# Consolidated Financial Report for the First Half Ended September 30, 2025

November 7, 2025

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(Amounts rounded to the nearest million yen)

## 1. Consolidated Financial Results for the First Half Ended September 30, 2025
(From April 1, 2025 to September 30, 2025)

### (1) Consolidated Operating Results
(% indicates the rate of increase / decrease to the same period of previous year)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| April – September 2025 | 212,704 | (12.5)% | 8,250 | 36.4% | 15,912 | 737.9% | 10,886 | — |
| April – September 2024 | 243,039 | 11.4% | 6,049 | 15.9% | 1,899 | (83.2)% | 318 | (96.5)% |

(Note) Comprehensive Income: From April 1, 2025 to September 30, 2025: 18,153 Million Yen —
From April 1, 2024 to September 30, 2024: (2,979) Million Yen —

| | Net income per share (Yen) | Diluted net income per share (Yen) |
|---|---|---|
| April – September 2025 | 112.08 | 112.06 |
| April – September 2024 | 3.28 | 3.27 |

### (2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio (%) |
|---|---|---|---|
| September 30, 2025 | 865,834 | 424,139 | 47.0 |
| March 31, 2025 | 865,669 | 412,013 | 45.6 |

(Reference) Shareholders' equity: As of September 30, 2025: 406,685 Million Yen
As of March 31, 2025: 395,078 Million Yen
[Shareholders' equity = Net assets – Share acquisition rights – Non-controlling interests]

## 2. Cash Dividends

| | Cash dividends per share (Yen) | | | | |
|---|---|---|---|---|---|
| | First quarter | Second quarter | Third quarter | Year end | Annual |
| April 2024 – March 2025 | — | 55.00 | — | 55.00 | 110.00 |
| April 2025 – March 2026 | — | 55.00 | | | |
| April 2025 – March 2026 (Forecast) | | | — | 55.00 | 110.00 |

(Note) Revision of the latest forecast of cash dividends: No

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2026

(From April 1, 2025 to March 31, 2026)

(% indicates the rate of increase / decrease to the same period of previous year)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Net income per share(Yen) |
|---|---|---|---|---|---|---|---|---|---|
| April 2025 – March 2026 | 490,000 | 0.7% | 25,000 | 38.5% | 37,500 | 67.6% | 27,500 | ― | 283.15 |

(Note) Revision of the latest forecast of consolidated financial results: No

**(Notes)**

(1) Significant changes in the scope of consolidation during the first half ended September 30, 2025: Yes

Newly included: 11

URETHANE SYSTEMS USA LLC and 10 other companies

(Note) For more details, please refer to “5. Consolidated Financial Statements (4) Notes to Consolidated Financial Statements (Significant changes in scope of consolidation during the first half ended September 30, 2025)”.

(2) Adoption of special accounting methods for presenting consolidated financial statements: Yes

(Note) For more details, please refer to “5. Consolidated Financial Statements (4) Notes to Consolidated Financial Statements (Application of the specific accounting methods for preparing the consolidated financial statements)”.

(3) Changes in accounting policies applied, changes in accounting estimates and retrospective restatement

Changes in accounting policies applied due to revisions of accounting standards: No

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(4) Number of shares outstanding (common stock)

| | September 30, 2025 | March 31, 2025 |
|---|---|---|
| Numbers of shares outstanding at period end | 106,200,107 | 106,200,107 |
| Numbers of shares of treasury stock at period end | 9,060,001 | 9,079,297 |

| | April – September 2025 | April – September 2024 |
|---|---|---|
| Weighted-average number of shares outstanding during period | 97,128,995 | 97,083,989 |

(Information regarding review procedures)

The financial information contained in this report is not subject to review procedures by independent auditors.

(Cautionary statement on forward-looking statements)

The performance forecast and other forward-looking statements contained in this document and the attached materials have been prepared based on certain assumptions which are judged to be reasonable at this point. These statements are not intended as a guarantee of future performance. They may be substantially different from the actual performance because of various factors such as economic conditions in key markets, supply and demand of products, the prices of raw material and fuel, interest rates, and exchange rates.

## 4. Qualitative Information on Operating Results

(1) Overview of Operating Results

During the first half ended September 30, 2025, net sales decreased due to sluggish sales of nylon polymers, caprolactam, etc. in the Polymers & Chemicals Segment, as well as the exclusion of the Steel Products Business from the scope of consolidation following the transfer of its management rights to another company in the third quarter of the previous fiscal year in the Machinery segment.

Operating profit increased due to decline in raw material prices of elastomers and the absence of large-scale biennial maintenance of the ammonia product factory in the Polymers & Chemicals Segment, despite weak sales in the High Performance Urethane Segment, the Pharmaceutical Segment, the Machinery Segment, and the Specialty Products Segment.

Ordinary profit increased, mainly due to an increase in operating profit, the absence of share of loss of entities accounted for using equity method recorded in the first half of the previous fiscal year following the decision to dissolve an equity-method affiliate in the Elastomer Business, and an improvement in foreign exchange gains.

Profit attributable to owners of parent increased in line with the rise in ordinary profit.

As a result, the Company Group reports its consolidated results during the current term as follows:

(Billions of yen)

| Item | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent |
|---|---|---|---|---|
| April – September 2025 ① | 212.7 | 8.3 | 15.9 | 10.9 |
| April – September 2024 ② | 243.0 | 6.0 | 1.9 | 0.3 |
| Difference ① - ② | (30.3) | 2.2 | 14.0 | 10.6 |
| Percentage change | (12.5)% | 36.4% | 737.9% | — |

Overview by Segment

Net sales (Billions of yen)

| Segment | April – September 2024 ① | April – September 2025 ② | Difference ② − ① | Percentage Change |
|---|---|---|---|---|
| Specialty Products | 31.7 | 29.8 | (1.9) | (5.9)% |
| High Performance Urethane | 7.4 | 17.0 | 9.7 | 131.4% |
| Pharmaceutical | 15.9 | 10.5 | (5.4) | (33.9)% |
| Polymers & Chemicals | 137.8 | 118.5 | (19.2) | (14.0)% |
| Machinery | 43.0 | 29.8 | (13.3) | (30.8)% |
| Others | 20.7 | 16.7 | (4.0) | (19.3)% |
| Adjustment | (13.3) | (9.6) | 3.7 | — |
| Total | 243.0 | 212.7 | (30.3) | (12.5)% |

Operating profit (Billions of yen)

| Segment | April – September 2024 ① | April – September 2025 ② | Difference ② − ① | Percentage Change |
|---|---|---|---|---|
| Specialty Products | 5.0 | 4.3 | (0.7) | (14.3)% |
| High Performance Urethane | 0.8 | (0.6) | (1.3) | — |
| Pharmaceutical | 0.7 | (0.5) | (1.2) | — |
| Polymers & Chemicals | (2.5) | 4.2 | 6.7 | — |
| Machinery | 3.0 | 1.9 | (1.1) | (36.6)% |
| Others | 1.0 | 1.0 | 0.0 | 0.8% |
| Adjustment | (1.9) | (2.1) | (0.1) | — |
| Total | 6.0 | 8.3 | 2.2 | 36.4% |

(Note1) Starting from the fiscal year ending March 2026, the segments have been revised from the previous four segments of “Specialty Products,” “Polymers & Chemicals,” “Machinery,” and “Others” to six segments of “Specialty Products,” “High Performance Urethane,” “Pharmaceutical,” “Polymers & Chemicals,” “Machinery,” and “Others.” The results for the first half of the fiscal year ended March 2025 are figures reflecting the segment reclassification.

(Note2) Adjustment for operating profit includes corporate expenses (general expenses that are not distributed to each reportable segment) and internal transactions between the segments.

Specialty Products – Decreases in both net sales and operating profit
The Polyimide Business recorded a decrease in net sales due to the impact of reduced smartphone sales and customer inventory adjustments on the varnish business in the first quarter, despite recovery trends of varnish in the second quarter and continued strong film sales.
The Separation Membrane Business recorded a decrease in net sales, despite the continued medium- to long-term growth trend in demand for $CO_2$ separation membranes for biomethane production, because of the inventory adjustments by some customers and other factors.
The Ceramics Business recorded a decrease in net sales due to sluggish sales of products for bearings and substrates resulting from the slowdown in growth in the electric vehicle market.
The Separators Business recorded an increase in net sales due to an increase in sales volume in line with an increase in demand for products for hybrid vehicles.
The Specialty Products Segment as a whole recorded decreases in both net sales and operating profit due to weak performance of polyimide, separation membranes, and ceramics despite solid performance of separators.

High Performance Urethane – Increase in net sales and decrease in operating profit
The Urethane Systems Business recorded an increase in net sales, resulting from its acquisition from Germany's LANXESS on April 1, 2025. As the companies operating this business have a December fiscal year-end, their performance for the April–June period has been reflected in the consolidated results of the second quarter of this fiscal year. Sales of products were strong, particularly in the U.S. market.
The High-Performance Coatings Business recorded a decrease in net sales due to sluggish sales of the products in the overseas market.
The High Performance Urethane Segment as a whole recorded an increase in net sales but a decrease in operating profit. This is due to sluggish sales in the High-Performance Coatings Business and costs related to post-merger integration (PMI) in the Urethane Systems Business, despite the effect of increased net sales of the Urethane Systems Business.

Pharmaceutical – Decreases in both net sales and operating profit
The Pharmaceutical Business recorded decreases in both net sales and operating profit due to a decrease in sales volume of the contract pharmaceuticals business.

Polymers & Chemicals – Decrease in net sales and increase in operating profit
■ Performance Polymers & Chemicals Business
The Composites Business recorded an increase in net sales due to an increase in sales volume resulting from a recovery trend in domestic demand for products for automobiles and the contribution of a European material recycled plastic manufacturer acquired in the third quarter of the previous fiscal year.
The Nylon Polymer Business recorded a decrease in net sales mainly due to weak demand for nylon film for food packaging overseas, resulting in decreases in sales volume and selling prices.
The Caprolactam & Ammonium Sulfate Business recorded a decrease in net sales due to a decrease in sales volume and a decline in selling prices caused by intensifying competition.
The Industrial Chemicals Business recorded an increase in net sales due to higher sales volume resulting from the absence of large-scale biennial maintenance at the ammonia product factory.
■ The Elastomer Business recorded a decrease in net sales, mainly due to lower product market prices, which followed the falling prices of raw materials such as butadiene, despite solid product sales.
■ The Polymers & Chemicals Segment as a whole recorded a decrease in net sales and an increase in operating profit despite sluggish sales of nylon polymers, caprolactam, etc. thanks to the absence of large-scale biennial maintenance at the ammonia plant and a decline in raw material prices of elastomers.

Machinery – Decreases in both net sales and operating profit
The Molding Machine Business recorded an increase in net sales due to robust sales of products for the automobile industry and strong performance of after-sales services.
The Industrial Machines Business recorded a decrease in net sales due to fewer large projects in product sales compared to the same period of the previous fiscal year, while performance of after-sales services was strong.
The Machinery Segment as a whole recorded decreases in both net sales and operating profit because of the transfer of management rights of the Steel Products Business to another company in the third quarter of the previous fiscal year and sluggish product sales in the Industrial Machines business.

Others – Decrease in net sales and increase in operating profit

The Others Segment recorded a decrease in net sales as prices of electricity sold declined in line with the fall in coal prices in the Power Producer Business. However, operating profit remained at the same level as the same period of the previous fiscal year due to the absence of large-scale biennial maintenance at the in-house power plant.

Cement-related Business (Equity-Method Affiliate “Mitsubishi UBE Cement Corporation”)

Although the domestic cement business showed steady performance thanks to the price adjustment that took effect in April 2025, share of profit of entities accounted for using equity method relating to the Cement-related business decreased due mainly to large-scale biennial maintenance implemented at the IPP power plant in the environment and energy business and a decrease in the sales volume of ready-mixed concrete in the overseas (North America) market.

(2) Overview of Financial Condition for the First Half of the Fiscal Year

Total Assets

Total assets increased by 165 million yen compared to the end of the previous fiscal year, to 865,834 million yen. This is mainly due to increases in property, plant and equipment and intangible assets despite decreases in cash and deposits and investment securities.

Liabilities

Liabilities decreased by 11,961 million yen compared to the end of the previous fiscal year, to 441,695 million yen. This is mainly due to decreases in interest-bearing debt and other current liabilities.

Net assets

Net assets increased by 12,126 million yen compared to the end of the previous fiscal year, to 424,139 million yen. This was mainly due to an increase in retained earnings as profit attributable to owners of parent exceeded the amount of dividend payout and increases in both valuation difference on available-for-sale securities and foreign currency translation adjustment.

As a result, shareholders’ equity ratio increased by 1.4 to 47.0%, compared to the end of the previous fiscal year.

(3) Explanation Regarding Forecasts of Consolidated Results and Forward-Looking Information

There have been no changes to the consolidated earnings forecast announced on May 12, 2025. However, the forecast for each segment has been revised as follows, taking into account recent market conditions.

(Reference) Consolidated Net Sales and Operating Profit by Segment for the Fiscal Year ending March 2026

(Unit: Billions of yen)

| Item | Segment | Fiscal Year Ending March 2026 | | | The Previous Fiscal Year ended March 2025 |
|---|---|---|---|---|---|
| | | Previous Forecast (A) | Revised Forecast (B) | Change (B)-(A) | Result |
| Net Sales | Specialty Products | 71.0 | 69.0 | (2.0) | 66.2 |
| | High Performance Urethane | 51.0 | 50.5 | (0.5) | 15.6 |
| | Pharmaceutical | 24.0 | 23.0 | (1.0) | 31.5 |
| | Polymers & Chemicals | 257.0 | 257.0 | 0.0 | 273.6 |
| | Machinery | 76.0 | 74.0 | (2.0) | 86.9 |
| | Others | 35.5 | 35.5 | 0.0 | 39.2 |
| | Adjustment | (24.5) | (19.0) | 5.5 | (26.1) |
| | Total | 490.0 | 490.0 | 0.0 | 486.8 |
| Operating Profit | Specialty Products | 13.5 | 12.5 | (1.0) | 11.7 |
| | High Performance Urethane | 2.0 | 1.0 | (1.0) | (0.2) |
| | Pharmaceutical | 1.0 | 0.0 | (1.0) | 1.2 |
| | Polymers & Chemicals | 6.0 | 9.5 | 3.5 | (0.7) |
| | Machinery | 6.5 | 6.5 | 0.0 | 7.9 |
| | Others | 2.0 | 1.5 | (0.5) | 2.1 |
| | Adjustment | (6.0) | (6.0) | 0.0 | (3.8) |
| | Total | 25.0 | 25.0 | 0.0 | 18.0 |

Note: The above earnings forecasts are based on certain assumptions judged to be reasonable by the Company when preparing this document. Actual results can differ from forecasts, due to changes in a wide variety of conditions.

## 5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2025 | As of September 30, 2025 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 115,969 | 44,709 |
| Notes and accounts receivable - trade, and contract assets | 106,617 | 96,369 |
| Merchandise and finished goods | 57,697 | 66,279 |
| Work in process | 26,136 | 31,827 |
| Raw materials and supplies | 38,156 | 38,383 |
| Other | 13,939 | 13,325 |
| Allowance for doubtful accounts | (137) | (130) |
| Total current assets | 358,377 | 290,762 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 51,814 | 60,827 |
| Machinery, equipment and vehicles, net | 72,314 | 78,622 |
| Land | 37,431 | 40,907 |
| Other, net | 61,142 | 71,293 |
| Total property, plant and equipment | 222,701 | 251,649 |
| Intangible assets | | |
| Goodwill | 2,418 | 42,171 |
| Other | 9,244 | 13,932 |
| Total intangible assets | 11,662 | 56,103 |
| Investments and other assets | | |
| Investment securities | 225,502 | 218,606 |
| Other | 47,420 | 48,698 |
| Allowance for doubtful accounts | (217) | (216) |
| Total investments and other assets | 272,705 | 267,088 |
| Total non-current assets | 507,068 | 574,840 |
| Deferred assets | 224 | 232 |
| Total assets | 865,669 | 865,834 |

(Millions of yen)

| | As of March 31, 2025 | As of September 30, 2025 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 48,258 | 52,113 |
| Short-term borrowings | 70,838 | 63,984 |
| Commercial papers | 8,996 | — |
| Current portion of bonds payable | 10,000 | 10,000 |
| Income taxes payable | 4,427 | 4,600 |
| Provision for bonuses | 4,600 | 5,082 |
| Other provisions | 671 | 661 |
| Other | 49,929 | 39,250 |
| Total current liabilities | 197,719 | 175,690 |
| Non-current liabilities | | |
| Bonds payable | 80,000 | 90,000 |
| Long-term borrowings | 155,646 | 152,508 |
| Provisions | 2,405 | 3,541 |
| Retirement benefit liability | 4,711 | 5,232 |
| Asset retirement obligations | 1,220 | 1,753 |
| Other | 11,955 | 12,971 |
| Total non-current liabilities | 255,937 | 266,005 |
| Total liabilities | 453,656 | 441,695 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 58,435 | 58,435 |
| Capital surplus | 40,363 | 40,360 |
| Retained earnings | 260,914 | 266,458 |
| Treasury shares | (21,486) | (21,440) |
| Total shareholders' equity | 338,226 | 343,813 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,555 | 10,337 |
| Deferred gains or losses on hedges | 12 | 22 |
| Foreign currency translation adjustment | 41,331 | 45,209 |
| Remeasurements of defined benefit plans | 7,954 | 7,304 |
| Total accumulated other comprehensive income | 56,852 | 62,872 |
| Share acquisition rights | 24 | 24 |
| Non-controlling interests | 16,911 | 17,430 |
| Total net assets | 412,013 | 424,139 |
| Total liabilities and net assets | 865,669 | 865,834 |

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

・Consolidated Statements of Income

For the first half ended September 30, 2024 and 2025

(Millions of yen)

| | April 1, 2024 – September 30, 2024 | April 1, 2025 – September 30, 2025 |
|---|---|---|
| Net sales | 243,039 | 212,704 |
| Cost of sales | 201,960 | 165,063 |
| Gross profit | 41,079 | 47,641 |
| Selling, general and administrative expenses | 35,030 | 39,391 |
| Operating profit | 6,049 | 8,250 |
| Non-operating income | | |
| Interest income | 373 | 227 |
| Dividend income | 285 | 256 |
| Rental income | 419 | 450 |
| Share of profit of entities accounted for using equity method | — | 7,911 |
| Foreign exchange gains | — | 1,189 |
| Other | 472 | 522 |
| Total non-operating income | 1,549 | 10,555 |
| Non-operating expenses | | |
| Interest expenses | 636 | 1,667 |
| Rental expenses | 245 | 242 |
| Share of loss of entities accounted for using equity method | 1,412 | — |
| Foreign exchange losses | 1,349 | — |
| Other | 2,057 | 984 |
| Total non-operating expenses | 5,699 | 2,893 |
| Ordinary profit | 1,899 | 15,912 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 330 | — |
| Gain on sale of investment securities | 90 | 239 |
| Gain on liquidation of subsidiaries and associates | 311 | — |
| Total extraordinary income | 731 | 239 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 577 | 374 |
| Impairment losses | 21 | 1,471 |
| Loss on valuation of investment securities | 16 | — |
| Loss on related business | — | 302 |
| Total extraordinary losses | 614 | 2,147 |
| Profit before income taxes | 2,016 | 14,004 |
| Income taxes | 1,403 | 2,530 |
| Profit | 613 | 11,474 |
| Profit attributable to non-controlling interests | 295 | 588 |
| Profit attributable to owners of parent | 318 | 10,886 |

・Consolidated Statements of Comprehensive Income

For the first half ended September 30, 2024 and 2025

(Millions of yen)

| | April 1, 2024 – September 30, 2024 | April 1, 2025 – September 30, 2025 |
|---|---|---|
| Profit | 613 | 11,474 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,054) | 918 |
| Deferred gains or losses on hedges | (11) | 3 |
| Foreign currency translation adjustment | 1,795 | 5,612 |
| Remeasurements of defined benefit plans, net of tax | (384) | (475) |
| Share of other comprehensive income of entities accounted for using equity method | (3,938) | 621 |
| Total other comprehensive income | (3,592) | 6,679 |
| Comprehensive income | (2,979) | 18,153 |
| Comprehensive income attributable to owners of parent | (4,288) | 16,906 |
| Comprehensive income attributable to non-controlling interests | 1,309 | 1,247 |

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

| | April 1, 2024 – September 30, 2024 | April 1, 2025 – September 30, 2025 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,016 | 14,004 |
| Depreciation and amortization | 13,595 | 12,283 |
| Impairment losses | 21 | 1,471 |
| Amortization of goodwill | 125 | 803 |
| Increase (decrease) in allowance for doubtful accounts | 2 | (8) |
| Interest and dividend income | (658) | (483) |
| Interest expenses | 636 | 1,667 |
| Share of loss (profit) of entities accounted for using equity method | 1,412 | (7,911) |
| Loss (gain) on sale of non-current assets | (302) | (11) |
| Decrease (increase) in trade receivables | 9,464 | 17,829 |
| Decrease (increase) in inventories | (8,729) | (3,478) |
| Increase (decrease) in trade payables | (3,127) | (1,366) |
| Other, net | (6,971) | (7,364) |
| Subtotal | 7,484 | 27,436 |
| Interest and dividends received | 2,037 | 10,201 |
| Interest paid | (601) | (1,622) |
| Income taxes paid | (2,611) | (4,420) |
| Net cash provided by (used in) operating activities | 6,309 | 31,595 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | (31,838) | (24,679) |
| Proceeds from sale of property, plant and equipment | 477 | 13 |
| Purchase of investment securities | (1) | (53) |
| Proceeds from sale of investment securities | 166 | 369 |
| Purchase of shares of subsidiaries and associates | (193) | ― |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | ― | (71,532) |
| Proceeds from withdrawal of investments in subsidiaries and associates | ― | 6,965 |
| Decrease (increase) in short-term loans receivable | (801) | ― |
| Payments into time deposits | (858) | (1,309) |
| Proceeds from withdrawal of time deposits | ― | 1,368 |
| Other, net | (62) | 63 |
| Net cash provided by (used in) investing activities | (33,110) | (88,795) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 7,339 | (5,713) |
| Net increase (decrease) in commercial papers | 8,998 | (8,996) |
| Proceeds from long-term borrowings | 30,381 | 5,306 |
| Repayments of long-term borrowings | (11,116) | (10,232) |
| Proceeds from issuance of bonds | ― | 9,955 |
| Redemption of bonds | (10,000) | ― |
| Purchase of treasury shares | (4) | (2) |
| Dividends paid | (5,324) | (5,326) |
| Dividends paid to non-controlling interests | (726) | (728) |
| Other, net | (351) | (336) |
| Net cash provided by (used in) financing activities | 19,197 | (16,072) |
| Effect of exchange rate change on cash and cash equivalents | 298 | 1,992 |
| Net increase (decrease) in cash and cash equivalents | (7,306) | (71,280) |
| Cash and cash equivalents at beginning of period | 35,859 | 115,442 |
| Cash and cash equivalents at end of period | 28,553 | 44,162 |

## (4) Notes to Consolidated Financial Statements

(Significant changes in scope of consolidation during the first half ended September 30, 2025)

URETHANE SYSTEMS USA LLC and 10 other companies have been included in the scope of consolidation from the first half of the current consolidated fiscal year, as they became subsidiaries through share acquisition.

(Application of the specific accounting methods for preparing the consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by estimating an effective tax rate for net income, based on reasonable assumptions, after application of tax effect accounting for net income before tax for the consolidated fiscal year, including the current term, and by multiplying the net income before tax by the estimated tax rate of net income. However, for subsidiaries for which calculating tax expenses using the said estimation of the effective tax rate would significantly lack rationality, tax expenses are calculated by using the statutory effective tax rate.

Income taxes adjustment is included in income taxes.

(Segment Information)

(1) Information Concerning Net Sales and Operating Profit by Reportable Business Segment

For the First Half Ended September 30, 2024 (April 1, 2024 to September 30, 2024) (Millions of yen)

| | Reportable segment | | | | | | | Adjustment (note 1) | Amount recorded in consolidated statements of income (note 2) |
|---|---|---|---|---|---|---|---|---|---|
| | Specialty Products | High Performance Urethane | Pharmaceutical | Polymers & Chemicals | Machinery | Others | Total | | |
| Net sales | | | | | | | | | |
| External sales | 24,386 | 7,135 | 15,045 | 128,672 | 42,759 | 25,042 | 243,039 | — | 243,039 |
| Internal sales or transfers | 7,291 | 229 | 815 | 9,080 | 282 | (4,362) | 13,335 | (13,335) | — |
| Total | 31,677 | 7,364 | 15,860 | 137,752 | 43,041 | 20,680 | 256,374 | (13,335) | 243,039 |
| Segment profit or loss (operating profit or loss) | 4,960 | 774 | 712 | (2,477) | 2,973 | 1,029 | 7,971 | (1,922) | 6,049 |

(Note 1) (1,922) million yen for adjustment for Segment profit or loss includes (133) million yen for the elimination of transaction between the Segments, and (1,789) million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.

(Note 2) Segment profit or loss is adjusted with operating profit recorded in the consolidated statements of income.

For the First Half Ended September 30, 2025 (April 1, 2025 to September 30, 2025) (Millions of yen)

| | Reportable segment | | | | | | | Adjustment (note 1) | Amount recorded in consolidated statements of income (note 2) |
|---|---|---|---|---|---|---|---|---|---|
| | Specialty Products | High Performance Urethane | Pharmaceutical | Polymers & Chemicals | Machinery | Others | Total | | |
| Net sales | | | | | | | | | |
| External sales | 24,701 | 16,781 | 10,475 | 107,516 | 29,636 | 23,595 | 212,704 | — | 212,704 |
| Internal sales or transfers | 5,115 | 256 | 1 | 11,013 | 138 | (6,908) | 9,615 | (9,615) | — |
| Total | 29,816 | 17,037 | 10,476 | 118,529 | 29,774 | 16,687 | 222,319 | (9,615) | 212,704 |
| Segment profit or loss (operating profit or loss) | 4,253 | (565) | (483) | 4,178 | 1,886 | 1,037 | 10,306 | (2,056) | 8,250 |

(Note 1) (2,056) million yen for adjustment for Segment profit or loss includes 632 million yen for the elimination of transaction between the Segments and (2,688) million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.

(Note 2) Segment profit or loss is adjusted with operating profit recorded in the consolidated statements of income.

(2) Matters Related to Changes in Reportable Segments

Starting from the first half of the fiscal year ending March 2026, the reportable segments have been revised from the previous four segments: “Specialty Products,” “Polymers & Chemicals,” “Machinery,” and “Others” to six segments: “Specialty Products,” “High Performance Urethane,” “Pharmaceutical,” “Polymers & Chemicals,” “Machinery,” and “Others” following the change in management control categories.

Segment information for the first half of the previous consolidated fiscal year has been prepared based on the classification after the revision.

(3) Information Concerning Impairment Losses of Fixed Assets or Goodwill, etc. by Reportable Segment

(Significant Change in the Amount of Goodwill)

In the High Performance Urethane segment, the Company acquired all shares of subsidiaries engaged in the urethane systems business from LANXESS Deutschland GmbH. As a result of this transaction, goodwill increased by 39,845 million yen during the first half of the current consolidated fiscal year. The amount of goodwill has been provisionally calculated, as the allocation of the acquisition cost had not been finalized as of the end of the first half of the current consolidated accounting period.

(Note to significant changes in shareholders' equity)

None.

(Note to events and conditions which indicate there could be substantial doubt about going concern assumption)

None.

(Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

| | April – September 2024 | April – September 2025 | April 2025 – March 2026 (forecast) | April 2024 – March 2025 |
|---|---|---|---|---|
| Capital investment | 26.9 | 21.2 | 86.0 | 60.7 |
| Depreciation and amortization | 13.6 | 12.3 | 27.0 | 27.2 |
| Research and development expenses | 4.9 | 5.8 | 12.5 | 9.9 |
| Adjusted operating profit *1 | 5.3 | 16.6 | 42.0 | 27.0 |
| Interest-bearing debt | 239.0 | 321.8 | 380.0 | 330.5 |
| Shareholders' equity *2 | 399.1 | 406.7 | 410.0 | 395.1 |
| Total assets | 796.2 | 865.8 | 950.0 | 865.7 |
| D/E ratio (times) | 0.60 | 0.79 | 0.93 | 0.84 |
| Shareholders' equity ratio (%) | 50.1 | 47.0 | 43.2 | 45.6 |
| Return on sales - ROS (%) *3 | 2.5 | 3.9 | 5.1 | 3.7 |
| Return on assets - ROA (%) *4 | — | — | 4.6 | 3.3 |
| Return on equity - ROE (%) *5 | — | — | 6.8 | (1.2) |
| Return on invested capital - ROIC (%) *6 | — | — | 4.4 | 3.0 |

*1 Adjusted operating profit: Operating profit + Interest and dividend income + Share of profit (loss) of entities accounted for using equity method

*2 Shareholders' equity: Net assets – Share acquisition rights – Non-controlling interests

*3 ROS: Operating profit / Net sales

*4 ROA: Adjusted operating profit / Average total assets

*5 ROE: Profit attributable to owners of parent / Average shareholders' equity

*6 ROIC: (Net operating profit after tax + Share of profit (loss) of entities accounted for using equity method) / Average invested capital* (Invested capital: Interest-bearing debt + Shareholders' equity)