Second Quarter Financial Results for the Fiscal Year Ending 31 October 2024

Supplementary Materials

7 June 2024

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Financial Results for the Second Quarter of FY2024

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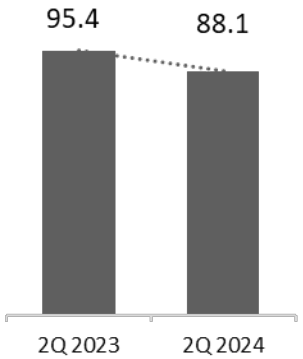
Financial Results for the Second Quarter of FY2024

Unit: Billions of Yen

	2Q 2023 results	**2Q 2024 results**	Change (Amount)	Change (%)	2Q 2024 Initial Forecast (As of 14 Dec.)	Change (Amount)	Change (%)
Net Sales	95.4	**88.1**	−7.3	−8%	92.0	−3.9	−4%
Gross Profits	23.3	**20.1**	−3.2	−14%	-	-	-
Operating Income	12.7	**8.8**	−3.8	−30%	9.0	−0.2	−2%
Ordinary Income	13.5	**13.0**	−0.5	−4%	11.0	+2.0	+18%
Net income attributable to owners of parent	10.2	**9.3**	−0.9	−9%	8.0	+1.3	+17%
Ref.) Average of exchange rates	¥/US$=135	¥/US$=149			¥/US$=140		

Sales

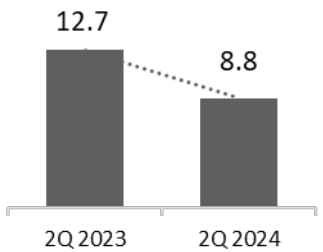
※PYTD −**¥7.3 billion**



(−) Decrease due to continuous distributor destocking globally in agricultural chemicals.

Operating Income

PYTD −**¥3.8 billion**



(−) Decrease in sales of agricultural chemicals.
(−) Raising COGS due to higher costs of raw materials, fuel and logistics.
(−) Increase in SGA expenses.

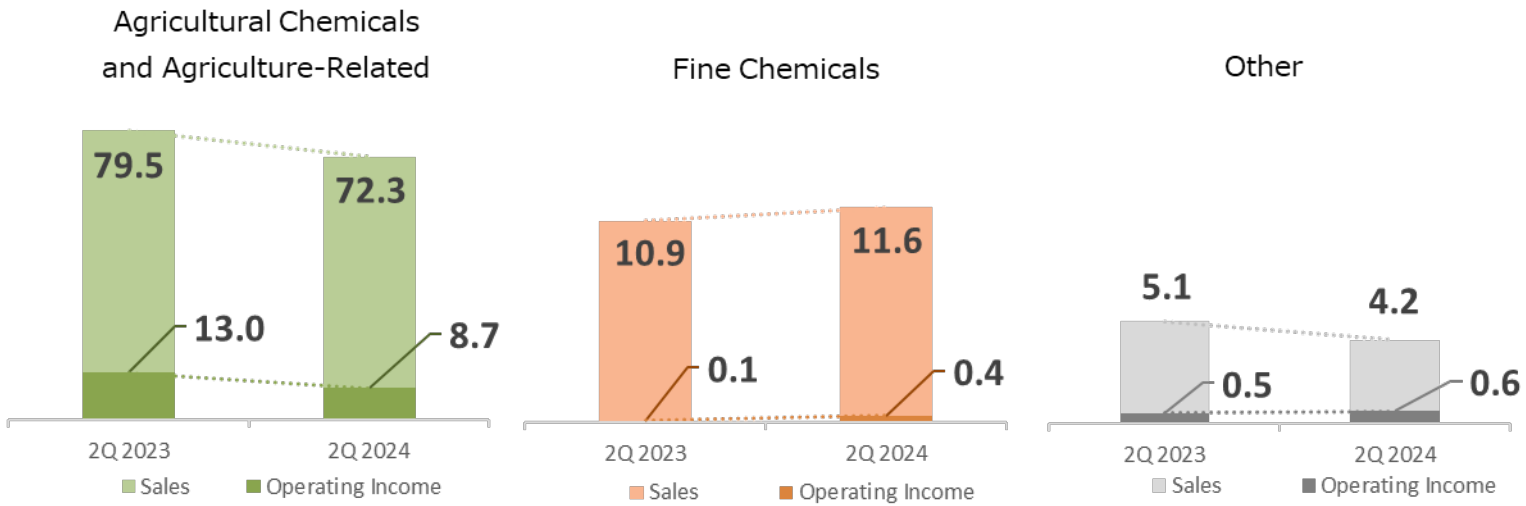
※ PYTD : Prior Year-To-Date

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Financial Results by Business Segment

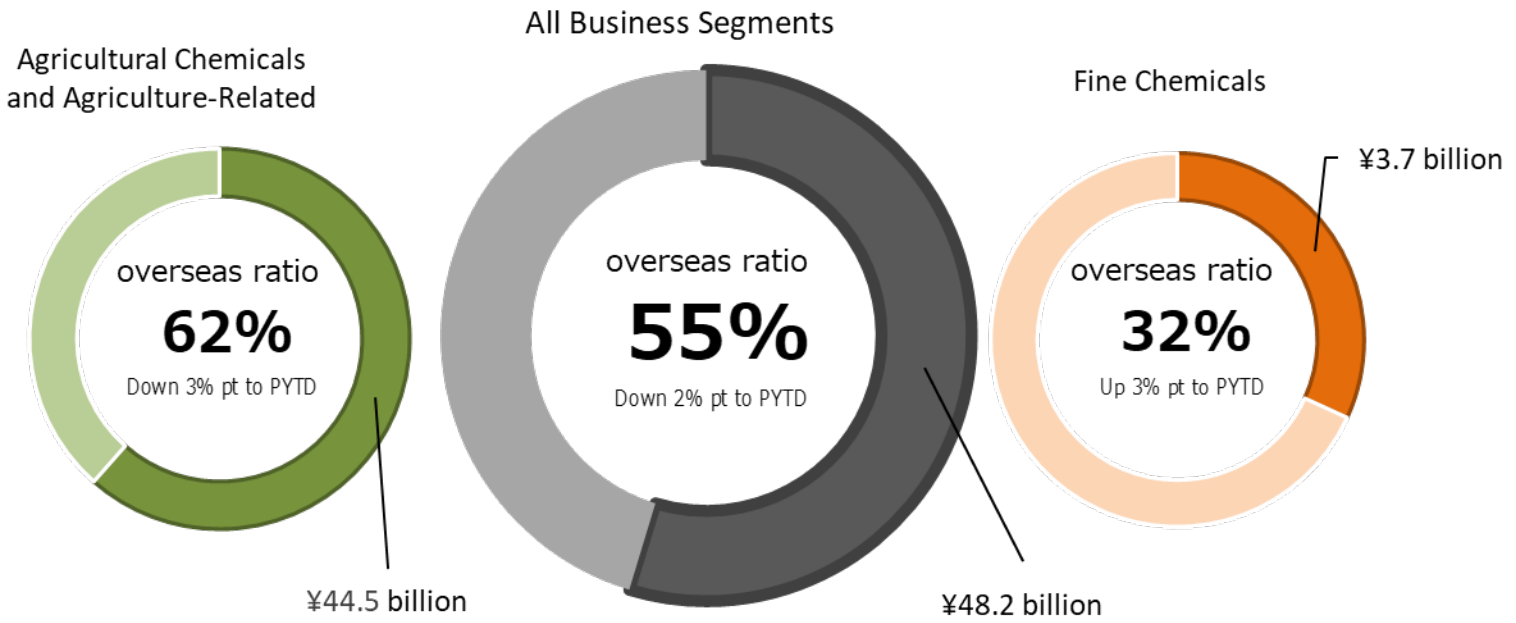
Unit: Billions of Yen

		2Q 2023 Results	**2Q 2024 Results**	Change (Amount)	Change (%)
Net Sales		95.4	**88.1**	−7.3	−8%
	Agricultural Chemicals and Agriculture-Related	79.5	**72.3**	−7.1	−9%
	Fine Chemicals	10.9	**11.6**	+0.7	+7%
	Other	5.1	**4.2**	−0.9	−18%
Operating Income		12.7	**8.8**	−3.8	−30%
	Agricultural Chemicals and Agriculture-Related	13.0	**8.7**	−4.3	−33%
	Fine Chemicals	0.1	**0.4**	+0.3	+280%
	Other	0.5	**0.6**	+0.1	+23%
	(Adjustment)	-0.9	**-0.9**	+0.1	-



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Overseas Sales and Ratio for the Second Quarter of FY2024



※ PYTD : Prior Year-To-Date

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Summary of the Second Quarter of FY2024

All Business Segments

※ PYTD : Prior Year-To-Date

Net Sales	**¥88.1** billion (PYTD -¥7.3B)
Operating Income	**¥8.8** billion (PYTD -¥3.8B)
Ordinary Income	**¥13.0** billion (PYTD -¥0.5B)

- Decrease in AXEEV sales.
- Profit decline due to raising COGS & SGA.
- Equity-method investment gain decreased to PYTD, however the increase of Foreign exchange profits partially offset in Ordinary Income.

Agricultural Chemicals and Agriculture-Related

Net Sales	**¥72.3** billion (PYTD -¥7.1B)
Operating Income	**¥8.7** billion (PYTD -¥4.3B)

- Decrease due to continuous distributor destocking globally in agricultural chemicals

Fine Chemicals

Net Sales	**¥11.6** billion (PYTD +¥0.7B)
Operating Income	**¥0.4** billion (PYTD +¥0.3B)

- Significant Increase in sales of bismaleimides due to recovery of demands for semiconductors.
- Decrease in sales of some of chlortoluene based chemical products due to inventory adjustment and other factors at distributors.

Other

Net Sales	**¥4.2** billion (PYTD -¥0.9B)
Operating Income	**¥0.6** billion (PYTD +¥0.1B)

- Steady sales in printing business and logistics business.
- Reduction in construction work carried forward from the previous fiscal year in construction business.
- Increase of profit due to COGS reduction.

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Revised Earnings Forecast for the FY2024

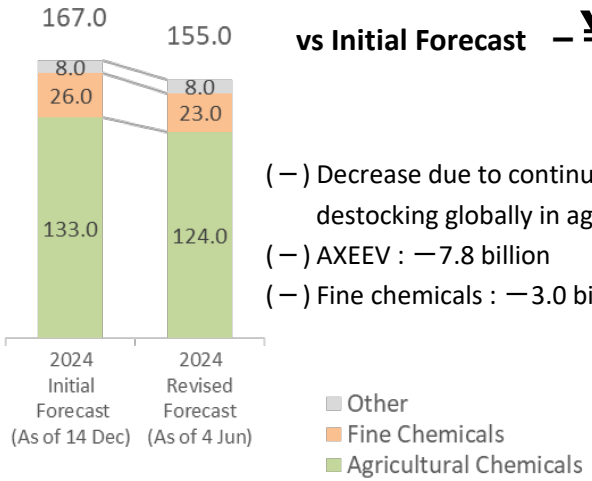
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Revised Earnings Forecast for the FY2024 (vs Initial Forecast)

Unit: Billions of Yen

	2024 Initial Forecast (As of 14 Dec.)	**2024 Revised Forecast (As of 4 Jun.)**	Change (Amount)	Change (%)
Net Sales	167.0	**155.0**	−12.0	−7%
Agricultural Chemicals and Agriculture-Related	133.0	**124.0**	−9.0	−7%
Fine Chemicals	26.0	**23.0**	−3.0	−12%
Other	8.0	**8.0**	+0.0	+0%
Operating Income	12.0	**10.0**	−2.0	−17%
Ordinary Income	15.0	**15.5**	+0.5	+3%
Net income attributable to owners of parent	11.0	**12.0**	+1.0	+9%
Ref.) Average of exchange rates	¥/US$=140	¥/US$=145		

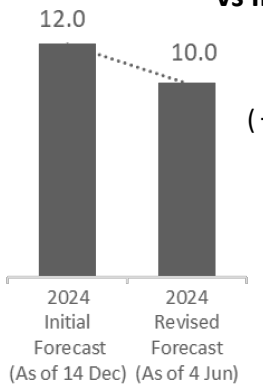
Sales



vs Initial Forecast −¥12.0billion

(−) Decrease due to continuous distributor destocking globally in agricultural chemicals.
(−) AXEEV : −7.8 billion
(−) Fine chemicals : −3.0 billion

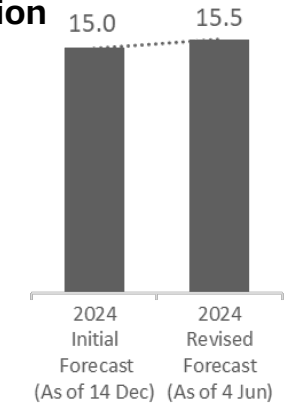
Operating Income



vs Initial Forecast −¥2.0billion

(−) Decrease due to sales decline.

Ordinary Income



vs Initial Forecast +¥0.5billion

(−) Foreign exchange profits and losses : −1.9 billion
(+) Equity-method investment gain : +3.5 billion

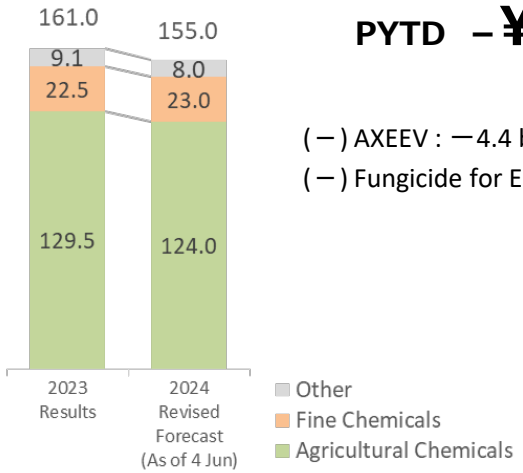
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Revised Earnings Forecast for the FY2024 (PYTD)

Unit: Billions of Yen

	2023 Results	**2024 Revised Forecast (As of 4 Jun.)**	Change (Amount)	Change (%)
Net Sales	161.0	**155.0**	−6.0	−4%
Agricultural Chemicals and Agriculture-Related	129.5	**124.0**	−5.5	−4%
Fine Chemicals	22.5	**23.0**	+0.5	+2%
Other	9.1	**8.0**	−1.1	−12%
Operating Income	14.1	**10.0**	−4.1	−29%
Ordinary Income	24.1	**15.5**	−8.6	−36%
Net income attributable to owners of parent	18.0	**12.0**	−6.0	−33%
Ref.) Average of exchange rates	¥/US$=140	¥/US$=145		

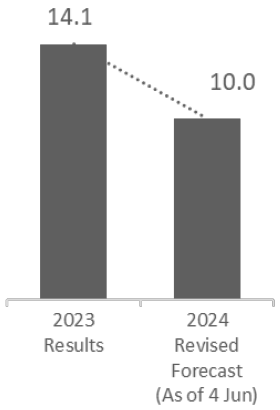
Sales



PYTD −¥6.0billion

(−) AXEEV : −4.4 billion
(−) Fungicide for Europe : −0.7 billion

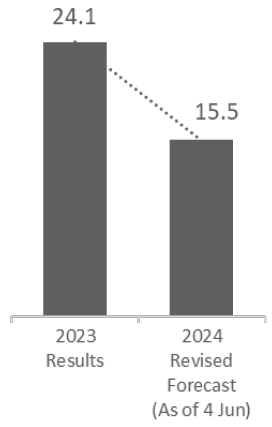
Operating Income



PYTD −¥4.1billion

(−) Increase in SGA expenses.
(−) Raising COGS due to higher costs of raw materials, fuel and logistics.

Ordinary Income



PYTD −¥8.6billion

(−) Foreign exchange profits and losses : −2.4 billion
(−) Equity-method investment gain : −1.9 billion

※ PYTD : Prior Year-To-Date

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R&D expenses, Capital investment and Depreciation

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R&D expenses, Capital investment and Depreciation

R&D expenses

FY2023 Results ¥**6.2**billion → FY2024 Forecast ¥**7.2**billion

(Factors) ・More focus on developments of overseas markets
・Promotion of R&D activities utilizing cutting edge technology

Capital investment

FY2023 Results ¥**8.7**billion → FY2024 Forecast ¥**10.2**billion

(Factors) ・Renewal of deteriorated production facilities
・Establishment plants and facilities relating to Fine Chemicals Business

Depreciation

FY2023 Results ¥**4.4**billion → FY2024 Forecast ¥**5.1**billion

(Factors) ・Increase in depreciation due to capital investment of new chemical institute(ShIP) and production facilities

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Measures for Shareholder Returns

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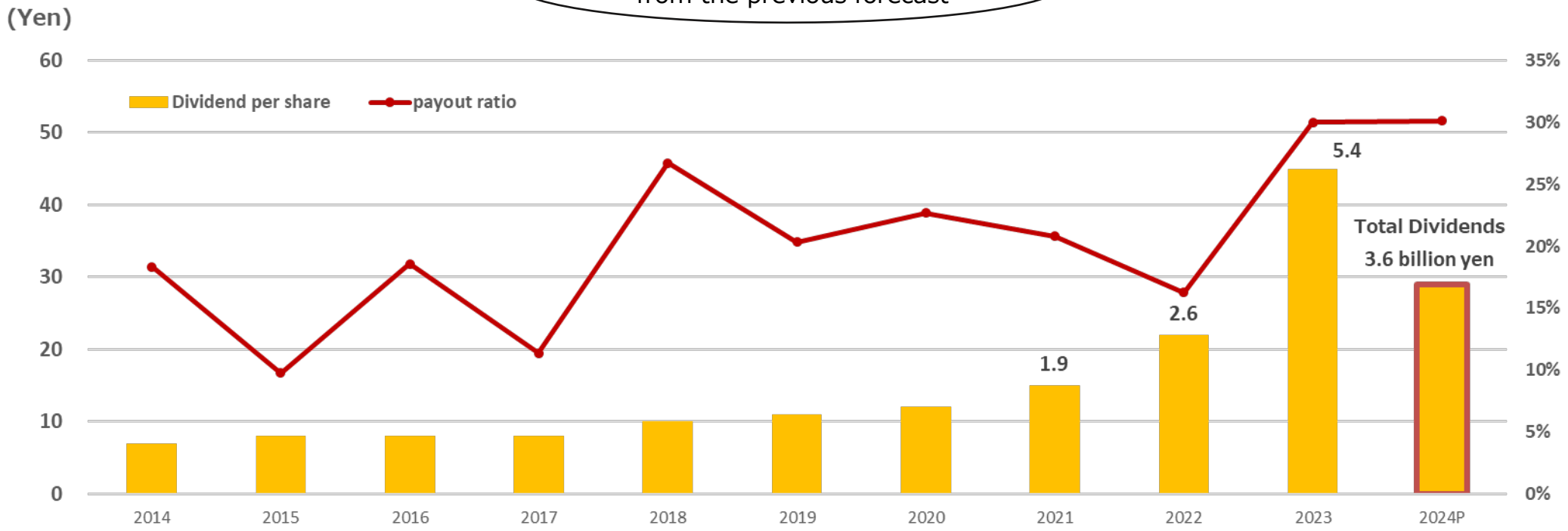
Measures for Shareholder Returns

Target dividend payout ratio of 30% or more

FY2024 dividend forecast (Revised as of 7 Jun)

: Interim dividend ¥10 + Year-end dividend ¥20 = Annual dividend ¥30 per share (payout ratio: 30.1%)

¥2 increase Dividend
from the previous forecast



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Statements in this document regarding earnings forecasts and other forward-looking statements are expectations based on information available at the time the material was prepared and include potential risks and uncertainties. Actual results may differ from these earnings forecasts due to a variety of factors.

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Information other than information on the Company and its affiliated companies is based on publicly available information and the accuracy of such information is not guaranteed.

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