

Summary of Consolidated Financial Statements for the Second Quarter Fiscal 2024 (JPGAAP)

October 29, 2024

Tokuyama Corporation

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

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Stock exchange listings:

Tokyo

Local Code :

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Scheduled date of dividends payout : -
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 Sept. 30, 2024 (Apr. 1, 2024 – Sept. 30, 2024)

(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 2024	165,538	(0.3)	13,958	62.8	13,606	51.8
Second Quarter Fiscal 2023	166,105	(0.2)	8,576	3.4	8,962	(17.5)

(Note) Comprehensive income: 2nd Q FY24: 8,197 million yen [(27.6)%] 2nd Q FY23: 11,324 million yen [48.8%]

	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 2024	11,641	86.9	161.81	-
Second Quarter Fiscal 2023	6,228	(5.1)	86.56	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
September 30, 2024	462,778	266,400	54.9	3,529.85
March 31, 2024	457,360	259,948	54.5	3,464.47

(Reference) Shareholders' equity: Sept. 30, 2024: 253,955 million yen Mar. 31, 2024: 249,256 million yen

2. Dividends

(Period)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal 2023, ended Mar 31, 2024	(yen) -	(yen) 35.00	(yen) -	(yen) 45.00	(yen) 80.00
Fiscal 2024, ending Mar 31, 2025	-	50.00			
Fiscal 2024 (Forecast)			-	50.00	100.00

(Note) Revision of the latest dividends forecast: No

3. Consolidated performance forecast for fiscal 2024 (April 1, 2024 - March 31, 2025)

(% 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 2024	352,000	2.9	33,000	28.7	31,000	17.9	25,000	40.8	347.48

(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: TOKUYAMA VIETNAM CO.,LTD.)

Reduction from the scope of consolidation: 1 (Company Name: Shin Dai-ichi Vinyl 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 Statement.

(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: | Yes |
| 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 2024:	72,088,327	Fiscal 2023:	72,088,327
ii. Number of treasury stock at end of period:	2nd Quarter Fiscal 2024:	143,118	Fiscal 2023:	141,799
iii. Average number of shares over period:	2nd Quarter Fiscal 2024:	71,945,582	2nd Quarter Fiscal 2023:	71,951,156

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

(Note) 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 provides supplementary materials “Presentation for IR Meeting” through TDnet at the same date.

Contents for Accompanying Materials

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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 2024 (April 1, 2024 – September 30, 2024) are summarized as follows:

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Second Quarter Fiscal 2024	165,538	13,958	13,606	11,641
Second Quarter Fiscal 2023	166,105	8,576	8,962	6,228
Rate of change (%)	(0.3)	62.8	51.8	86.9

Net sales

Despite such factors as firm sales of semiconductor-related products and the upswing in caustic soda export volumes, consolidated net sales came in at ¥ 165,538 million, down 0.3%, or ¥ 566 million, compared with the corresponding period of the previous consolidated fiscal year. This was mainly due to the exclusion of Excel Shanon Corporation from the Company's scope of consolidation effective from the previous second quarter of the consolidated fiscal year.

Cost of sales

Cost of sales decreased 6.2%, or ¥ 7,531 million compared with the corresponding period of the previous year, to ¥ 113,172 million. This was mainly due to progress in manufacturing cost improvements.

SG&A expenses

SG&A expenses increased 4.3%, or ¥ 1,583 million compared with the corresponding period of the previous year, to ¥ 38,407 million mainly due to the increase in R&D expenses.

Operating profit

Operating profit increased 62.8%, or ¥ 5,382 million, compared with the corresponding period of the previous consolidated fiscal year, to ¥ 13,958 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 deteriorated by ¥ 738 million compared with the corresponding period of the previous consolidated fiscal year. This deterioration largely reflected foreign exchange losses in this period compared with foreign exchange gains in the corresponding period of the previous consolidated fiscal year.

As a result of the above, ordinary profit increased 51.8 %, or ¥ 4,643 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 13,606 million.

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

Extraordinary income/losses improved ¥ 2,720 million compared with the corresponding period of the previous consolidated fiscal year owing to a variety of factors, including an increase in gain on sale of investment securities in conjunction with a reduction in cross-shareholdings, and the posting of a gain on share exchange of affiliated companies with efforts to restructure of the polyolefin film business.

As a result of the above, profit before income taxes increased 78.0%, or ¥ 7,363 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 16,802 million.

Profit after deducting income taxes calculated in an appropriate way increased 86.2%, or ¥ 5,280 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 11,404 million.

Profit attributable to owners of parent increased 86.9%, or ¥ 5,413 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 11,641 million.

(Operating results by segment)

Tokuyama changed the management categorizations of a certain subsidiary effective from the first quarter of the consolidated fiscal year under review. Data for the corresponding period of the previous consolidated fiscal year has been adjusted to reflect this change to enable the year-on-year comparison presented as follows.

(Unit: Millions of yen)

	Second Quarter Fiscal 2024		Second Quarter Fiscal 2023		Rate of change (%)	
	Net sales	Operating Profit (loss)	Net sales	Operating Profit (loss)	Net sales	Operating profit
Chemicals	57,299	5,265	55,805	5,254	2.7	0.2
Cement	32,274	3,685	32,573	2,261	(0.9)	62.9
Electronic & Advanced Materials	39,765	2,899	35,918	625	10.7	363.8
Life Science	20,005	3,873	20,330	4,132	(1.6)	(6.3)
Eco Business	1,945	(220)	4,341	(307)	(55.2)	-
Others	19,287	1,857	22,238	(1,029)	(13.3)	-
Total	170,578	17,360	171,207	10,937	(0.4)	58.7
Adjustment	(5,039)	(3,401)	(5,102)	(2,360)	-	-
Figures in quarterly consolidated profit statement	165,538	13,958	166,105	8,576	(0.3)	62.8

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

Chemicals

Although domestic sales volumes remained in line with the corresponding period of the previous consolidated fiscal year, caustic soda earnings grew due to a variety of factors, including an increase in export volumes.

Decrease in vinyl chloride monomer and vinyl chloride resin earnings mainly due to weak sales volume trends in Japan and an increase in manufacturing costs.

Earnings of soda ash decreased owing to lower sales volumes.

As a result of the above, segment net sales increased 2.7% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 57,299 million and operating profit increased 0.2 % to ¥ 5,265 million. The segment reported higher earnings on higher sales.

Cement

Despite a slight decrease in sales volume year-on-year in Japan, cement earnings grew on the back of efforts to maintain selling prices and improve manufacturing cost.

As a result of the above, segment net sales decreased 0.9% compared with the corresponding period of the previous year, to ¥ 32,274 million and operating profit increased 62.9% to ¥ 3,685 million. The segment reported higher earnings on lower sales.

Electronic & Advanced Materials

Semiconductor-grade polycrystalline silicon earnings grew thanks to a variety of factors, including an upswing in sales volumes.

IC chemical earnings improved. This mainly reflected the increase in operating rates at Formosa Tokuyama Advanced Chemicals Co., Ltd. in Taiwan.

Despite weak sales volumes owing largely to prolonged sluggishness in the economic conditions in China, fumed silica earnings increased due mainly to the impact of foreign currency exchange rates as a result of the weak yen and reductions in manufacturing costs.

Thermal management material results in line with the corresponding period of the previous consolidated fiscal year owing to such factors as firm trends in overseas sales volumes.

As a result of the above, segment net sales increased 10.7% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 39,765 million and operating profit increased 363.8% to ¥ 2,899 million. The segment reported higher earnings on higher sales.

Life Science

Dental materials and equipment earnings increased owing to a variety of factors, including the upswing in overseas shipments and the impact of movements in foreign currency exchange rates as a result of the weak yen.

Earnings of medical diagnostic systems decreased. This largely reflected a decline in sales volumes of laboratory information systems and laboratory automation systems.

API and intermediate earnings declined due to a decrease in the sales volume of generic pharmaceutical.

As a result of the above, segment net sales decreased 1.6% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 20,005 million and operating profit decreased 6.3% to ¥ 3,873million. The segment reported lower earnings on lower sales.

Eco Business

Ion exchange membrane earnings decreased owing to the decline in shipments.

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

In plastic window sashes, Excel Shanon Corporation was removed from the Company's scope of consolidation effective from the previous second quarter of the consolidated fiscal year under review. This reflected the transfer of a portion of the company's shares.

As a result of the above, segment net sales decreased 55.2% compared with the corresponding period of the previous year, to ¥ 1,945 million and operating loss amounted to ¥ 220 million (posted operating loss of ¥ 307 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, 2024	Sept. 30, 2024	Amount of change	Rate of change (%)
Assets	457,360	462,778	5,418	1.2
Liabilities	197,411	196,378	(1,033)	(0.5)
(Interest-bearing debt)	105,784	109,877	4,092	3.9
Net assets	259,948	266,400	6,451	2.5
(Shareholders' equity)	249,256	253,955	4,698	1.9

Assets

Total assets amounted to ¥ 462,778 million, an increase of ¥ 5,418 million compared with those as of March 31, 2024.

Despite the decrease of accounts receivable – trade of ¥ 9,936 million and notes receivable - trade of ¥ 2,000 million, this increase primarily reflects the increase of cash and deposits of ¥ 16,543 million.

Liabilities

Total liabilities amounted to ¥ 196,378 million, down ¥ 1,033 million compared with those as of March 31, 2024.

Despite the increase of bonds payable of ¥ 20,000 million, this decrease primarily reflects the decrease of commercial papers, other current liabilities, and notes and accounts payable - trade of ¥ 15,000 million, ¥ 4,838 million and ¥ 3,465 million, respectively.

Net assets

Net assets totaled ¥ 266,400 million, an increase of ¥ 6,451 million compared with those as of March 31, 2024.

Despite the decrease of valuation difference on available-for-sale securities of ¥ 1,881 million, this increase primarily reflects the increase of retained earnings of ¥ 8,391 million as a result of posting profit attributable to owners of parent.

(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 of 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 2023	Second Quarter Fiscal 2024
Cash flows from operating activities	38,671	26,370
Cash flows from investing activities	(14,255)	(11,177)
Cash flows from financing activities	(31,937)	2,477
Effect of exchange rate changes on cash and cash equivalents	1,240	(796)
Net increase (decrease) in cash and cash equivalents	(6,280)	16,873
Increase/decrease in cash and cash equivalents due to changes in the accounting period of consolidated subsidiaries	(27)	-
Increase/decrease in cash and cash equivalents resulting from change in scope of consolidation	0	-
Cash and cash equivalents	61,249	64,779

Cash flows from operating activities

Net cash provided in operating activities totaled ¥ 26,370 million, a decrease of ¥ 12,301 million compared with corresponding period of the previous consolidated fiscal year.

Major contributory factors were profit before income taxes of ¥ 16,802 million and depreciation of ¥ 9,597 million.

Cash flows from investing activities

Net cash used in investing activities totaled ¥ 11,177 million, a decrease of ¥ 3,077 million compared with corresponding period of the previous consolidated fiscal year.

Major contributory factors were payments for purchases of property, plant and equipment of ¥ 11,437 million.

Cash flows from financing activities

Net cash provided in financing activities amounted to ¥ 2,477 million (Posted net cash used in financing activities of ¥ 31,937 million in corresponding period of the previous consolidated fiscal year).

Major contributory factors were proceeds from issuance of bonds of ¥ 19,909 million, despite such factors as decrease in commercial papers of ¥ 15,000 million and dividends paid of ¥ 3,250 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 ¥ 29,523 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 ¥ 64,779 million as of September 30, 2024. 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 ¥ 8,045 million.

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

Notwithstanding anxieties toward the future of fuel and raw material prices, foreign currency exchange rates, semiconductor market conditions, and other factors, Tokuyama's business performance is currently trending within anticipated parameters. Therefore, the Company has not revised the performance forecasts, announced on April 26, 2024. 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)

	3/31/2024	9/30/2024
Assets		
Current assets		
Cash and deposits	48,684	65,227
Notes receivable - trade	9,850	7,850
Accounts receivable - trade	77,279	67,343
Lease receivables	11	11
Merchandise and finished goods	28,522	27,429
Work in process	18,428	20,367
Raw materials and supplies	24,938	25,695
Other	10,159	8,668
Allowance for doubtful accounts	(99)	(88)
Total current assets	217,776	222,504
Non-current assets		
Property, plant and equipment		
Buildings and structures	119,122	121,676
Accumulated depreciation	(80,870)	(82,062)
Buildings and structures, net	38,252	39,613
Machinery, equipment and vehicles	496,906	499,304
Accumulated depreciation	(434,655)	(439,285)
Machinery, equipment and vehicles, net	62,251	60,018
Tools, furniture and fixtures	24,729	24,754
Accumulated depreciation	(20,673)	(20,894)
Tools, furniture and fixtures, net	4,056	3,860
Land	33,117	33,000
Leased assets	11,038	11,565
Accumulated depreciation	(4,463)	(4,987)
Leased assets, net	6,575	6,578
Construction in progress	24,503	25,238
Total property, plant and equipment	168,755	168,311
Intangible assets		
Goodwill	252	211
Leased assets	20	17
Other	3,190	3,834
Total intangible assets	3,463	4,063
Investments and other assets		
Investment securities	36,196	36,060
Long-term loans receivable	2,046	1,943
Deferred tax assets	14,834	14,846
Retirement benefit asset	9,816	9,555
Other	4,522	5,545
Allowance for investment loss	(7)	(7)
Allowance for doubtful accounts	(44)	(45)
Total investments and other assets	67,365	67,898
Total non-current assets	239,583	240,273
Total assets	457,360	462,778

(Millions of yen)

	3/31/2024	9/30/2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	48,093	44,627
Short-term borrowings	4,234	4,979
Commercial papers	15,000	—
Current portion of long-term borrowings	2,225	2,542
Lease liabilities	1,247	1,186
Income taxes payable	3,195	5,838
Provision for bonuses	3,241	3,490
Provision for repairs	4,656	4,363
Provision for decommissioning and removal	186	385
Provision for product warranties	77	54
Provision for loss on compensation for damage	202	278
Provision for environmental measures	14	81
Provision for contract loss	499	96
Other	21,061	16,223
Total current liabilities	103,935	84,147
Non-current liabilities		
Bonds payable	15,000	35,000
Long-term borrowings	63,262	61,507
Lease liabilities	4,814	4,663
Deferred tax liabilities	251	172
Provision for retirement benefits for directors (and other officers)	135	149
Provision for share awards	53	86
Provision for repairs	1,671	2,230
Provision for decommissioning and removal	224	89
Allowance for loss on compensation for building materials	13	5
Provision for environmental measures	67	—
Retirement benefit liability	1,741	1,749
Asset retirement obligations	19	196
Other	6,220	6,379
Total non-current liabilities	93,475	112,231
Total liabilities	197,411	196,378
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	22,947	22,777
Retained earnings	197,418	205,810
Treasury shares	(422)	(426)
Total shareholders' equity	229,944	238,162
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,221	7,339
Deferred gains or losses on hedges	(0)	—
Foreign currency translation adjustment	8,446	7,017
Remeasurements of defined benefit plans	1,645	1,436
Total accumulated other comprehensive income	19,312	15,793
Non-controlling interests	10,691	12,444
Total net assets	259,948	266,400
Total liabilities and net assets	457,360	462,778

(2) Consolidated Statements of Income

	(Millions of yen)	
	Q2 FY2023 YTD	Q2 FY2024 YTD
Net sales	166,105	165,538
Cost of sales	120,704	113,172
Gross profit	45,401	52,366
Selling, general and administrative expenses		
Selling expenses	21,742	22,229
General and administrative expenses	15,082	16,178
Total selling, general and administrative expenses	36,824	38,407
Operating profit	8,576	13,958
Non-operating income		
Interest income	109	116
Dividend income	349	358
Share of profit of entities accounted for using equity method	428	508
Outsourcing service income	259	297
Foreign exchange gains	638	—
Other	1,337	1,441
Total non-operating income	3,122	2,722
Non-operating expenses		
Interest expenses	874	437
Cost of idle operations	138	402
Foreign exchange losses	—	226
Other	1,723	2,009
Total non-operating expenses	2,736	3,075
Ordinary profit	8,962	13,606
Extraordinary income		
Gain on sale of non-current assets	17	34
Gain on sale of investment securities	609	1,141
Gain on share exchange of affiliated companies	—	2,313
Subsidy income	76	82
Gain on insurance claims	—	43
Total extraordinary income	703	3,615
Extraordinary losses		
Loss on sale of non-current assets	1	1
Impairment losses	—	96
Loss on disaster	13	—
Loss on tax purpose reduction entry of non-current assets	28	80
Loss on disposal of non-current assets	171	165
Loss on sale of shares of subsidiaries and associates	12	—
Provision for loss on compensation for damage	—	75
Total extraordinary losses	227	419
Profit before income taxes	9,438	16,802
Income taxes	3,314	5,397
Profit	6,123	11,404
Loss attributable to non-controlling interests	(104)	(236)
Profit attributable to owners of parent	6,228	11,641

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Q2 FY2023 YTD	Q2 FY2024 YTD
Profit	6,123	11,404
Other comprehensive income		
Valuation difference on available-for-sale securities	2,603	(1,879)
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	2,634	(1,393)
Remeasurements of defined benefit plans, net of tax	(236)	(199)
Share of other comprehensive income of entities accounted for using equity method	197	265
Total other comprehensive income	5,200	(3,207)
Comprehensive income	11,324	8,197
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,988	8,699
Comprehensive income attributable to non-controlling interests	336	(502)

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Q2 FY2023 YTD	Q2 FY2024 YTD
Cash flows from operating activities		
Profit before income taxes	9,438	16,802
Depreciation	8,472	9,597
Increase (decrease) in provisions	(1,008)	271
Increase (decrease) in retirement benefit liability	2	(5)
Decrease (increase) in retirement benefit asset	(90)	(12)
Interest and dividend income	(458)	(475)
Foreign exchange losses (gains)	(467)	201
Loss (gain) on sale of property, plant and equipment	(15)	(33)
Loss (gain) on sale of investment securities	(609)	(1,141)
Loss (gain) on sale of shares of subsidiaries and associates	12	—
Gain on share exchange of affiliated companies	—	(2,313)
Share of loss (profit) of entities accounted for using equity method	(428)	(508)
Subsidy income	(76)	(82)
Interest expenses	874	437
Loss on tax purpose reduction entry of non-current assets	28	80
Impairment losses	—	96
Loss (gain) on disposal of non-current assets	171	165
Gain on insurance claims	—	(43)
Decrease (increase) in trade receivables	14,983	11,619
Decrease (increase) in inventories	3,401	(1,718)
Decrease (increase) in other current assets	2,026	1,303
Increase (decrease) in trade payables	3,994	(3,194)
Increase (decrease) in other current liabilities	(1,242)	(2,436)
Other, net	567	197
Subtotal	39,575	28,806
Interest and dividends received	949	795
Interest paid	(908)	(517)
Proceeds from insurance income	—	43
Income taxes refund (paid)	(945)	(2,758)
Net cash provided by (used in) operating activities	38,671	26,370

	(Millions of yen)	
	Q2 FY2023 YTD	Q2 FY2024 YTD
Cash flows from investing activities		
Payments into time deposits	(11)	(7)
Proceeds from withdrawal of time deposits	200	338
Purchase of property, plant and equipment	(16,947)	(11,437)
Proceeds from sale of property, plant and equipment	853	35
Purchase of investment securities	(544)	(90)
Proceeds from sale of investment securities	1,364	2,182
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,435	—
Long-term loan advances	(15)	(1)
Proceeds from collection of long-term loans receivable	452	109
Subsidies received	76	82
Other, net	(1,118)	(2,387)
Net cash provided by (used in) investing activities	(14,255)	(11,177)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	15,772	960
Increase (decrease) in commercial papers	15,000	(15,000)
Proceeds from long-term borrowings	2,846	—
Repayments of long-term borrowings	(60,325)	(1,162)
Proceeds from issuance of bonds	—	19,909
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,913)	(972)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	2,704
Dividends paid	(2,518)	(3,250)
Dividends paid to non-controlling interests	(145)	(53)
Decrease (increase) in treasury shares	(0)	(3)
Other, net	(652)	(654)
Net cash provided by (used in) financing activities	(31,937)	2,477
Effect of exchange rate change on cash and cash equivalents	1,240	(796)
Net increase (decrease) in cash and cash equivalents	(6,280)	16,873
Cash and cash equivalents at beginning of period	67,556	47,905
Increase/decrease in cash and cash equivalents due to changes in the accounting period of consolidated subsidiaries	(27)	—
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	0	—
Cash and cash equivalents at end of period	61,249	64,779

(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)

Effective from the beginning of the consolidated fiscal year under review, Shin Dai-ichi Vinyl Corporation, which was a consolidated subsidiary until the previous consolidated fiscal year, was excluded from the Company's scope of consolidation following its dissolution in an absorption-type merger with Tokuyama remaining as the surviving company.

Following its establishment, TOKUYAMA VIETNAM CO., LTD. was included in the Company's scope of consolidation as a subsidiary effective from the second quarter of the consolidated fiscal year under review.

(Consolidated Balance Sheets)

Long-term power purchase contracts

As of March 31, 2024

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, 2024

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.