fiscal year ended October 31, 2021 (From November 1, 2020 to October 31, 2021)

	Millions of yen						
	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Agricultural Chemicals and Agriculture- Related	Fine Chemicals	Total				
Net sales:							
Outside customers	89,150	20,660	109,810	8,366	118,176	—	118,176
Inter-segment	—	70	70	4,419	4,489	(4,489)	—
Total	89,150	20,730	109,880	12,785	122,665	(4,489)	118,176
Segment income/(loss)	8,349	888	9,237	868	10,105	(1,649)	8,456

(Notes)

1. The Other Businesses segment was not included under reportable segments. It is comprised of the leasing business, power generation and electricity sales business, construction business, printing business, logistics business, and information services business.
2. The segment income adjustment of ¥1,649 million consists of corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general administrative expenses that are not attributable to reportable segments.
3. Segment income was reconciled to operating income in the quarterly consolidated statements of income.

(Significant Subsequent Event)

Not applicable.