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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (under Japanese GAAP)

May 14, 2024

Company name: **Sanyo Chemical Industries, Ltd.**
 Listing: Tokyo Stock Exchange
 Securities code: 4471
 URL: <https://www.sanyo-chemical.co.jp/>
 Representative: Akinori Higuchi, President & CEO
 Inquiries: Kenichi Nishimura, Director & Executive Officer, General Manager of Administrative Affairs Division
 TEL: +81-75-541-4312
 Scheduled date of ordinary general meeting of shareholders: June 21, 2024
 Scheduled date to commence dividend payments: June 6, 2024
 Scheduled date to file securities report: June 24, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2024	159,510	(8.8)	4,886	(39.8)	8,186	(17.5)	(8,501)	—
March 31, 2023	174,973	7.7	8,123	(31.6)	9,918	(22.3)	5,684	(15.2)

Note: Comprehensive income: Fiscal year ended March 31, 2024 ¥(3,399) million [–%]
 Fiscal year ended March 31, 2023 ¥5,725 million [(29.2)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	(384.99)	—	(6.0)	4.0	3.1
March 31, 2023	257.57	—	3.9	4.9	4.6

Reference: Share of profit of entities accounted for using equity method: Fiscal year ended March 31, 2024 ¥223 million
 Fiscal year ended March 31, 2023 ¥468 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	205,818	141,577	67.6	6,295.31
March 31, 2023	202,182	148,994	72.2	6,617.11

Reference: Equity: As of March 31, 2024 ¥139,037 million
 As of March 31, 2023 ¥146,067 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	19,814	(6,264)	(4,006)	27,188
March 31, 2023	10,852	(10,172)	(2,336)	17,042

2. Cash dividends

	Cash dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q (as of June 30)	2Q (as of Sept. 30)	3Q (as of Dec. 31)	4Q (as of Mar. 31)	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	85.00	–	85.00	170.00	3,766	66.0	2.6
Fiscal year ended March 31, 2024	–	85.00	–	85.00	170.00	3,772	–	2.6
Fiscal year ending March 31, 2025 (Forecast)	–	85.00	–	85.00	170.00		150.2	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025

(from April 1, 2024 to March 31, 2025)

(% indicates year-on-year changes)

	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
Six months ending September 30, 2024	75,000	(5.4)	3,000	48.5	4,000	(19.2)	2,500	(43.2)	113.19
Fiscal year ending March 31, 2025	145,000	(9.1)	8,000	63.7	9,500	16.0	2,500	–	113.19

* **Notes**

(1) Significant changes in subsidiaries during the period (changes in specific subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, accounting estimates, and restatements

- | | |
|---------------------------------------------------------------------------------------|------|
| a. Changes in accounting policies associated with revised accounting standards, etc.: | None |
| b. Changes in accounting policies other than a. above: | None |
| c. Changes in accounting estimates: | None |
| d. Restatements: | None |

(3) Number of shares issued (common stock)

a. Number of shares issued at the end of the period (including treasury shares)

As of March 31, 2024	23,534,752 shares
As of March 31, 2023	23,534,752 shares

b. Number of treasury shares at the end of the period

As of March 31, 2024	1,448,955 shares
As of March 31, 2023	1,460,503 shares

c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2024	22,081,754 shares
For the fiscal year ended March 31, 2023	22,069,014 shares

Note: Shares of Sanyo Chemical Industries, Ltd. (the "Company") owned by the trust whose beneficiaries are directors, etc. of the Company are included in the treasury shares that are excluded in calculating the number of treasury shares at the end of the period and the average number of shares outstanding during the period.

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2024	109,900	(5.5)	2,947	(37.7)	7,577	(3.0)	(7,802)	—
March 31, 2023	116,289	6.6	4,730	(33.3)	7,812	(23.5)	5,931	(7.4)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2024	(353.34)	—
March 31, 2023	268.79	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2024	163,031	116,876	71.7	5,291.95
March 31, 2023	165,295	125,630	76.0	5,691.27

Reference: Equity: As of March 31, 2024 ¥116,876 million
As of March 31, 2023 ¥125,630 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Appropriate use of earnings forecasts and other special items

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual earnings may differ significantly due to various factors. See page 2, "1. Analysis of results of operations and financial position, (1) Qualitative information regarding operating results" for more information regarding the circumstances behind the assumptions used in earnings forecasts and matters to be noted when relying on earnings forecasts.

<Reference> Consolidated financial results trend and the feature

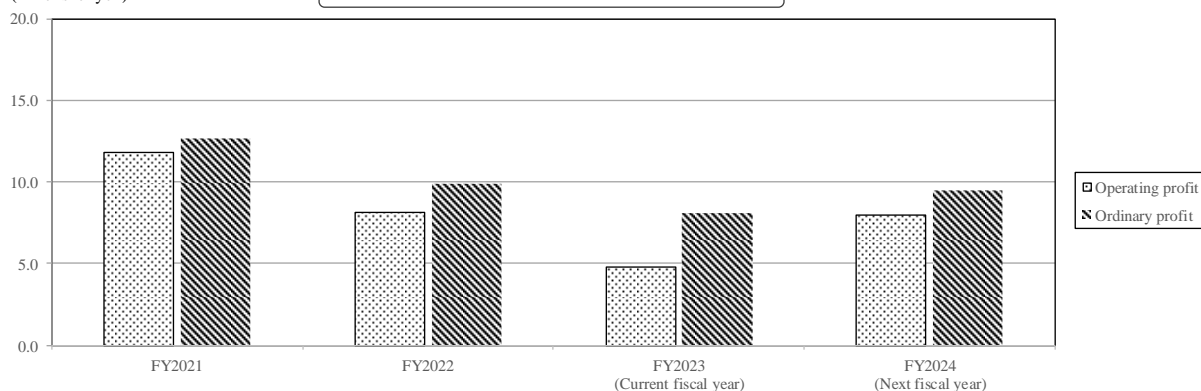
(Millions of yen)

	FY2021 (Fiscal year ended March 31, 2022)		FY2022 (Fiscal year ended March 31, 2023)		FY2023 (Fiscal year ended March 31, 2024)		FY2024 (Fiscal year ending March 31, 2025)		Changed amount	
	Amount	YoY change	Amount	YoY change	Amount	YoY change	Amount	YoY change	FY2024 – FY2023	FY2025 – FY2024
Net sales	162,526	12.3%	174,973	7.7%	159,510	(8.8)%	145,000	(9.1)%	(15,463)	(14,510)
Operating profit	11,868	(0.5)%	8,123	(31.6)%	4,886	(39.8)%	8,000	63.7%	(3,237)	3,113
Ordinary profit	12,771	6.4%	9,918	(22.3)%	8,186	(17.5)%	9,500	16.0%	(1,731)	1,313
Profit attributable to owners of parent	6,699	(8.0)%	5,684	(15.2)%	(8,501)	–	2,500	–	(14,185)	11,001
Share of profit of entities accounted for using equity method	(1,104)		468		223		590		(245)	366
Profit attributable to non-controlling interests	458		544		(135)		550		(679)	685
Net assets	147,032	2.9%	148,994	1.3%	141,577	(5.0)%	137,800	(2.7)%	(7,417)	(3,777)
Total assets	200,194	2.3%	202,182	1.0%	205,818	1.8%	202,200	(1.8)%	3,635	(3,618)
ROE (Return on equity)		4.7%		3.9%		(6.0)%		1.8%	Percentage points (9.9)	Percentage points 7.8

Note: “Loss on abandonment of inventories,” which was included in “Non-operating expenses” is included in “Cost of sales” from the fiscal year under review. The figures for the fiscal year ended March 31, 2023, were provided after undergoing reclassification to reflect these changes in the presentation method.

(Billions of yen)

Consolidated financial results trend



Feature of the fiscal year ended March 31, 2024 (FY2023) (Comparison with the previous fiscal year)

◎ Net sales decreased due to lower sales volume. Profit decreased due to lower sales volume and business structural reforms.

(Billions of yen)

			Main factors
Net sales	(15.4)	(Decreased sales)	• Sales volume decrease
Operating profit	(3.2)	(Decreased profit)	• Sales volume decrease, fixed cost increase
Ordinary profit	(1.7)	(Decreased profit)	• Increase in foreign exchange gains • Worsening extraordinary losses
Profit attributable to owners of parent	(14.1)	(Decreased profit)	This period: Gain on sale of investment securities 2.0, Loss on retirement of non-current assets (1.3), Impairment losses (3.2), Business restructuring expenses (12.0), etc., Total (15.5) Previous period: Impairment losses of non-current assets, etc.

Features of the fiscal year ending March 31, 2025 (FY2024) (Comparison with current fiscal year)

◎ Decreased net sales due to business structural reforms. Increased profit due to business structural reforms and a decrease in extraordinary losses.

(Billions of yen)

			Main factors
Net sales	(14.5)	(Decreased sales)	• Sales volume decrease associated with business structural reforms
Operating profit	3.1	(Increased profit)	• Improvement in profit associated with business structural reforms and expanded sales of highly profitable products
Ordinary profit	1.3	(Increased profit)	• Decrease in foreign exchange gains
Profit attributable to owners of parent	11.0	(Increased profit)	• Decrease in business restructuring expenses

Attached Material Index

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1. Analysis of results of operations and financial position

(1) Qualitative information regarding operating results

During the fiscal year ended March 31, 2024, the Japanese economy continued to normalize with the reclassification of COVID-19 as Category V Infectious Diseases under the Infectious Diseases Control Law, and saw a recovery in individual consumption and exports. However, conditions remained challenging due to factors such as a diminished capital investment appetite around the world. In the global economy, while the U.S. economy remained resilient, the European economy tended to slow down, and China's economic recovery has lagged due to factors such as sluggish exports and deteriorating real estate market conditions. In addition, resource and energy prices remained high and inflationary due to the prolonged situation in Russia and Ukraine and deterioration of the situation in the Middle East, making the outlook uncertain.

In the chemical industry, the foreign exchange market saw a moment where the yen rallied due to factors including the slowdown in the U.S. inflation rate and heightened expectations for a normalization of monetary policy by the Bank of Japan. However, a trend of yen depreciation persisted throughout the year due to long-term fiscal tightening in the U.S. and Europe. Oil prices were trending upwards amidst growing tensions in the Middle East, despite the global economic slowdown. Additionally, sluggish domestic demand in China, coupled with an oversupply of Chinese products, intensified price competition in Japanese and other Asian markets, among others. Given these factors, the business environment remains unpredictable.

Under these circumstances, net sales for the fiscal year under review decreased by 8.8% year on year to ¥159,510 million, primarily due to a decrease in sales volume. In terms of profit, operating profit was ¥4,886 million (a decrease of 39.8% year on year), primarily due to factors including a decrease in sales volume and an increase in depreciation associated with the implementation of the new core system. Ordinary profit was ¥8,186 million (a decrease of 17.5% year on year), and loss attributable to owners of parent was ¥8,501 million (compared to profit attributable to owners of parent of ¥5,684 million during the previous fiscal year), primarily due to the recording of impairment losses at a consolidated subsidiary and losses resulting from the withdrawals from the superabsorbent polymer business, as well as the production business in China (Business restructuring expenses).

1) Business performance

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change	
			(Amount)	(Change)
Net sales	174,973	159,510	(15,463)	(8.8)%
Operating profit	8,123	4,886	(3,237)	(39.8)%
Ordinary profit	9,918	8,186	(1,731)	(17.5)%
Profit attributable to owners of parent	5,684	(8,501)	(14,185)	—%
Basic earnings per share	¥257.57	¥(384.99)	¥(642.56)	—%
ROA (Return on assets*)	4.9%	4.0%		(0.9) percentage point
ROE (Return on equity)	3.9%	(6.0)%		(9.9) percentage point
Currency exchange (US\$, CNY)	US\$=¥135.51	US\$=¥144.59		¥9.08
	CNY=¥19.75	CNY=¥20.14		¥0.39
Naphtha price in Japan	¥76,600/kl	¥69,100/kl		¥7,500/kl

*ROA (Return on assets) is calculated based on ordinary profit.

2) Business performance by segment

Results by product group (segment) were as follows.

(Millions of yen)

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Toiletries and Health Care	57,068	23	45,895	(1,421)	(11,173)	(1,444)
Petroleum and Automotives	48,279	2,936	50,479	2,819	2,199	(117)
Plastics and Textiles	28,177	2,783	25,235	2,367	(2,941)	(415)
Information and Electrics/Electronics	23,163	2,507	22,870	1,831	(293)	(676)
Environmental Protection, Construction and Others	18,284	1,373	15,030	539	(3,253)	(833)

<Toiletries and Health Care>

In the Toiletries segment, both the domestic and global markets for surfactants for liquid laundry detergents and polyethyleneglycol were sluggish and demand fell, causing a decline in sales.

In the Health Care segment, sales of superabsorbent polymers decreased in volume in Japan and Asia, and sales declined significantly.

As a result, total net sales in this segment decreased by 19.6% year on year, to ¥45,895 million. Operating loss was ¥1,421 million (compared to operating profit of ¥23 million during the previous fiscal year).

<Petroleum and Automotives>

In the Petroleum and Automotives segment, despite weak sales in polyurethane foams used in automobile seats and other applications due to the inflow of low-cost products from overseas, the increased traction of lubricant additives, and polyurethane beads for interior parts of automobiles, resulted in steady sales.

As a result, total net sales in this segment increased by 4.6% year on year to ¥50,479 million. Operating profit was ¥2,819 million (a decrease of 4.0% year on year).

<Plastics and Textiles>

In the Plastics segment, sales fell due to weak sales of permanent antistatic agents as a result of sluggish demand for electronic components, along with a decrease in demand for paint coating agents and additives. In the Textiles segment, sales were weak due to sluggish sales of chemicals for carbon fibers used in wind turbines for wind power generation and a slow recovery in demand for spin finish oil used in the manufacturing process of tire cord yarns and other items.

As a result, total net sales in this segment decreased by 10.4% year on year, to ¥25,235 million. Operating profit was ¥2,367 million (a decrease of 14.9% year on year).

<Information and Electrics/Electronics>

In the Information segment, sales were flat due to price revisions caused by soaring raw material prices and other factors, in spite of a decline in demand for toner-related materials.

In the Information and Electrics/Electronics segment, the recovery of the semiconductor market drove increased sales of related materials, but sales of electrolyte for aluminum electrolytic capacitors remained sluggish due to underperformance in its consumer applications and sales declined.

As a result, total net sales in this segment decreased by 1.3% year on year, to ¥22,870 million. Operating profit was ¥1,831 million (a decrease of 27.0% year on year).

<Environmental Protection, Construction and Others>

In the Environmental Protection segment, sales were weak due to sluggish demand for cationic monomer for polymer flocculants.

In the Construction segment, sales declined for raw materials for polyurethane foams mainly used in furniture and heat insulating materials and for raw materials for building sealants.

As a result, total net sales in this segment decreased by 17.8% year on year, to ¥15,030 million. Operating profit was ¥539 million (a decrease of 60.7% year on year).

<Forecast for the fiscal year ending March 31, 2025>

During the fiscal year ended March 31, 2024, the Japanese economy saw a recovery in individual consumption and exports as restrictions on economic activities due to the impact of COVID-19 were eased. However, overall conditions remained challenging amid continuing supply chain disruptions and supply restrictions on raw materials and parts.

While we anticipate that the economy will recover due to the normalization of social and economic activities in the fiscal year ending March 31, 2025, conditions including trends in raw material prices and foreign exchange caused by the emergence of geopolitical risk remain extremely unpredictable.

Under these circumstances, for the Group's consolidated earnings forecasts for the fiscal year ending March 31, 2025, mainly due to an improvement in profit associated with business structural reforms and expanded sales for high-value-added products, we forecast net sales of ¥145,000 million, operating profit of ¥8,000 million, ordinary profit of ¥9,500 million, and profit attributable to owners of parent of ¥2,500 million.

(2) Analysis of financial position

Total assets as of the end of the fiscal year under review increased by ¥3,635 million compared with the end of the previous fiscal year, amounting to ¥205,818 million. Current assets increased by ¥8,604 million from the end of the previous fiscal year to ¥105,929 million mainly due to a ¥280 million decrease in merchandise and finished goods, and a ¥1,374 million decrease in raw materials and supplies, despite a ¥10,125 million increase in cash and deposits. Non-current assets decreased by ¥4,968 million from the end of the previous fiscal year to ¥99,889 million, mainly due to a decrease of ¥8,313 million in property, plant and equipment, despite an increase of ¥3,126 million in investment securities.

Current liabilities increased by ¥6,581 million from the end of the previous fiscal year to ¥53,519 million, mainly due to a ¥3,294 million increase in accounts payable - trade and a ¥2,663 million increase in accounts payable - other. Non-current liabilities increased by ¥4,471 million from the end of the previous fiscal year to ¥10,720 million, mainly due to the recording of ¥4,706 million in provision for business restructuring.

Net assets as of the end of the fiscal year under review decreased by ¥7,417 million from the end of the previous fiscal year, to ¥141,577 million. Equity ratio fell by 4.6 percentage points to 67.6% from 72.2% as of the end of the previous fiscal year. Net assets per share decreased by ¥321.80 from ¥6,617.11 at the end of the previous fiscal year to ¥6,295.31.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Cash flows from operating activities	10,852	19,814	8,962
Cash flows from investing activities	(10,172)	(6,264)	3,908
Cash flows from financing activities	(2,336)	(4,006)	(1,669)
Effect of exchange rate change on cash and cash equivalents	193	601	408
Net increase (decrease) in cash and cash equivalents	(1,462)	10,145	11,608
Cash and cash equivalents at end of period	17,042	27,188	10,145

Cash and cash equivalents (“cash”) as of the end of the fiscal year under review amounted to ¥27,188 million. This marked an increase of ¥10,145 million compared with the end of the previous fiscal year.

The cash flow movements during the period under review and the factors influencing them were as follows:

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥19,814 million (compared to ¥10,852 million in net cash provided during the previous fiscal year). This result was mainly due to the cash inflow from business restructuring expenses of ¥12,059 million, depreciation of ¥10,828 million, the increase in trade payables of ¥3,416 million, the decrease in trade receivables of ¥1,288 million and the decrease in inventories of ¥1,281 million due to inventory reduction efforts, which outweighed

the cash outflow mainly from loss before income taxes of ¥7,346 million and income taxes paid of ¥2,668 million.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥6,264 million (compared to ¥10,172 million in net cash used during the previous fiscal year). This result was mainly due to a cash outlay of ¥7,042 million for purchase of non-current assets.

The free cash flow, determined by subtracting net cash provided by (used in) investing activities from net cash provided by (used in) operating activities, experienced a significant improvement, reaching a net cash provided of ¥13,550 million (compared to ¥679 million in net cash provided during the previous year).

Cash flows from financing activities

Net cash used in financing activities amounted to ¥4,006 million (compared to ¥2,336 million in net cash used during the previous fiscal year). This result was mainly due to the cash outflow from dividends paid of ¥3,754 million and repayments of long-term borrowings of ¥490 million.

Trends in Sanyo Chemical Group's cash flow indicators are as follows.

	Fiscal year ended March 31,				
	2020	2021	2022	2023	2024
Equity ratio (%)	71.4	71.8	72.2	72.2	67.6
Equity ratio on a market value basis (%)	48.7	63.1	55.5	46.6	45.7
Cash flows / interest-bearing debt ratio (years)	0.6	0.4	0.7	0.9	0.5
Interest coverage ratio (times)	164.0	423.7	233.3	91.6	133.1

Equity ratio: Equity / Total assets

Equity ratio on a market value basis: Market capitalization / Total assets

Cash flows / interest-bearing debt ratio: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payment

* All indicators are calculated based on consolidated financial statements.

* Market capitalization is (Closing price at period end) × (Number of outstanding shares at period end [less treasury shares]).

* Net cash provided by operating activities is as reported on the consolidated statements of cash flows. Interest payments are reported under interest paid on the consolidated statements of cash flow.

- (3) Basic policy on appropriation of profits and dividend payment for the current and next fiscal years
We regard increasing returns to shareholders while attempting to reinforce the corporate base for the future through an improvement in Sanyo Chemical Group's profitability as our important management issue. We aim to improve our dividend payout in the medium- to long-term, targeting a consolidated payout ratio of 30% or higher. Furthermore, we intend to use our internal reserves for investment in future growth.

The Company plans to pay the year-end dividend of ¥85 per share (an annual dividend of ¥170 per share) for the fiscal year ended March 31, 2024. (This year-end dividend will be decided officially at the Board of Directors meeting in mid-May after receiving the Audit Report by the accounting auditor and the Audit & Supervisory Board.)

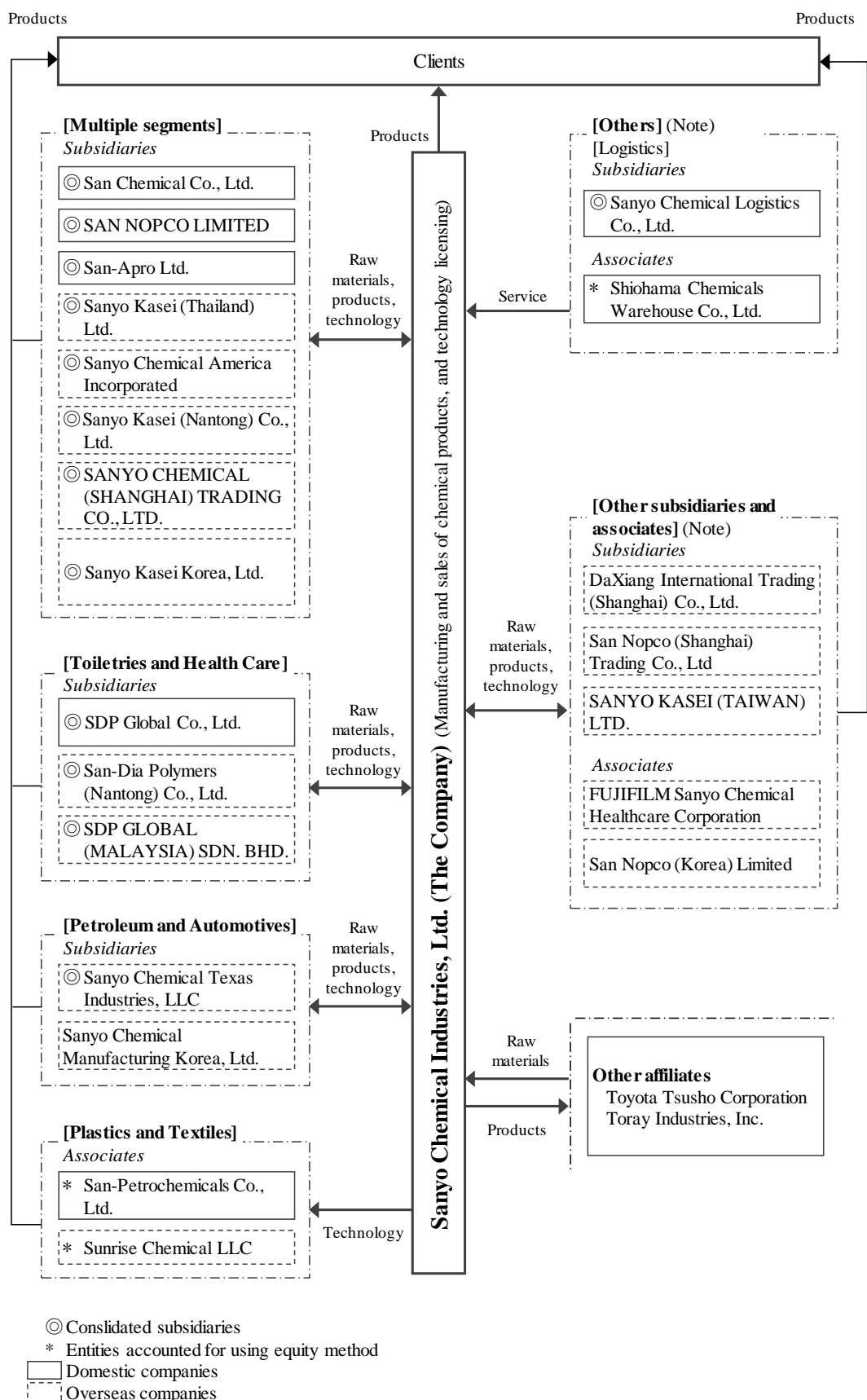
In addition, we forecast an interim and year-end dividend in the next fiscal year of ¥85 each, for an annual dividend of ¥170 per share.

<Consolidated dividends per share & payout ratio trend>

	Fiscal year ended March 31,				Fiscal year ending March 31, 2025 Next fiscal year (forecast)
	2021	2022	2023	2024 current fiscal year	
Interim	¥70.0	¥85.0	¥85.0	¥85.0	¥85.0
Year-end	¥80.0	¥85.0	¥85.0	¥85.0	¥85.0
Annual	¥150.0	¥170.0	¥170.0	¥170.0	¥170.0
Payout ratio	45.4%	56.0%	66.0%	—%	150.2%

2. Status of the corporate group

An organizational chart of the businesses of the Group's main companies is provided below.



Note: These companies have not been classified by segment.

3. Basic policy on selection of accounting standards

Sanyo Chemical Group prepares its consolidated financial statements in accordance with the Japanese accounting standards taking into consideration the comparability between consolidated financial statements over different accounting periods and of different companies.

The Group considers the application of the International Financial Reporting Standards (IFRS) in the future.

4. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	17,114	27,240
Notes and accounts receivable - trade	45,326	44,967
Electronically recorded monetary claims - operating	917	492
Merchandise and finished goods	20,123	19,842
Semi-finished goods	4,986	5,082
Work in process	5	350
Raw materials and supplies	7,233	5,859
Other	2,080	2,576
Allowance for doubtful accounts	(464)	(484)
Total current assets	97,324	105,929
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,207	49,540
Accumulated depreciation	(31,900)	(33,536)
Buildings and structures, net	19,306	16,003
Machinery, equipment and vehicles	163,648	161,438
Accumulated depreciation	(136,504)	(139,171)
Machinery, equipment and vehicles, net	27,144	22,266
Land	8,879	8,869
Construction in progress	1,435	1,936
Other	15,022	14,817
Accumulated depreciation	(11,998)	(12,415)
Other, net	3,024	2,401
Total property, plant and equipment	59,791	51,477
Intangible assets		
Software	1,170	6,348
Other	6,707	1,214
Total intangible assets	7,877	7,563
Investments and other assets		
Investment securities	27,575	30,701
Long-term loans receivable	4,145	3,545
Deferred tax assets	350	417
Retirement benefit asset	2,085	3,672
Other	3,064	2,541
Allowance for doubtful accounts	(32)	(30)
Total investments and other assets	37,188	40,848
Total non-current assets	104,857	99,889
Total assets	202,182	205,818

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	20,555	23,849
Electronically recorded obligations - operating	4,535	4,911
Short-term borrowings	7,847	8,682
Current portion of long-term borrowings	474	505
Accounts payable - other	5,828	8,491
Income taxes payable	1,321	1,384
Provision for bonuses	1,813	2,064
Provision for bonuses for directors (and other officers)	88	36
Electronically recorded obligations - non-operating	732	557
Other	3,737	3,035
Total current liabilities	46,938	53,519
Non-current liabilities		
Long-term borrowings	1,909	1,516
Deferred tax liabilities	2,772	2,938
Provision for share-based payments	391	431
Retirement benefit liability	53	102
Provision for business restructuring	–	4,706
Other	1,123	1,026
Total non-current liabilities	6,249	10,720
Total liabilities	53,187	64,240
Net assets		
Shareholders' equity		
Share capital	13,051	13,051
Capital surplus	13,270	13,270
Retained earnings	111,762	99,488
Treasury shares	(5,730)	(5,675)
Total shareholders' equity	132,353	120,134
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,816	11,584
Foreign currency translation adjustment	4,579	5,978
Remeasurements of defined benefit plans	317	1,339
Total accumulated other comprehensive income	13,714	18,902
Non-controlling interests	2,927	2,540
Total net assets	148,994	141,577
Total liabilities and net assets	202,182	205,818

(2) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	174,973	159,510
Cost of sales	142,718	130,231
Gross profit	32,255	29,279
Selling, general and administrative expenses		
Freight and storage charges	6,222	5,498
Salaries and compensations	4,115	4,242
Employees' bonuses	1,343	1,276
Retirement benefit expenses	243	251
Welfare expenses	1,300	1,305
Depreciation	611	1,897
Research and development expenses	5,691	5,222
Other	4,602	4,697
Total selling, general and administrative expenses	24,131	24,392
Operating profit	8,123	4,886
Non-operating income		
Interest income	169	167
Dividend income	821	1,005
Rental income from real estate	137	134
Foreign exchange gains	1,107	1,713
Share of profit of entities accounted for using equity method	468	223
Other	187	565
Total non-operating income	2,892	3,811
Non-operating expenses		
Interest expenses	118	139
Rental costs on real estate	70	67
Compensation expenses	394	–
Other	514	303
Total non-operating expenses	1,098	510
Ordinary profit	9,918	8,186
Extraordinary income		
Gain on sale of investment securities	2,716	2,030
Insurance claim income	21	–
Total extraordinary income	2,737	2,030
Extraordinary losses		
Loss on valuation of investment securities	106	440
Loss on valuation of investments in capital	688	453
Loss on retirement of non-current assets	1,093	1,372
Impairment losses	*1 1,328	*1 3,238
Business restructuring expenses	–	*2 12,059
Other	24	–
Total extraordinary losses	3,241	17,563
Profit (loss) before income taxes	9,414	(7,346)
Income taxes - current	3,239	2,775
Income taxes - deferred	(53)	(1,485)
Total income taxes	3,185	1,290
Profit (loss)	6,228	(8,636)
Profit (loss) attributable to non-controlling interests	544	(135)
Profit (loss) attributable to owners of parent	5,684	(8,501)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	6,228	(8,636)
Other comprehensive income		
Valuation difference on available-for-sale securities	(806)	2,767
Foreign currency translation adjustment	522	1,447
Remeasurements of defined benefit plans, net of tax	(219)	1,021
Total other comprehensive income	(503)	5,237
Comprehensive income	5,725	(3,399)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,125	(3,313)
Comprehensive income attributable to non-controlling interests	599	(86)

(3) Consolidated statements of changes in net assets
Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,051	13,243	109,713	(5,781)	130,226
Changes during period					
Dividends of surplus			(3,759)		(3,759)
Profit (loss) attributable to owners of parent			5,684		5,684
Purchase of treasury shares				(323)	(323)
Disposal of treasury shares		26		374	401
Change in scope of consolidation			124		124
Net changes in items other than shareholders' equity					
Total changes during period	-	26	2,049	51	2,127
Balance at end of period	13,051	13,270	111,762	(5,730)	132,353

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	9,623	4,093	537	14,253	2,552	147,032
Changes during period						
Dividends of surplus						(3,759)
Profit (loss) attributable to owners of parent						5,684
Purchase of treasury shares						(323)
Disposal of treasury shares						401
Change in scope of consolidation						124
Net changes in items other than shareholders' equity	(806)	486	(219)	(539)	374	(164)
Total changes during period	(806)	486	(219)	(539)	374	1,962
Balance at end of period	8,816	4,579	317	13,714	2,927	148,994

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,051	13,270	111,762	(5,730)	132,353
Changes during period					
Dividends of surplus			(3,772)		(3,772)
Profit (loss) attributable to owners of parent			(8,501)		(8,501)
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		0		57	57
Change in scope of consolidation					-
Net changes in items other than shareholders' equity					
Total changes during period	-	0	(12,273)	54	(12,218)
Balance at end of period	13,051	13,270	99,488	(5,675)	120,134

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,816	4,579	317	13,714	2,927	148,994
Changes during period						
Dividends of surplus						(3,772)
Profit (loss) attributable to owners of parent						(8,501)
Purchase of treasury shares						(2)
Disposal of treasury shares						57
Change in scope of consolidation						-
Net changes in items other than shareholders' equity	2,767	1,398	1,021	5,188	(386)	4,801
Total changes during period	2,767	1,398	1,021	5,188	(386)	(7,417)
Balance at end of period	11,584	5,978	1,339	18,902	2,540	141,577

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	9,414	(7,346)
Depreciation	10,239	10,828
Loss on retirement of non-current assets	1,093	1,372
Impairment losses	1,328	3,238
Increase (decrease) in provision for bonuses	(310)	240
Increase (decrease) in retirement benefit asset and liability	(58)	(72)
Increase (decrease) in provision for bonuses for directors (and other officers)	(32)	(51)
Increase (decrease) in provision for share-based payments	96	97
Interest and dividend income	(991)	(1,173)
Interest expenses	118	139
Share of loss (profit) of entities accounted for using equity method	(468)	(223)
Loss (gain) on sale of investment securities	(2,716)	(2,030)
Loss (gain) on valuation of investment securities	106	440
Loss on valuation of investments in capital	688	453
Decrease (increase) in trade receivables	546	1,288
Decrease (increase) in inventories	(4,351)	1,281
Increase (decrease) in trade payables	(839)	3,416
Business restructuring expenses	–	12,059
Other, net	(1,319)	(3,382)
Subtotal	12,543	20,576
Interest and dividends received	2,266	2,055
Interest paid	(118)	(148)
Income taxes paid	(3,839)	(2,668)
Net cash provided by (used in) operating activities	10,852	19,814
Cash flows from investing activities		
Purchase of non-current assets	(9,382)	(7,042)
Purchase of investment securities	(151)	–
Proceeds from sale of investment securities	2,884	2,062
Long-term loan advances	(758)	(211)
Proceeds from collection of long-term loans receivable	614	592
Payment for other investment activities	(3,658)	(1,773)
Proceeds from other investment activities	279	108
Net cash provided by (used in) investing activities	(10,172)	(6,264)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	492	748
Proceeds from long-term borrowings	2,188	–
Repayments of long-term borrowings	(850)	(490)
Net decrease (increase) in treasury shares	(3)	(2)
Dividends paid	(3,743)	(3,754)
Dividends paid to non-controlling interests	(225)	(300)
Other, net	(196)	(207)
Net cash provided by (used in) financing activities	(2,336)	(4,006)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Effect of exchange rate change on cash and cash equivalents	193	601
Net increase (decrease) in cash and cash equivalents	(1,462)	10,145
Cash and cash equivalents at beginning of period	18,171	17,042
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	333	-
Cash and cash equivalents at end of period	17,042	27,188

(5) Notes to consolidated financial statements

Notes to going concern assumptions

None

Additional information

Changes in the presentation method

“Loss on abandonment of inventories,” which was presented separately under “Non-operating expenses” in the consolidated statements of income, is included in “Cost of sales” from the fiscal year under review. This is due to revisions in the method to evaluate the performance of individual business segments in conjunction with changes to the core system.

To reflect these changes in the presentation method, ¥281 million of “Loss on abandonment of inventories” under “Non-operating expenses” of the consolidated statements of income for the fiscal year ended March 31, 2023 has been reclassified as “Cost of sales.”

Consolidated statements of income

*1 Impairment losses

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

The Group recorded impairment losses on the following asset groups.

Location	Main use	Class
SDP Global Co., Ltd. Tokai City, Aichi Prefecture Kyoto City, Kyoto Prefecture, etc.	Facilities related to Toiletries and Health Care, etc.	Machinery and buildings, etc.

In principle, the Group classifies its assets into groups by factory.

Due to the deterioration of the business environment and expected decline in profitability, the book value of this asset group was reduced to the recoverable amount, and a loss of ¥1,328 million was recorded.

The breakdown of these losses was ¥59 million for buildings and structures, ¥1,225 million for machinery, ¥14 million for software, and ¥28 million for others.

The recoverable amount is measured by net realizable value, which is assessed based on professional appraisals.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

The Group recorded impairment losses on the following asset groups.

Location	Main use	Class
Sanyo Kasei (Thailand) Ltd. Bangkok and Rayong, Thailand	Facilities related to Plastics and Textiles, etc.	Machinery and buildings, etc. *3
San-Dia Polymers (Nantong) Co., Ltd. Jiangsu Province, China	Facilities related to Toiletries and Health Care	Machinery, etc. *4

In principle, the Group classifies its assets into groups by factory.

(*3) Profit or loss arising from operations has been continuously negative, and as a result of assessing the future recoverability, the carrying amount has been reduced to the recoverable amount, and ¥2,986 million has been recorded as an impairment loss under extraordinary losses. The breakdown of these losses was ¥882 million for buildings and structures, ¥1,308 million for machinery, equipment and vehicles, ¥681 million for construction in progress, and ¥114 million for others. The recoverable amount is measured by value in use, which is calculated by discounting the estimated future cash flows at 12.5%.

(*4) As certain facilities are no longer expected to be used, the carrying amount has been reduced to the memorandum amount, and ¥251 million has been recorded as an impairment loss under extraordinary losses. The breakdown of these losses was ¥245 million for machinery, equipment and vehicles and ¥6 million for others.

*2 Business restructuring expenses

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

None

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Business restructuring expenses refer to those associated with the decision, made in the fiscal year under review, to withdraw from the superabsorbent polymer business and cease production of surfactants and urethane resin products, etc. in Nantong, Jiangsu Province, China (the “Business Withdrawal”) as part of the structural reform under the “New Medium-Term Management Plan 2025.”

The breakdown of business restructuring expenses was mainly ¥4,159 million for impairment losses, ¥3,116 million for contract termination settlements, ¥1,962 million for loss on retirement of non-current assets, and ¥2,820 million for others.

Details concerning impairment losses are outlined below.

Location	Main use	Key breakdown components
SDP Global Co., Ltd. Tokai City, Aichi Prefecture Kyoto City, Kyoto Prefecture, etc.	Facilities related to Toiletries and Health Care, etc.	Buildings and structures ¥432 million Machinery, equipment and vehicles ¥29 million Others ¥0 million
Sanyo Kasei (Nantong) Co., Ltd. Jiangsu Province, China	Facilities related to Petroleum and Automotives, Facilities related to Information and Electrics/Electronics, etc.	Buildings and structures ¥298 million Machinery, equipment and vehicles ¥1,002 million Others ¥355 million
SDP GLOBAL (MALAYSIA) SDN. BHD. Johor, Malaysia	Facilities related to Toiletries and Health Care	Buildings and structures ¥1,242 million Machinery, equipment and vehicles ¥394 million Others ¥404 million

In principle, the Group classifies its assets into groups by factory.

As a result of the decision of the Business Withdrawal, the carrying amount of the above asset groups has been reduced to the recoverable amount, and the decrement has been recorded in business restructuring expenses as an impairment loss under extraordinary losses. The recoverable amount is measured by net realizable value, which is assessed based on professional appraisals.

Segment information

[Segment information]

1. Overview of reportable segments

We can acquire isolated data for each of the Group's reportable segments, which have been linked to the market domains that form the foundation of the Group's research and development and strategy formulation.

Furthermore, the Group's reportable segments are composed of product categories based on the uses of the Group's products. There are five reportable segments: "Toiletries and Health Care," "Petroleum and Automotives," "Plastics and Textiles," "Information and Electrics/Electronics," and "Environmental Protection, Construction and Others."

The "Toiletries and Health Care" segment manufactures and sells surfactants for detergents, surfactants for toiletries, pharmaceutical additives, and superabsorbent polymers. The "Petroleum and Automotives" segment manufactures and sells thermoplastic polyurethane beads for interior parts of automobiles, polyurethane foam raw materials, and lubricant additives. The "Plastics and Textiles" segment manufactures and sells permanent antistatic agents, chemicals for carbon fibers and fiberglass agents. The "Information and Electrics/Electronics" segment manufactures and sells core components of polymerization toners, toner resins, and electrolytes for aluminum electrolytic capacitors. The "Environmental Protection, Construction, and Others" segment manufactures and sells polymer flocculants for wastewater treatment and polyurethane insulation raw materials.

2. Method of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting treatment methods used for the reportable segments are the same as those listed in the "Significant matters forming the basis of preparing consolidated financial statements."

Figures for profits for the reportable segments use an operating profit base.

Market prices and other factors are considered in deciding internal sales and transfer among segments.

3. Information regarding net sales, profit or loss, assets, liabilities and other items by reportable segment
Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable Segment						Adjustment	Total
	Toiletries and Health Care	Petroleum and Automotives	Plastics and Textiles	Information and Electrics/Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to external customers	57,068	48,279	28,177	23,163	18,284	174,973	–	174,973
Intersegment sales/transfers	–	–	–	–	151	151	(151)	–
Total	57,068	48,279	28,177	23,163	18,435	175,125	(151)	174,973
Segment profit	23	2,936	2,783	2,507	1,373	9,625	(1,501)	8,123
Segment assets	40,582	36,068	36,778	27,262	13,308	154,000	48,182	202,182
Other items								
Depreciation	2,900	2,597	1,858	2,106	619	10,083	–	10,083
Investments in entities accounted for using equity method	–	–	5,498	–	337	5,835	–	5,835
Increase in property, plant and equipment and intangible assets	2,777	2,919	3,373	2,059	903	12,033	–	12,033

Notes: 1. Company-wide expenses of ¥1,501 million not allocated to reportable segments are included in the adjustment to segment profit. Company-wide expenses include research and development expenses for new businesses, etc. not belonging to reportable segments.

2. Total amount of segment profit has been adjusted with operating profit in the consolidated statements of income.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable Segment						Adjustment	Total
	Toiletries and Health Care	Petroleum and Automotives	Plastics and Textiles	Information and Electrics/Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to external customers	45,895	50,479	25,235	22,870	15,030	159,510	–	159,510
Intersegment sales/transfers	–	–	–	–	141	141	(141)	–
Total	45,895	50,479	25,235	22,870	15,171	159,652	(141)	159,510
Segment profit (loss)	(1,421)	2,819	2,367	1,831	539	6,137	(1,250)	4,886
Segment assets	33,479	35,325	34,139	24,441	13,103	140,488	65,329	205,818
Other items								
Depreciation	2,791	2,610	2,385	2,157	741	10,686	–	10,686
Investments in entities accounted for using equity method	–	–	5,435	–	336	5,772	–	5,772
Increase in property, plant and equipment and intangible assets	1,456	2,434	2,391	1,737	629	8,649	–	8,649

- Notes: 1. Company-wide expenses of ¥1,250 million not allocated to reportable segments are included in the adjustment to segment profit. Company-wide expenses include research and development expenses for new businesses, etc. not belonging to reportable segments.
2. Total amount of segment profit has been adjusted with operating profit in the consolidated statements of income.

4. Differences between total amounts for reportable segments and amounts in the consolidated financial statements and main details of these differences (matters relating to difference adjustments)

The total amount of other items matches the amounts recorded in the consolidated statement of income.

(Millions of yen)

Net sales	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reportable segment total	175,125	159,652
Intersegment eliminations	(151)	(141)
Net sales in the consolidated financial statements	174,973	159,510

(Millions of yen)

Profit	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reportable segment total	9,906	6,137
Intersegment eliminations	–	–
Company-wide expenses (Note)	(1,501)	(1,250)
Operating profit in the consolidated financial statements	8,405	4,886

Note: Company-wide expenses are research and development expenses for new businesses not belonging to reportable segments.

(Millions of yen)

Assets	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reportable segment total	154,000	140,488
Intersegment eliminations	–	–
Corporate assets (Note)	48,182	65,329
Total assets in the consolidated financial statements	202,182	205,818

Note: The corporate assets are mainly cash and deposits, investment securities, etc. that have not been attributed to a reportable segment.

5. Items related to changes in reporting segments

The presentation method has been changed starting with the fiscal year under review.

The contents of the said changes in the presentation method are indicated in “2. Consolidated financial statements and significant notes thereto, (5) Notes to consolidated financial statements, Additional information.”

Furthermore, provided segment information for the fiscal year ended March 31, 2023 was created using adjusted figures.

[Information regarding impairment losses of non-current assets by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Toiletries and Health Care	Petroleum and Automotives	Plastics and Textiles	Information and Electrics/Electronics	Environmental Protection, Construction and Others	Total
Impairment losses	1,328	–	–	–	–	1,328

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Toiletries and Health Care	Petroleum and Automotives	Plastics and Textiles	Information and Electrics/Electronics	Environmental Protection, Construction and Others	Total
Impairment losses	304	6	2,888	37	1	3,238
Business restructuring expenses	2,616	665	219	657	–	4,159
Total	2,920	671	3,107	695	1	7,397

Note: Of impairment losses, ¥4,159 million is included in “Business restructuring expenses” in the consolidated statements of income.

<Reference>

[Information by geographic segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or common assets	Consolidated total
I. Net sales and operating profit (loss)							
Net sales							
Sales to (1) external customers	127,664	9,277	23,306	14,724	174,973	–	174,973
(2) Intersegment sales/transfers	9,253	60	1,990	1,129	12,433	(12,433)	–
Total	136,917	9,337	25,297	15,854	187,407	(12,433)	174,973
Operating expenses	129,615	9,106	25,020	15,537	179,279	(12,428)	166,850
Operating profit (loss)	7,302	231	277	317	8,128	(4)	8,123
II. Assets	190,032	8,144	17,156	15,727	231,060	(28,877)	202,182

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or common assets	Consolidated total
I. Net sales and operating profit (loss)							
Net sales							
Sales to (1) external customers	114,161	10,075	24,269	11,004	159,510	–	159,510
(2) Intersegment sales/transfers	11,105	47	2,316	1,062	14,532	(14,532)	–
Total	125,267	10,122	26,586	12,066	174,042	(14,532)	159,510
Operating expenses	120,390	9,900	26,435	12,517	169,244	(14,620)	154,623
Operating profit (loss)	4,876	222	151	(451)	4,798	88	4,886
II. Assets	198,964	9,260	16,196	11,703	236,124	(30,305)	205,818

[Overseas net sales]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	59,513	[31,204]	11,145	5,719	76,378
II. Consolidated net sales	–	[–]	–	–	174,973
III. Percentage of overseas net sales to consolidated net sales (%)	34.0	[17.8]	6.4	3.3	43.7

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	54,163	[29,552]	11,530	5,109	70,802
II. Consolidated net sales	–	[–]	–	–	159,510
III. Percentage of overseas net sales to consolidated net sales (%)	34.0	[18.5]	7.2	3.2	44.4

Notes: 1. The term “overseas net sales” refers to net sales of the Company (non-consolidated) and its consolidated subsidiaries registered in countries and regions outside Japan.

2. Areas included in each country or region are determined based on their degree of proximity.

3. Main countries or regions included in each geographic segment outside Japan

(1) Asia: South Korea, China, Indonesia, India, Thailand, etc.

(2) Americas: USA, Mexico, Brazil, etc.

(3) Other: Australia, Europe, Russia, the Middle East, etc.

Per share information

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	¥6,617.11	¥6,295.31
Basic earnings (loss) per share	¥257.57	¥(384.99)

Notes: 1. Diluted earnings (loss) per share is not provided because the Company had no potential dilutive shares.

2. Shares of the Company owned by the trust whose beneficiaries are directors, etc. that were recorded as treasury shares in shareholders’ equity are included in the treasury shares that are excluded from the total number of treasury shares issued at the end of the period in calculating net assets per share (116,700 shares in the previous fiscal year and 104,500 shares in the current fiscal year).

3. Shares of the Company owned by the trust whose beneficiaries are directors, etc. that were recorded as treasury shares in shareholders’ equity are included in the treasury shares that are excluded in calculating the average number of shares outstanding during the period in calculating the basic earnings per share (58,238 shares in the previous fiscal year and 108,915 shares in the current fiscal year).

4. The basis for calculation of basic earnings per share is as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss) attributable to owners of parent (Millions of yen)	5,684	(8,501)
Amount not attributed to common shareholders (Millions of yen)	–	–
Profit (loss) attributable to owners of parent related to common stock (Millions of yen)	5,684	(8,501)
Average number of shares of common stock outstanding during the period (Thousand shares)	22,069	22,081

Significant subsequent events

None

5. Supplementary information

1. Trend of quarterly consolidated earnings

Fiscal year ended March 31, 2023

(Millions of yen)

	1Q	2Q	3Q	4Q	Total
	April 2022 to June 2022	July 2022 to September 2022	October 2022 to December 2022	January 2023 to March 2023	April 2022 to March 2023
Net sales	44,336	44,103	45,744	40,789	174,973
Operating profit	1,910	1,897	2,679	1,636	8,123
Ordinary profit	4,259	3,108	1,531	1,019	9,918
Profit attributable to owners of parent	2,536	2,182	1,564	(599)	5,684
Comprehensive income	3,986	2,341	230	(832)	5,725

Fiscal year ended March 31, 2024

(Millions of yen)

	1Q	2Q	3Q	4Q	Total
	April 2023 to June 2023	July 2023 to September 2023	October 2023 to December 2023	January 2024 to March 2024	April 2023 to March 2024
Net sales	38,914	40,363	42,853	37,378	159,510
Operating profit	704	1,315	2,197	668	4,886
Ordinary profit	2,842	2,105	1,936	1,302	8,186
Profit attributable to owners of parent	2,960	1,437	(1,417)	(11,482)	(8,501)
Comprehensive income	3,787	2,828	(2,724)	(7,291)	(3,399)

2. Investment in plant and equipment

(Millions of yen)

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2024	8,649	6,483
Fiscal year ended March 31, 2023	12,033	8,364

3. Depreciation and amortization

(Millions of yen)

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2024	10,686	7,411
Fiscal year ended March 31, 2023	10,083	6,509

4. Research and development expenses

(Millions of yen)

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2024	5,222	4,395
Fiscal year ended March 31, 2023	5,691	4,866

5. Number of employees

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2024	2,042	1,297
Fiscal year ended March 31, 2023	2,089	1,325