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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 5, 2024

Company name: TOSOH CORPORATION
Stock exchange listing: Tokyo
Code number: 4042
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Scheduled date to file semi-annual securities report: November 13, 2024
Scheduled date to commence dividend payments: December 4, 2024
Availability of Preparation of supplementary briefing material on semi-annual financial results: Yes
Scheduled semi-annual financial results briefing session: Yes(for institutional investorsand analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	527,623	8.6	47,387	47.6	45,106	1.6	24,941	(6.6)
September 30, 2023	485,679	(7.8)	32,104	(28.7)	44,389	(31.3)	26,716	(36.4)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 39,910 million [(10.6) %]
Six months ended September 30, 2023: ¥ 44,635 million [(21.5) %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	78.32	78.31
September 30, 2023	83.93	83.92

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2024	1,325,520	883,133	61.5
March 31, 2024	1,289,949	858,766	61.6

(Reference) Equity: As of September 30, 2024: ¥ 814,885 million
As of March 31, 2024: ¥ 794,516 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	40.00	-	45.00	85.00
Fiscal year ending March 31, 2025	-	50.00			
Fiscal year ending March 31, 2025 (Forecast)			-	50.00	100.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,090,000	8.4	94,000	17.7	94,000	(2.0)	53,000	(7.5)	166.44

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Significant changes in the scope of consolidation during this period: Yes
Newly included: 1 (Company name: Tosoh Vietnam Polyurethane Co., Ltd.)

(2) Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(4) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
September 30, 2024: 325,080,956 shares
March 31, 2024: 325,080,956 shares

2) Number of treasury shares at the end of the period:
September 30, 2024: 6,570,328 shares
March 31, 2024: 6,667,250 shares

3) Average number of shares outstanding during the period:
Six months ended September 30, 2024: 318,440,744 shares
Six months ended September 30, 2023: 318,320,073 shares

* Semi-annual financial results reports are not subject to review by certified public accountants or an auditing firm.

* Explanations regarding appropriate use of financial results forecasts and other special notes
(Cautionary statement on forward-looking statements)
The forward-looking statements, including financial results forecasts, contained in these materials are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and may be substantially different from the actual performance because of various factors that may arise from now on. Please refer to page 5 of the attached document for further information on the above forecasts.

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1. Qualitative Information on Semi-annual Consolidated Financial Results

(1) Explanation regarding Operating Results

The Company's net sales increased ¥41.9 billion (8.6%) year-on-year to ¥527.6 billion (US$3.5 billion), over the first six months of the company's 2025 fiscal year which extends from April 1, 2024, to March 31, 2025. This increase was due to heightened sales volume because of high demand and improved production volume during protracted time spans between scheduled maintenance at the Nanyo Complex. Also contributing to the increase were the progressively weaker yen and a rise in naphtha prices which pushed up product selling prices.

Operating income increased ¥15.3 billion (47.6%) year-on-year to ¥47.4 billion (US$310.2 million), owing to increased sales volume, expanded sales by the Engineering Group, and improvement in the difference between inventory receipts and payments. Ordinary income rose ¥0.7 billion (1.6%) year-on-year to ¥45.1 billion (US$295.3 million), in spite of a deterioration in non-operating income and expenses resulting from changes in foreign exchange loss. And net profit attributable to owners of the parent fell ¥1.8 billion (6.6%) year-on-year to ¥24.9 billion (US$163.3 million).

During the first half of the fiscal year under review, the global economy was mostly stable, although it did decelerate somewhat because of increased interest rates in major countries. Ongoing concerns over weak domestic demand in China and continued tensions in the Middle East, however, render uncertain the outlook for the global economy.

Results by business segment are as follows:

Petrochemical

Petrochemical Group net sales increased ¥13.9 billion (15.0%) year-on-year to ¥106.2 billion (US$695.0 million). Operating income was up ¥3.4 billion (85.6%) year-on-year to ¥7.3 billion (US$47.6 million), buoyed by factors that included an increase in chloroprene rubber sales volume and an improvement in the difference between inventory receipts and payments.

Ethylene production and shipments rose because of the resolution of the previous year's plant troubles at the Yokkaichi Complex. Cumene shipments increased in line with heightened demand. Rising naphtha prices, moreover, drove up ethylene and propylene selling prices. And foreign exchange rates and higher market prices overseas increased cumene selling prices.

Domestic polyethylene resin demand remained stable compared to the previous year. However, rising naphtha feedstock prices led to an increase in polyethylene resin selling prices. Deteriorating overseas market conditions, meanwhile, contributed to decreased exports of ethylene vinyl acetate (EVA) resin and other products. Chloroprene rubber shipments increased on a gradual recovery in demand.

Chlor-alkali

Chlor-alkali Group net sales increased ¥13.0 billion (7.6%) year-on-year to ¥185.2 billion (US$1.2 billion). Operating income rose ¥6.3 billion year-on-year to ¥4.5 billion (US$29.7 million), on the improved difference between inventory receipts and payments and higher sales volumes of products, including caustic soda.

Caustic soda shipments rose in line with increased production volume during protracted time spans between scheduled maintenance at the Nanyo Complex. Higher market prices of caustic soda overseas and the progressively weaker yen pushed up caustic soda export prices. Vinyl chloride monomer (VCM) shipments rose in tandem with increased production volume that, again, occurred amid protracted time spans between scheduled maintenance at the Nanyo Complex. Export shipments of polyvinyl chloride (PVC) resin rose, and selling prices of VCM and PVC increased as the progressively weaker yen.

Sluggish demand drove shipments of cement downward.

Methylene diphenyl diisocyanate (MDI) shipments increased from the same period the previous year. A recovery in overseas market conditions and the progressively weaker yen pushed up MDI selling prices. Hexamethylene diisocyanate (HDI) hardener selling prices fell because market prices for HDI hardeners declined amid stagnant global demand.

Specialty

Specialty Group net sales increased ¥6.6 billion (5.1%) year-on-year to ¥136.4 billion (US$893.2 million). Despite rising fixed costs, operating income rose ¥1.4 billion (7.2%) year-on-year to ¥21.5 billion (US$140.9 million). The increase in operating income resulted from growing shipments of separation-related products and of ethyleneamine and from improved terms of trade arising from foreign exchange rates.

Demand for ethyleneamine—particularly in Asia—resulted in increased ethyleneamine shipments. But deteriorating market conditions overseas caused ethyleneamine prices to decline.

Separation-related products saw US and European shipments of packing material for liquid chromatography grow. Among diagnostic-related products, in vitro diagnostic pharmaceutical product shipments rose domestically and to Europe, and shipments of automated hemoglobin analyzer reagents were up in Japan and abroad.

High-silica zeolite (HSZ) shipments primarily for automotive applications increased as demand recovered, but changes in product composition and other factors contributed to a decline in HSZ selling prices. Shipments of zirconia for decorative and dental applications decreased. However the progressively weaker yen pushed up zirconia selling prices. Silica glass shipments also decreased, on sluggish semiconductor demand, but the progressively weaker yen and price adjustments drove up silica glass selling prices. Electrolytic manganese dioxide (EMD) shipments rose in Japan and elsewhere in Asia, as did EMD selling prices, owing to the progressively weaker yen.

Engineering

Engineering Group net sales grew ¥8.9 billion (13.1%) year-on-year to ¥77.0 billion (US$503.8 million), and operating income was up ¥4.0 billion (46.2%) year-on-year to ¥12.6 billion (US$82.3 million).

The Group’s water treatment engineering business saw net sales rise on the strength of steady progress in large-scale, mainly electronics industry construction projects ordered up to the previous fiscal year. The favorable performance of the business’s service solutions, including equipment ownership and maintenance services, likewise contributed to its net sales growth.

Sales by the Engineering Group’s construction subsidiaries likewise increased.

Other

Other net sales decreased ¥0.5 billion (2.0%) year-on-year to ¥22.8 billion (US$149.3 million), whereas operating income rose ¥0.2 billion (14.3%) year-on-year to ¥1.5 billion (US$9.7 million).

Sales dropped at operating companies of ancillary services such as transportation and warehousing, inspection and analysis, and information processing.

(2) Explanation regarding Financial Position

The Company's total assets increased ¥35.6 billion from the end of the previous period to ¥1,325.5 billion (US$8.7 billion). The rise stemmed chiefly from increases in notes and accounts receivable –trade, and contract assets, property, plant and equipment.

Liabilities increased ¥11.2 billion from the end of the previous period to ¥442.4 billion (US$2.9 billion), owing primarily to rises in notes and accounts payable -trade and long-term borrowings, despite decreases in short-term borrowings and provisions and income taxes payable.

Net assets rose ¥24.4 billion from the end of the previous period to ¥883.1 billion (US$5.8 billion). The increase reflected mainly the recording of profit attributable to owners of the parent and foreign currency translation adjustments.

(3) Explanation regarding Cash Flows

Cash and cash equivalents were down ¥9.7 billion from the end of the previous period to ¥139.3 billion (US$911.9 million).

Net cash flow provided by operating activities amounted to an inflow of ¥49.1 billion (US$321.1 million). Despite income before income taxes increasing, rises in factors such as trade receivables and contract assets and income taxes paid resulted in a decrease of ¥9.1 billion in cash inflow compared with the same period of the previous year.

Net cash flow used in investing activities saw an outflow of ¥47.1 billion (US$308.3 million). This figure expanded ¥14.0 billion compared with the same period of the previous year attributable primarily to an increase in capital investment.

As a result, free cash flow increased ¥23.1 billion to an inflow of ¥2.0 billion (US$12.8 million).

Net cash used in financing activities resulted in an outflow of ¥15.6 billion (US$102.2 million). Factors such as a decrease in short-term borrowings resulted in an increase of ¥1.3 billion in expenditure from financing activities.

(4) Explanation regarding Research and Development Expenses

Total Research and Development(R&D) Expenses for the second quarter of the fiscal year came to approximately ¥10.8 billion (US$70.4 million).

During the period under review, the Company reorganized its R&D structure with the objective of enabling the entire research arm to respond to social issues, initiatives in growth fields, and research digital transformation (DX), while strengthening cooperation across the breadth of the research organization.

The previous structure, consisting of seven research laboratories, has been reorganized by function into the framework outlined below:

- The Research Division, overseeing all research operations, was newly established under the direct control of the Company's President.
- Three new function-specific research centers—Advanced Integration Research Center, Petrochemical and Polymer Research Center, and Functional Material Research Center—were set up under the Research Division.
- The existing seven research institutes was reorganized into six (with next-generation materials research aggregated into the newly established Advanced Materials Research Laboratory), positioned under the three research centers.
- Research and Development Planning together with the MI(Material Informatics) Center were established under the Research Division.

Moreover, to foster an internal culture orientated toward advanced specialist positions and to promote the development of researchers with advanced expertise, a new Advanced Specialist System has been launched.

The Company will continue to bolster collaboration across its research organization. Furthermore, by continuing to create high value-added products, it aims to achieve sustainable corporate growth and heighten corporate value, thereby contributing to the realization of a sustainable and prosperous society.

(5)Explanation regarding Consolidated Financial Results Forecast and Other Forward-Looking Statements

In light of recent business trends, the Company has made the below revisions to the forecast announced on May 13, 2024.
The assumptions for second half of fiscal year ended March 31, 2025 in our full-year forecasts are a domestic naphtha price of ¥72,000/kL and an exchange rate of ¥145/US$.

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Million yen 1,090,000	Million yen 100,000	Million yen 98,000	Million yen 59,000	Yen 185.29
Revised forecast (B)	1,090,000	94,000	94,000	53,000	166.44
Change (B-A)	−	(6,000)	(4,000)	(6,000)	
Rate of change (%)	−	(6.0)	(4.1)	(10.2)	
Reference: Results for the previous fiscal year (Year ended March 31, 2024)	1,005,640	79,845	95,920	57,324	180.07

For details, please refer to “Notice Regarding Revision to Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 and Interim Dividends and Revision to Dividends Forecast for the Fiscal Year Ending March 31, 2025” release on the same day as this release.

2. Semi-annual Consolidated Financial Statements
(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	149,812	144,115
Notes and accounts receivable - trade, and contract assets	294,812	304,333
Merchandise and finished goods	160,562	162,802
Work in process	19,319	16,945
Raw materials and supplies	75,370	73,452
Other	56,089	60,747
Allowance for doubtful accounts	(813)	(838)
Total current assets	755,154	761,559
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	119,170	124,902
Land	68,173	68,545
Other, net	192,158	212,356
Total property, plant and equipment	379,501	405,805
Intangible assets	10,527	14,021
Investments and other assets		
Investment securities	70,724	69,822
Assets for retirement benefit	47,620	47,869
Other	26,909	26,904
Allowance for doubtful accounts	(489)	(463)
Total investments and other assets	144,765	144,134
Total non-current assets	534,795	563,961
Total assets	1,289,949	1,325,520

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	122,149	131,872
Short-term borrowings	145,265	139,301
Income taxes payable	18,169	15,162
Provisions	17,966	14,080
Other	55,211	55,607
Total current liabilities	358,763	356,024
Non-current liabilities		
Long-term borrowings	31,070	43,929
Provisions	1,427	2,042
Liabilities for retirement benefit	19,758	20,263
Other	20,162	20,127
Total non-current liabilities	72,419	86,362
Total liabilities	431,182	442,386
Net assets		
Shareholders' equity		
Common stock	55,173	55,173
Capital surplus	44,358	44,406
Retained earnings	654,832	665,443
Treasury stock	(9,720)	(9,580)
Total shareholders' equity	744,643	755,442
Accumulated other comprehensive income		
Net unrealized gains(losses) on securities	18,379	18,056
Foreign currency translation adjustments	16,093	26,956
Accumulated adjustments for retirement benefit	15,399	14,430
Total accumulated other comprehensive income	49,872	59,442
Stock acquisition rights	42	40
Non-controlling interests	64,207	68,207
Total net assets	858,766	883,133
Total liabilities and net assets	1,289,949	1,325,520

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	485,679	527,623
Cost of sales	382,352	401,390
Gross profit	103,326	126,233
Selling, general and administrative expenses	71,222	78,845
Operating income	32,104	47,387
Non-operating income		
Interest income	455	568
Dividend income	939	791
Foreign exchange gains	9,679	-
Equity in earnings of affiliates	753	1,580
Other	1,663	1,842
Total non-operating income	13,491	4,783
Non-operating expenses		
Interest expense	954	1,412
Foreign exchange losses	-	5,284
Other	251	367
Total non-operating expenses	1,205	7,065
Ordinary income	44,389	45,106
Extraordinary income		
Gain on sales of property,pland and equipment	68	38
Gain on sales of investment securities	45	1,576
Total extraordinary income	114	1,615
Extraordinary losses		
Loss on sales of property,plant and equipment	76	100
Loss on disposal of property,plant and equipment	880	1,189
Loss on valuation of investment securities	-	0
Impairment loss	-	9
Head office relocation expenses	217	-
Total extraordinary losses	1,174	1,299
Income before income taxes	43,329	45,421
Income taxes	13,571	16,208
Net income	29,758	29,212
Profit attributable to non-controlling interests	3,041	4,271
Profit attributable to owners of parent	26,716	24,941

Semi-annual Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net income	29,758	29,212
Other comprehensive income		
Net unrealized gains(losses) on securities	5,891	(634)
Deferred gains(losses) on hedges	2	-
Foreign currency translation adjustments	8,795	11,714
Adjustments for retirement benefit	(591)	(1,002)
Share of other comprehensive income of affiliates applied for equity method	779	621
Total other comprehensive income	14,876	10,698
Comprehensive income	44,635	39,910
Breakdown of comprehensive income		
Comprehensive income attributable to shareholders of parent	40,633	34,511
Comprehensive income attributable to non-controlling interests	4,001	5,399

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Income before income taxes	43,329	45,421
Depreciation and amortization	21,345	22,517
Impairment loss	-	9
Changes in assets and liabilities for retirement benefit	(1,532)	(1,652)
Interest and dividend income	(1,395)	(1,360)
Interest expense	954	1,412
Foreign exchange losses (gains)	(361)	1,184
Equity in earnings of affiliates	(753)	(1,580)
Loss (gain) on valuation of investment securities	-	0
Loss (gain) on sales of property,plant and equipment	7	61
Net cash provided by operating activities	880	1,189
Loss (gain) on sales of investment securities	(45)	(1,576)
Head office relocation expenses	217	-
Decrease (increase) in trade receivables and contract assets	11,991	(2,098)
Decrease (increase) in inventories	16,350	7,422
Increase (decrease) in trade payables	(11,924)	3,455
Other, net	(12,761)	(8,743)
Subtotal	66,301	65,663
Interest and dividends received	1,653	2,210
Interest paid	(951)	(1,424)
Income taxes paid	(8,872)	(17,393)
Net cash provided by operating activities	58,131	49,056
Cash flows from investing activities		
Payments for purchases of property,plant and equipment	(31,981)	(44,269)
Proceeds from sales of property,plant and equipment	377	327
Purchase of investment securities	(103)	(328)
Proceeds from sales and redemption of investment securities	55	1,978
Payments for advances of long-trm loans receivable	(1,879)	(2,054)
Proceeds from collections of long-term loans receivable	1,759	1,740
Other, net	(1,313)	(4,496)
Net cash used in investing activities	(33,086)	(47,102)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,093)	(8,379)
Proceeds from long-term borrowings	9,429	15,372
Repayments of long-term borrowings	(4,625)	(6,400)
Cash dividends paid	(12,710)	(14,304)
Dividends paid to non-controlling interests	(861)	(1,579)
Other, net	(422)	(321)
Net cash used in financing activities	(14,285)	(15,613)
Effect of exchange rate changes on cash and cash equivalents	3,292	3,995
Net increase (decrease) in cash and cash equivalents	14,053	(9,664)
Cash and cash equivalents at beginning of period	119,421	148,970
Cash and cash equivalents at end of period	133,475	139,306

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on Assumption of Going Concern)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Accounting Policies Adopted Specially for the Preparation of Semi-annual Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting to income before income taxes for the fiscal year including the six months ended September 30, 2024, and multiplying income before income taxes by this estimated effective tax rate. However, for those companies that would be significantly irrational if tax expenses were calculated using the estimated effective tax rate, the results calculated using the statutory tax rate were recorded.

Income taxes-deferred are included in income taxes.

(Segment Information)

Ⅰ For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

1. Net Sales and Income (loss) by Segment

(Million yen)

	Petrochemical	Chlor-alkali	Specialty	Engineering	Other (1)	Total	Adjustment	Figures in consolidated statements (2)
Net sales								
External customers	92,312	172,210	129,862	68,018	23,274	485,679	—	485,679
Inter-segment	56,766	23,082	10,426	7,213	32,029	129,518	(129,518)	—
Total	149,078	195,293	140,289	75,232	55,303	615,197	(129,518)	485,679
Segment income (loss)	3,916	(1,787)	20,075	8,601	1,298	32,104	—	32,104

Notes (1) "Other" is an additional category for service-related business, such as transportation and warehousing, inspection and analysis, and information processing.
(2) Segment income is equal to operating income of Semi-annual consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by segment
Not applicable.

Ⅱ For the six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

1. Net Sales and Income by Segment

(Million yen)

	Petrochemical	Chlor-alkali	Specialty	Engineering	Other (1)	Total	Adjustment	Figures in consolidated statements (2)
Net sales								
External customers	106,163	185,246	136,439	76,959	22,814	527,623	—	527,623
Inter-segment	78,044	24,568	11,513	9,743	33,010	156,879	(156,879)	—
Total	184,207	209,814	147,953	86,703	55,824	684,503	(156,879)	527,623
Segment income	7,268	4,538	21,516	12,579	1,484	47,387	—	47,387

Notes (1) "Other" is an additional category for service-related business, such as transportation and warehousing, inspection and analysis, and information processing.
(2) Segment income is equal to operating income of Semi-annual consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by segment
Not applicable.

3. Additional information

Summary of Consolidated Operating Results for the Six Months ended September 30, 2024

November 5, 2024
TOSOH CORPORATION

(1) Operating Results

(Billion yen)

	Six months ended September 30, 2023 (4.1.23–9.30.23) (Actual)	Six months ended September 30, 2024 (4.1.24–9.30.24) (Actual)	Change	Fiscal year ended March 31, 2024 (4.1.23–3.31.24) (Actual)	Fiscal year ended March 31, 2025 (4.1.24–3.31.25) (Forecast)
Net sales	485.7	527.6	41.9	1,005.6	1,090.0
Operating income	32.1	47.4	15.3	79.8	94.0
Ordinary income	44.4	45.1	0.7	95.9	94.0
Profit attributable to owners of parent	26.7	24.9	(1.8)	57.3	53.0
Basic earnings per share (¥)	83.93	78.32	(5.61)	180.07	166.44

(2) Business and Financial Fundamentals

(Billion yen)

	Six months ended September 30, 2023 (4.1.23–9.30.23) (Actual)	Six months ended September 30, 2024 (4.1.24–9.30.24) (Actual)	Change	Fiscal year ended March 31, 2024 (4.1.23–3.31.24) (Actual)	Fiscal year ended March 31, 2025 (4.1.24–3.31.25) (Forecast)
Exchange rate (¥/US$) Average TTM	141.1	152.8	11.7	144.6	148.9
Exchange rate (¥/EUR) Average TTM	153.5	166.1	12.6	156.8	163.0
Domestic standard naphtha price (¥/kl)	65,550	77,800	12,250	69,100	74,900
Capital expenditures	32.2	44.2	12.0	61.4	89.0
Depreciation and amortization	20.6	21.7	1.1	42.7	47.0
R&D expenses	11.0	10.8	(0.2)	22.0	23.0
Interest-bearing liabilities	187.4	190.1	2.7	183.1	209.0
Net financial income/expenses	0.4	(0.1)	(0.5)	0.5	(0.5)
Equity ratio (%)	61.9	61.5	(0.4)	61.6	60.0
Number of employees	14,517	14,717	200	14,394	14,800

(Note)Amounts less than 0.1 billion yen are rounded off

(3) Topics

○ Autumn 2024 (planned) Installation of a CO_2 recovery and feedstock conversion equipment
○ Winter 2024 (planned) Production capacity increase for separation and purification media
○ Spring 2026 (planned) Construction of a biomass-fired power plant
○ Spring 2026 (planned) Construction of a new crude MDI splitter in Vietnam
○ Winter 2026 (planned) Production capacity increase for sputtering targets
○ Winter 2026 (planned) Production capacity increase for separation and purification media

(4) Net Sales and Operating Income (Loss) by Business Segment

(Billion yen)

		Six months ended September 30, 2023 (4.1.23–9.30.23) (Actual)	Six months ended September 30, 2024 (4.1.24–9.30.24) (Actual)	Change	Breakdown of change			
					Volume effect	Price effect	Terms of trade	Fixed costs,etc.
Petrochemical	Net sales	92.3	106.2	13.9	2.1	11.7	-	-
	Operating income	3.9	7.3	3.4	1.9	-	0.8	0.7
Chlor-alkali	Net sales	172.2	185.2	13.0	8.0	5.0	-	-
	Operating income(loss)	(1.8)	4.5	6.3	0.8	-	0.7	4.9
Specialty	Net sales	129.9	136.4	6.6	6.2	0.3	-	-
	Operating income	20.1	21.5	1.4	3.8	-	1.4	(3.7)
Engineering	Net sales	68.0	77.0	8.9	6.8	2.1	-	-
	Operating income	8.6	12.6	4.0	4.0	-	0.0	0.0
Other	Net sales	23.3	22.8	(0.5)	(0.6)	0.1	-	-
	Operating income	1.3	1.5	0.2	0.2	-	0.0	0.0
Total	Net sales	485.7	527.6	41.9	22.7	19.3	-	-
	Operating income	32.1	47.4	15.3	10.6	-	2.8	1.9

(Note)Amounts less than 0.1 billion yen are rounded off

(5) Consolidated Financial Results Forecast

(Billion yen)

		Fiscal year ended March 31, 2024 (4.1.23–3.31.24) (Actual)	Fiscal year ended March 31, 2025 (4.1.24–3.31.25) (Forecast)	Change	Half-yearly	
					First half of fiscal year ended March 31, 2025	Second half of fiscal year ended March 31, 2025
Petrochemical	Net sales	183.6	213.1	29.5	106.2	106.9
	Operating income	10.7	13.4	2.6	7.3	6.1
Chlor-alkali	Net sales	359.5	384.3	24.8	185.2	199.1
	Operating income	3.6	10.2	6.6	4.5	5.7
Specialty	Net sales	259.6	275.3	15.6	136.4	138.8
	Operating income	37.9	37.7	(0.2)	21.5	16.2
Engineering	Net sales	157.0	171.8	14.8	77.0	94.8
	Operating income	24.7	30.0	5.2	12.6	17.4
Other	Net sales	45.9	45.5	(0.4)	22.8	22.7
	Operating income	2.9	2.7	(0.2)	1.5	1.2
Total	Net sales	1,005.6	1,090.0	84.4	527.6	562.4
	Operating income	79.8	94.0	14.2	47.4	46.6

(Note)Amounts less than 0.1 billion yen are rounded off