



[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: None
  - (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.

\* [Proper use of earnings forecast, and other special notes]

(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.

Contents for Attached Materials

1. Quarterly Consolidated Financial Statements and Notes .....	P. 2
(1) Quarterly consolidated balance sheet .....	P. 2
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income .....	P. 4
Quarterly consolidated statement of income	
For the three months ended June 30, 2023.....	P. 4
Quarterly consolidated statement of comprehensive income	
For the three months ended June 30, 2023.....	P. 5
(3) Notes to quarterly consolidated financial statements .....	P. 6
(Going concern assumption).....	P. 6
(Significant changes in shareholders' equity) .....	P. 6
(Supplemental information).....	P. 6
(Segment information).....	P. 7
(Significant subsequent events) .....	P. 8

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)
<b>Assets</b>		
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)
<b>Liabilities</b>		
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

(Millions of yen)

	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Net sales	26,775	20,858
Cost of sales	13,242	10,446
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:		
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:		
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	4,670	3,211
Profit (loss) attributable to non-controlling interests	10	(13)
Profit attributable to owners of parent	4,660	3,224

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	For the three months ended June 30, 2023 (From April 1, 2023 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 ¥2,544 million and 2,428 thousand shares and ¥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 ¥1,038 million and 316 thousand shares and ¥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			Adjustment (Note 1)	Consolidated (Note 3)
	Optical Materials and Components	Electronic Materials and Components (Notes 2 & 3)	Total		
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)

	Reportable Segment			Adjustment (Note)	Consolidated
	Optical Materials and Components	Electronic Materials and Components	Total		
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