

Summary of Consolidated Financial Statements for the Second Quarter Fiscal 2025 (JPGAAP)

October 29, 2025

Tokuyama Corporation

Stock exchange listings:

Tokyo

(URL <https://www.tokuyama.co.jp/eng/>)

Local Code :

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Scheduled date of dividends payout:

Dec. 1, 2025

Preparation of supplementary quarterly explanatory materials: Yes

Quarterly business results IR briefing to be held:

Yes (for institutional investors and analysts)

1. Consolidated results for fiscal second quarter ended Sep. 30, 2025 (Apr. 1, 2025 – Sep. 30, 2025)

(1) Performance

Note: All amounts are rounded down to the nearest million yen.

	Net sales		Operating profit		Ordinary profit	
	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]
Second Quarter Fiscal 2025	163,756	(1.1)	19,152	37.2	18,944	39.2
Second Quarter Fiscal 2024	165,538	(0.3)	13,958	62.8	13,606	51.8

(Note) Comprehensive income: 2ndQ FY25: 13,919 million yen [69.8%] 2ndQ FY24: 8,197 million yen [(27.6)%]

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Second Quarter Fiscal 2025	12,145	4.3	168.81	-
Second Quarter Fiscal 2024	11,641	86.9	161.81	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
September 30, 2025	536,699	285,701	50.6	3,772.08
March 31, 2025	476,207	273,858	54.9	3,635.62

(Reference) Shareholders' equity: Sep. 30, 2025: 271,387 million yen Mar. 31, 2025: 261,562 million yen

2. Dividends

(Period)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal 2024, ended Mar 31, 2025	(yen) -	(yen) 50.00	(yen) -	(yen) 50.00	(yen) 100.00
Fiscal 2025, ending Mar 31, 2026	-	60.00			
Fiscal 2025 (Forecast)			-	60.00	120.00

(Note) Revision of the latest dividends forecast: No

3. Consolidated performance forecast for fiscal 2025 (April 1, 2025 - March 31, 2026)

(% indicates the rate of change over the corresponding previous periods respectively)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(yen)
Fiscal 2025	364,500	6.2	41,500	38.5	41,500	40.3	29,000	24.0	403.09

(Note) Revision of the latest consolidated performance forecast: No

***Notes**

(1) Significant changes in the scope of consolidation during this period

: Yes

Addition to the scope of consolidation: 1 (Company Name: A&T Suzhou Co., Ltd.)

Reduction from the scope of consolidation: 1 (Company Name: FL Tokuyama Corporation)

(Note) For more details, please refer to “2. Quarterly Consolidated Financial Statements and (5) Notes on Quarterly Consolidated Financial Statements (Significant changes in the scope of consolidation during this period)” on page 17 of the Accompanying Materials to this Summary of Quarterly Consolidated Financial Statements.

(2) Application of accounting methods specific to the preparation of the quarterly consolidated financial statements

: Yes

(3) Changes of accounting policies, changes in accounting estimates, and retrospective restatements

- | | |
|--|----|
| i. Changes in accounting policy by revision of accounting standards: | No |
| ii. Changes in accounting policy other than the above: | No |
| iii. Changes in accounting estimates: | No |
| iv. Retrospective restatements: | No |

(4) Number of shares issued (in common stock)

- | | | | | |
|---|--------------------------|------------|--------------------------|------------|
| i. Number of shares issued at end of period (including treasury stock): | 2nd Quarter Fiscal 2025: | 72,088,327 | Fiscal 2024: | 72,088,327 |
| ii. Number of treasury stock at end of period: | 2nd Quarter Fiscal 2025: | 141,929 | Fiscal 2024: | 144,095 |
| iii. Average number of shares over period: | 2nd Quarter Fiscal 2025: | 71,945,490 | 2nd Quarter Fiscal 2024: | 71,945,582 |

(Note1) This summary of quarterly consolidated financial statements is not subject to quarterly review procedures.

(Note2) Cautions pertaining to appropriate use of performance forecast and other particular items

(Cautions related to Forward-looking statement)

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.

(Access to supplementary explanations on business results)

The Company also has disclosed supplementary materials “Presentation for IR Meeting” through Company Announcement Service provided by Tokyo Stock Exchange at the same date.

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1. Qualitative information on consolidated results for this quarter

(1) Explanation concerning business results

Consolidated results for the second quarter fiscal 2025 (April 1, 2025 – September 30, 2025) are summarized as follows:

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Second Quarter Fiscal 2025	163,756	19,152	18,944	12,145
Second Quarter Fiscal 2024	165,538	13,958	13,606	11,641
Rate of change (%)	(1.1)	37.2	39.2	4.3

Net sales

Despite steady semiconductor-related product sales, consolidated net sales came in at ¥ 163,756 million, down 1.1%, or ¥ 1,782 million, compared with the corresponding period of the previous fiscal year on the back of the decline in caustic soda export volumes and the deterioration in overseas vinyl chloride product prices.

Cost of sales

Cost of sales decreased 7.8%, or ¥ 8,793 million compared with the corresponding period of the previous year, to ¥ 104,378 million. This was mainly due to progress in manufacturing cost improvements.

SG&A expenses

SG&A expenses increased 4.7%, or ¥ 1,817 million compared with the corresponding period of the previous year, to ¥ 40,225 million mainly due to the upswing in logistics costs and personnel expenses.

Operating profit

Operating profit increased 37.2%, or ¥ 5,193 million, compared with the corresponding period of the previous fiscal year, to ¥ 19,152 million largely on the back of such factors as firm trends in semiconductor-related product sales and progress in improving manufacturing costs.

Non-operating income/expenses, Ordinary profit

Non-operating income/expenses improved by ¥ 144 million compared with the corresponding period of the previous fiscal year.

As a result of the above, ordinary profit increased 39.2%, or ¥ 5,337 million compared with the corresponding period of the previous fiscal year, to ¥ 18,944 million.

Extraordinary income/losses, Profit before income taxes, Profit, Profit attributable to owners of parent

Extraordinary income/losses deteriorated ¥ 4,325 million compared with the corresponding period of the previous fiscal year owing to a variety of factors, including the reaction to a gain on share exchange of affiliated companies, which was posted during the corresponding period of the previous fiscal year.

As a result of the above, profit before income taxes increased 6.0%, or ¥ 1,012 million compared with the corresponding period of the previous fiscal year, to ¥ 17,814 million.

Profit after deducting income taxes calculated in an appropriate way increased 6.4%, or ¥ 726 million compared with the corresponding period of the previous fiscal year, to ¥ 12,131 million.

Profit attributable to owners of parent increased 4.3%, or ¥ 503 million compared with the corresponding period of the previous fiscal year, to ¥ 12,145 million.

(Operating results by segment)

(Unit: Millions of yen)

	Second Quarter Fiscal 2025		Second Quarter Fiscal 2024		Rate of change (%)	
	Net sales	Operating Profit	Net sales	Operating Profit (loss)	Net sales	Operating profit
Chemicals	52,347	5,624	57,299	5,265	(8.6)	6.8
Cement	32,422	4,835	32,274	3,685	0.5	31.2
Electronic & Advanced Materials	42,586	6,972	39,765	2,899	7.1	140.5
Life Science	19,286	4,016	20,005	3,873	(3.6)	3.7
Eco Business	2,681	256	1,945	(220)	37.8	-
Others	20,139	1,377	19,287	1,857	4.4	(25.8)
Total	169,464	23,083	170,578	17,360	(0.7)	33.0
Adjustment	(5,708)	(3,931)	(5,039)	(3,401)	-	-
Figures in quarterly consolidated profit statement	163,756	19,152	165,538	13,958	(1.1)	37.2

(Note) Sales and operating profit (loss) in each segment include inter-segment transactions.

Chemicals

Caustic soda earnings decreased owing to such factors as the decline in export volumes.

Despite deterioration in overseas market conditions, vinyl chloride monomer and vinyl chloride resin earnings increased mainly due to revise sales prices of vinyl chloride resin in Japan and progress in reducing manufacturing costs.

While soda ash sales volumes were essentially unchanged from the corresponding period of the previous fiscal year, earnings decreased owing to such factors as the increase in logistics costs.

As a result of the above, segment net sales decreased 8.6% compared with the corresponding period of the previous fiscal year, to ¥ 52,347 million and operating profit increased 6.8% to ¥ 5,624 million. The segment reported higher earnings on lower sales.

Cement

Despite a decrease in sales volume year-on-year in Japan, cement earnings grew on the back of such factors as successful efforts to revise domestic sales prices at an appropriate level and progress in reducing manufacturing costs.

As a result of the above, segment net sales increased 0.5% compared with the corresponding period of the previous fiscal year, to ¥ 32,422 million and operating profit increased 31.2% to ¥ 4,835 million. The segment reported higher earnings on higher sales.

Electronic & Advanced Materials

Semiconductor-grade polycrystalline earnings increased due to the improvement of operation and the posting of a reversal of loss on valuation of inventories.

IC chemical earnings improved. This mainly reflected the increase in sales volumes of high-purity isopropyl alcohol for electronic manufacturing.

Fumed silica earnings declined due to such factors as the decline in export volumes.

Thermal management material earnings increased. This reflected robust sales volumes of such applications used for semiconductor production equipment.

As a result of the above, segment net sales increased 7.1% compared with the corresponding period of the previous fiscal year, to ¥ 42,586 million and operating profit increased 140.5% to ¥ 6,972 million. The segment reported higher earnings on higher sales.

Life Science

While overseas shipments of dental materials were firm, dental materials earnings remained in line with the corresponding period of the previous fiscal year owing to a variety of factors, including the increase in selling expenses commensurate with sales growth.

Medical diagnostic systems earnings declined mainly due to an increase in manufacturing costs and the impact of changes in the product mix.

Plastic lens-related materials earnings increased owing to posting of a reversal of loss on valuation of inventories and other factors.

As a result of the above, segment net sales decreased 3.6% compared with the corresponding period of the previous fiscal year, to ¥ 19,286 million and operating profit decreased 3.7% to ¥ 4,016 million. The segment reported higher earnings on lower sales.

Eco Business

Ion exchange membrane earnings increased owing to an increase in membrane and equipment shipments.

In waste gypsum board recycling, earnings were all in line with the corresponding period of the previous fiscal year, as a result of steady acceptance of waste gypsum board.

As a result of the above, segment net sales increased 37.8% compared with the corresponding period of the previous fiscal year, to ¥ 2,681 million and operating profit amounted to ¥ 256 million (posted operating loss of ¥ 220 million in the corresponding period of the previous year).

(2) Explanation concerning financial position

(Status of assets, liabilities and net assets)

Summary of Consolidated Balance Sheets

(Unit: Millions of yen)

	Mar 31, 2025	Sep 30, 2025	Amount of change	Rate of change (%)
Assets	476,207	536,699	60,491	12.7
Liabilities	202,349	250,997	48,648	24.0
(Interest-bearing debt)	110,691	162,598	51,906	46.9
Net assets	273,858	285,701	11,843	4.3
(Shareholders' equity)	261,562	271,387	9,825	3.8

Assets

Total assets amounted to ¥ 536,699 million, an increase of ¥ 60,491 million compared with those as of March 31, 2025.

This increase primarily reflects the increase in cash and deposits of ¥ 52,638 million and investment securities of ¥ 8,812 million.

Liabilities

Total liabilities amounted to ¥ 250,997 million, up ¥ 48,648 million compared with those as of March 31, 2025.

This increase primarily reflects the increase in long-term borrowings of ¥ 34,719 million and commercial papers of ¥ 20,000 million despite the decrease in notes and accounts payable - trade of ¥ 3,338 and notes and short-term borrowings of ¥ 3,184.

Net assets

Net assets totaled ¥ 285,701 million, an increase of ¥ 11,843 million compared with those as of March 31, 2025.

This increase primarily reflects the increase in retained earnings of ¥ 8,541 million as a result of posting profit attributable to owners of parent, and non-controlling interests of ¥ 2,017 million.

(Analysis of financial indicators for the quarter under review)

Tokuyama Group has set the following targets for the final year of its Medium-Term Management Plan 2025.

KPI	FY2025 Target
Net Sales	¥ 400.0 billion
Operating Profit	¥ 45.0 billion
Growth Business Net Sales Growth Rate (CAGR)	Over 10%
ROE	Over 11%

These forward-looking statements are based on expectations and certain assumptions at the time this report was prepared and accordingly do not represent a guarantee of achievement or future performance. Meanwhile, plans are in place to report on the progress of financial indicators as of the end of the consolidated fiscal year.

(Analysis of cash flows)

Summary of Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Second Quarter Fiscal 2024	Second Quarter Fiscal 2025
Cash flows from operating activities	26,370	23,874
Cash flows from investing activities	(11,177)	(18,313)
Cash flows from financing activities	2,477	47,755
Effect of exchange rate changes on cash and cash equivalents	(796)	327
Net increase (decrease) in cash and cash equivalents	16,873	52,148
Increase/decrease in cash and cash equivalents due to changes in the accounting period of consolidated subsidiaries	-	-
Increase/decrease in cash and cash equivalents resulting from change in scope of consolidation	-	247
Cash and cash equivalents	64,779	127,322

Cash flows from operating activities

Net cash provided in operating activities totaled ¥ 22,378 million, a decrease of ¥ 3,991 million compared with corresponding period of the previous fiscal year.

Major contributory factors were profit before income taxes of ¥ 17,814 million and depreciation of ¥ 9,860 million.

Cash flows from investing activities

Net cash used in investing activities totaled ¥ 18,313 million, an increase of ¥ 7,136 million compared with corresponding period of the previous fiscal year.

Major contributory factors were payments for purchases of property, plant and equipment of ¥ 12,275 million and purchase of investment securities of ¥ 7,272.

Cash flows from financing activities

Net cash provided in financing activities amounted to ¥ 47,755 million, an increase of ¥ 45,278 million compared with corresponding period of the previous fiscal year.

Major contributory factors were proceeds from long-term borrowings of ¥ 35,731 million and increase in commercial papers of ¥ 20,000 million, despite such factors as decrease in short-term borrowings of ¥ 3,635 million and dividends paid of ¥ 3,601 million.

(3) Explanation concerning capital resources and funding liquidity**(Analysis of capital resources)**

The Tokuyama Group recognizes the need to retain a certain level of funds in order to secure the working capital required to finance its business activities, for priority investments in growth fields for the purpose of transforming its business portfolio and capital investments for the purpose of contributing to the mitigation of global warming, such as rationalization, energy saving, and measures to reduce GHG emissions, as well as to promote strategic investments. While the principal method of procuring these funds is to accumulate cash on hand through the continuous posting of business earnings, the Group will also pursue other avenues. These include borrowing from financial institutions and the issuing of unsecured bonds. Furthermore, the Tokuyama Group's intended capital investment amount for the consolidated fiscal year under review is ¥ 35,632 million. Plans are in place to utilize cash on hand, borrowings from financial institutions, and the issuance of unsecured bonds.

(Analysis of funding liquidity)

Cash and cash equivalents stood at ¥ 127,322 million as of September 30, 2025. On this basis, the Tokuyama Group is confident that it maintains more than ample liquidity to promote its business activities. In addition, Tokuyama has executed revolving credit facility, overdraft, and credit liquidation agreements with a financial institution. Accounting for these factors, the Company is more than capable of maintaining a certain level of liquidity should any impediment arise. To secure liquidity funds in preparation for unforeseen circumstances, we will also set up commitment lines on an as needed basis.

(4) Research and Development (R&D) activities

Total R&D expenses for the second quarter of the consolidated fiscal year under review amounted to ¥ 8,129 million.

(5) Explanation concerning information related to future prediction such as consolidated performance forecast

Based on the current performance trend, the Company has not revised the performance forecasts, announced on April 28, 2025. Details will be disclosed in a timely manner should the need to revise performance forecasts.

The performance forecast has been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	3/31/2025	9/30/2025
Assets		
Current assets		
Cash and deposits	75,544	128,183
Notes receivable - trade	3,520	1,334
Electronically recorded monetary claims - operating	3,433	5,764
Accounts receivable - trade	74,596	68,425
Lease receivables	10	6
Merchandise and finished goods	22,673	25,867
Work in process	21,028	21,615
Raw materials and supplies	25,951	23,453
Other	7,957	8,599
Allowance for doubtful accounts	(85)	(58)
Total current assets	234,630	283,190
Non-current assets		
Property, plant and equipment		
Buildings and structures	126,460	128,486
Accumulated depreciation	(83,476)	(85,042)
Buildings and structures, net	42,983	43,444
Machinery, equipment and vehicles	503,931	509,901
Accumulated depreciation	(443,906)	(449,803)
Machinery, equipment and vehicles, net	60,025	60,097
Tools, furniture and fixtures	25,265	26,154
Accumulated depreciation	(21,254)	(21,528)
Tools, furniture and fixtures, net	4,010	4,626
Land	33,003	33,092
Leased assets	12,105	12,486
Accumulated depreciation	(4,918)	(5,467)
Leased assets, net	7,186	7,019
Construction in progress	25,081	27,469
Total property, plant and equipment	172,291	175,749
Intangible assets		
Goodwill	69	16
Leased assets	14	11
Other	4,126	4,281
Total intangible assets	4,210	4,310
Investments and other assets		
Investment securities	36,050	44,862
Long-term loans receivable	1,835	1,729
Deferred tax assets	11,383	11,147
Retirement benefit asset	9,252	9,692
Other	6,635	6,102
Allowance for investment loss	(7)	—
Allowance for doubtful accounts	(74)	(85)
Total investments and other assets	65,074	73,449
Total non-current assets	241,577	253,509
Total assets	476,207	536,699

	(Millions of yen)	
	3/31/2025	9/30/2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,742	42,404
Short-term borrowings	6,446	3,262
Commercial papers	—	20,000
Current portion of long-term borrowings	3,028	3,388
Lease liabilities	1,377	1,441
Income taxes payable	2,982	5,974
Provision for bonuses	3,744	3,769
Provision for share awards	—	104
Provision for repairs	5,084	2,881
Provision for decommissioning and removal	455	264
Provision for product warranties	121	73
Provision for loss on compensation for damage	21	194
Provision for environmental measures	68	—
Provision for restructuring	526	239
Provision for contract loss	654	362
Other	21,083	18,755
Total current liabilities	91,338	103,116
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term borrowings	59,644	94,003
Long-term income taxes payable	84	—
Lease liabilities	5,194	5,501
Deferred tax liabilities	246	289
Provision for retirement benefits for directors (and other officers)	159	151
Provision for share awards	80	—
Provision for repairs	1,541	3,323
Provision for contract loss	44	44
Provision for decommissioning and removal	16	235
Retirement benefit liability	1,817	1,852
Asset retirement obligations	181	209
Other	7,001	7,269
Total non-current liabilities	111,011	147,881
Total liabilities	202,349	250,997
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	22,777	22,762
Retained earnings	213,953	222,495
Treasury shares	(428)	(422)
Total shareholders' equity	246,302	254,835
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,187	7,953
Foreign currency translation adjustment	6,883	7,606
Remeasurements of defined benefit plans	1,188	991
Total accumulated other comprehensive income	15,259	16,552
Non-controlling interests	12,295	14,313
Total net assets	273,858	285,701
Total liabilities and net assets	476,207	536,699

(2) Consolidated Statements of Income

(Millions of yen)

	Q2 FY2024 YTD	Q2 FY2025 YTD
Net sales	165,538	163,756
Cost of sales	113,172	104,378
Gross profit	52,366	59,377
Selling, general and administrative expenses		
Selling expenses	22,229	23,362
General and administrative expenses	16,178	16,862
Total selling, general and administrative expenses	38,407	40,225
Operating profit	13,958	19,152
Non-operating income		
Interest income	116	228
Dividend income	358	400
Share of profit of entities accounted for using equity method	508	638
Outsourcing service income	297	592
Other	1,441	1,353
Total non-operating income	2,722	3,213
Non-operating expenses		
Interest expenses	437	578
Fiduciary obligation expenses	209	532
Other	2,428	2,310
Total non-operating expenses	3,075	3,422
Ordinary profit	13,606	18,944
Extraordinary income		
Gain on sale of non-current assets	34	20
Gain on sale of investment securities	1,141	490
Gain on share exchange of affiliated companies	2,313	—
Subsidy income	82	38
Gain on insurance claims	43	—
Compensation for damage income	—	157
Total extraordinary income	3,615	707
Extraordinary losses		
Loss on sale of non-current assets	1	10
Impairment losses	96	1,431
Loss on disaster	—	2
Loss on tax purpose reduction entry of non-current assets	80	45
Loss on disposal of non-current assets	165	156
Loss on sale of shares of subsidiaries and associates	—	2
Other	75	188
Total extraordinary losses	419	1,837
Profit before income taxes	16,802	17,814
Income taxes	5,397	5,683
Profit	11,404	12,131
Loss attributable to non-controlling interests	(236)	(14)
Profit attributable to owners of parent	11,641	12,145

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Q2 FY2024 YTD	Q2 FY2025 YTD
Profit	11,404	12,131
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,879)	765
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	(1,393)	1,295
Remeasurements of defined benefit plans, net of tax	(199)	(196)
Share of other comprehensive income of entities accounted for using equity method	265	(76)
Total other comprehensive income	(3,207)	1,788
Comprehensive income	8,197	13,919
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,699	13,444
Comprehensive income attributable to non-controlling interests	(502)	474

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Q2 FY2024 YTD	Q2 FY2025 YTD
Cash flows from operating activities		
Profit before income taxes	16,802	17,814
Depreciation	9,597	9,860
Increase (decrease) in provisions	271	(706)
Increase (decrease) in retirement benefit liability	(5)	40
Decrease (increase) in retirement benefit asset	(12)	(737)
Interest and dividend income	(475)	(629)
Foreign exchange losses (gains)	201	(43)
Loss (gain) on sale of property, plant and equipment	(33)	(10)
Loss (gain) on sale of investment securities	(1,141)	(490)
Loss (gain) on sale of shares of subsidiaries and associates	—	2
Gain on share exchange of affiliated companies	(2,313)	—
Share of loss (profit) of entities accounted for using equity method	(508)	(638)
Subsidy income	(82)	(38)
Interest expenses	437	578
Loss on tax purpose reduction entry of non-current assets	80	45
Impairment losses	96	1,431
Loss (gain) on disposal of non-current assets	165	156
Gain on insurance claims	(43)	—
Compensation for damage income	—	(157)
Decrease (increase) in trade receivables	11,619	6,542
Decrease (increase) in inventories	(1,718)	(1,086)
Decrease (increase) in other current assets	1,303	(543)
Increase (decrease) in trade payables	(3,194)	(3,722)
Increase (decrease) in other current liabilities	(2,436)	(2,902)
Other, net	197	278
Subtotal	28,806	25,042
Interest and dividends received	795	758
Interest paid	(517)	(738)
Proceeds from insurance income	43	—
Compensation paid for damage	—	(6)
Income taxes refund (paid)	(2,758)	(2,676)
Net cash provided by (used in) operating activities	26,370	22,378

	(Millions of yen)	
	Q2 FY2024 YTD	Q2 FY2025 YTD
Cash flows from investing activities		
Payments into time deposits	(7)	(600)
Proceeds from withdrawal of time deposits	338	370
Purchase of property, plant and equipment	(11,437)	(12,275)
Proceeds from sale of property, plant and equipment	35	1,564
Purchase of investment securities	(90)	(7,272)
Proceeds from sale of investment securities	2,182	764
Long-term loan advances	(1)	(4)
Proceeds from collection of long-term loans receivable	109	108
Subsidies received	82	38
Other, net	(2,387)	(1,007)
Net cash provided by (used in) investing activities	(11,177)	(18,313)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	960	(3,635)
Increase (decrease) in commercial papers	(15,000)	20,000
Proceeds from long-term borrowings	—	35,731
Repayments of long-term borrowings	(1,162)	(1,543)
Proceeds from issuance of bonds	19,909	—
Proceeds from issuance of shares	—	1,619
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(972)	—
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	2,704	—
Dividends paid	(3,250)	(3,601)
Dividends paid to non-controlling interests	(53)	(90)
Decrease (increase) in treasury shares	(3)	0
Other, net	(654)	(724)
Net cash provided by (used in) financing activities	2,477	47,755
Effect of exchange rate change on cash and cash equivalents	(796)	327
Net increase (decrease) in cash and cash equivalents	16,873	52,148
Cash and cash equivalents at beginning of period	47,905	74,926
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	247
Cash and cash equivalents at end of period	64,779	127,322

(5) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Major Changes in Shareholders' Equity)

Not applicable.

(Significant changes in the scope of consolidation during this period)

At the start of the consolidated fiscal year under review, FL Tokuyama Corporation, a wholly owned subsidiary until the end of the previous fiscal year, was dissolved as the result of an absorption-type merger with the Company as the surviving company, and has been removed from the Company's scope of consolidation.

At the start of the consolidated fiscal year under review, A&T Suzhou Co., Ltd., a non-consolidated company under Tokuyama until the end of the previous fiscal year, was included in the Company's scope of consolidation as a subsidiary owing to its increasing importance.

(Consolidated Balance Sheets)

Long-term power purchase contracts

As of March 31, 2025

The Company has entered into a long-term purchase contract with a power generation company for the receipt of electricity. Such contract is noncancelable before maturity, and losses may be incurred depending on future market conditions and other factors.

As of September 30, 2025

The Company has entered into a long-term purchase contract with a power generation company for the receipt of electricity. Such contract is noncancelable before maturity, and losses may be incurred depending on future market conditions and other factors.

(Material Subsequent Event)

(Business Combination through Acquisition)

At a meeting of the Board of Directors held on April 22, 2025, Tokuyama resolved to acquire all of the shares of a company established by JSR Corporation (“JSR”) and to include the company in its scope of consolidation as a subsidiary. Accordingly, the shares were acquired on October 1, 2025.

<1> Overview of business combination

1. Name and business of acquired company

Name : JSR-01 Corporation

* The company’s name was changed to Tokuyama Life Science Corporation on October 1, 2025.

Business: In vitro diagnostics business, in vitro diagnostic materials business
and stock management business

2. Purpose of business combination

Under its Medium-Term Management Plan 2025, Tokuyama has identified the “Electronics,” “Healthcare,” and “Environment” fields as growth businesses. As a part of efforts to transform our business portfolio, our plan is to increase the proportion of consolidated sales generated from growth businesses to more than 60% by FY2030. Taking the aforementioned into consideration, our intention is to position the newly acquired businesses at the heart of our healthcare domain.

In the Company’s existing diagnosis systems business, our wholly owned subsidiary A&T Corporation is working to expand its in vitro diagnostics endeavors and is engaged in the research and development of new in vitro diagnostics reagents. In order to further accelerate the pace of healthcare domain growth, we recognize the need to generate high levels of additional revenue on a sustainable basis by entering new business areas.

In bringing the aforementioned new businesses into the Tokuyama Group fold and complementing our ability to commercialize immunoassay reagents that utilize particles and antibodies, we expect to significantly shorten the time required to develop new products and to generate synergies with our fundamental technologies. In this manner, we anticipate building a highly profitable reagent business within the Group. At the same time, we believe that the acquisition of new businesses will enable us to cross-sell both the Company’s and A&T’s electrolyte analyzer electrodes, reagents, and other products to our existing customer base of hospitals in Japan and Korea as well as to customers in China.

In a bid to accelerate the pace of business portfolio transformation, we will work diligently to develop the in vitro diagnostics business as the cornerstone of the healthcare domain centered on the newly acquired businesses going forward.

Meanwhile, Tokuyama undertook the following process when acquiring the subject business.

- (1) JSR newly established JSR-01 Corporation (hereinafter the “newly established company”)
- (2) JSR transferred a portion of its in vitro diagnostics business to its wholly owned subsidiary, MBL, through an absorption-type split; the remaining portion of the business and all issued and outstanding shares of the company were transferred to the newly established company through an absorption-type split.
- (3) JSR transferred a portion of its in vitro diagnostic pharmaceutical materials business to its wholly owned subsidiary, JSR Life Sciences Co., Ltd., through an absorption-type split; the remaining portion of the business and all issued and outstanding shares of the company were transferred to the newly established company through an absorption-type split.
- (4) Tokuyama acquired all issued and outstanding shares of the newly established company and then included the newly established company in its scope of consolidation as a wholly owned subsidiary.

3. Date of business combination

October 1, 2025

4. Legal form of business combination

Share acquisition

5. Company name after combination

Tokuyama Life Science Corporation

6. Ratio of voting rights to be acquired

100%

7. Ratio of voting rights to be acquired

To enable the Company to acquire shares in consideration for cash.

<2> Acquisition cost and breakdown by type of consideration

Consideration for acquisition: Cash ¥82,000 million

Note: The aforementioned acquisition cost is a current estimate. The actual acquisition cost may differ from the aforementioned. Although the acquisition cost stated above has been verified and reasonably estimated based on the results of valuation, legal, financial, tax and separation due diligence, the final transfer price is expected to be the price adjusted in accordance with the price adjustment clause stipulated in the share transfer agreement executed.

<3> Breakdown and amount of major acquisition-related expenses

Fees and commissions for advisory services, etc. : ¥ 305 million (estimate)

<4> Amount of goodwill generated, cause of occurrence, amortization method and amortization period

Not yet determined at this time.

<5> Amount of assets accepted and liabilities assumed on the date of the business combination, and major breakdown

Not yet determined at this time.

<6> Procurement of funds

Cash on hand and long-term borrowings