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Consolidated Financial Results for the Six Months Ended September 30, 2024 (under Japanese GAAP)

November 12, 2024

Company name: **Sanyo Chemical Industries, Ltd.**
 Listing: Tokyo Stock Exchange
 Securities code: 4471
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 Scheduled date to file semi-annual securities report: November 13, 2024
 Scheduled date to commence dividend payments: December 5, 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 first six months of the fiscal year ending March 31, 2025 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (% 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	%
Six months ended								
September 30, 2024	77,030	(2.8)	4,453	120.5	4,991	0.9	940	(78.6)
September 30, 2023	79,278	(10.4)	2,020	(46.9)	4,947	(32.8)	4,398	(6.8)

Note: Comprehensive income: Six months ended September 30, 2024 ¥(545) million [-%]
 Six months ended September 30, 2023 ¥6,616 million [4.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2024	42.55	—
September 30, 2023	199.20	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
September 30, 2024	187,114	139,141	72.9	6,165.70
March 31, 2024	205,818	141,577	67.6	6,295.31

Reference: Equity: As of September 30, 2024 ¥136,400 million
 As of March 31, 2024 ¥139,037 million

2. Cash dividends

	Cash dividends per share				
	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
Fiscal year ended March 31, 2024	–	85.00	–	85.00	170.00
Fiscal year ending March 31, 2025	–	85.00			
Fiscal year ending March 31, 2025 (Forecast)			–	85.00	170.00

Note: Revisions of the latest forecasts for cash dividends announced: None

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
Fiscal year ending March 31, 2025	145,000	(9.1)	9,000	84.2	10,000	22.1	4,000	–	180.92

Note: Revisions of the latest forecasts for earnings announced: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: None
 (2) Application of special accounting methods for the preparation of semi-annual consolidated financial statements: Yes

Note: See page 10, “2. Semi-annual consolidated financial statements and significant notes thereto, (4) Notes to semi-annual consolidated financial statements, Application of special accounting methods for the preparation of semi-annual consolidated financial statements” for more information.

- (3) Changes in accounting policies, accounting estimates, and restatements

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

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

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

As of September 30, 2024	23,534,752 shares
As of March 31, 2024	23,534,752 shares

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

As of September 30, 2024	1,412,328 shares
As of March 31, 2024	1,448,955 shares

- c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the six months ended September 30, 2024	22,097,785 shares
For the six months ended September 30, 2023	22,078,122 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.

* Semi-annual financial results reports are exempt from review 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 4, “1. Qualitative information regarding financial results for the six months ended September 30, 2024, (3) Information concerning future forecast such as consolidated earnings forecasts” for more information regarding the circumstances behind the assumptions used in earnings forecasts and matters to be noted when relying on earnings forecasts.

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1. Qualitative information regarding financial results for the six months ended September 30, 2024

(1) Financial position and operating results

During the first six months (April 1, 2024 to September 30, 2024) of the fiscal year ending March 31, 2025, Japanese economy showed a gradual recovery against a backdrop of an improvement in the employment and income environment. In the global economy, while the U.S. economy has remained resilient and the European economy showed a recovery trend, China's economic recovery has lagged due to factors such as deteriorating real estate market conditions. In addition, resource and energy prices remained high and inflationary against the backdrop of the prolonged situation in Russia and Ukraine and emergence of the geopolitical risk over the Middle East, making the outlook uncertain.

In the chemical industry, the forex market, after a phase of yen depreciation, switched to a trend of yen appreciation, reflecting interest rate cuts in the U.S. and Europe and an interest rate hike by the Bank of Japan. Furthermore, oil prices dropped amid concerns about the future economic outlook in the U.S. and China with rising geopolitical risk over the Middle East on one hand. As such, the business environment has been unpredictable.

Under these circumstances, net sales for the period under review decreased by 2.8% year on year to ¥77,030 million primarily due to the impact of withdrawal from the superabsorbent polymer business, etc. In term of profit, operating profit was ¥4,453 million (an increase of 120.5% year on year), mainly due to an improvement in profitability associated with the abovementioned business withdrawal, as well as a recovery in demand in the automotive industry and the semiconductor field. Meanwhile, ordinary profit was ¥4,991 million (an increase of 0.9% year on year), mainly due to the foreign exchange gains recorded in the same period of the previous fiscal year turning into foreign exchange losses for the period under review. Profit attributable to owners of parent was ¥940 million (a decrease of 78.6% year on year), mainly reflecting the extraordinary losses recorded in relation to the conclusion of an agreement on transfer of equity interest in a consolidated subsidiary, and the absence of a gain on sale of investment securities recorded in the same period of the previous fiscal year.

1) Business performance

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Change		FY2023
			(Amount)	(Change)	
Net sales	79,278	77,030	(2,248)	(2.8)%	159,510
Operating profit	2,020	4,453	2,433	120.5%	4,886
Ordinary profit	4,947	4,991	43	0.9%	8,186
Profit attributable to owners of parent	4,398	940	(3,457)	(78.6)%	(8,501)
Basic earnings per share	¥199.20	¥42.55	¥(156.65)	(78.6)%	¥(384.99)
ROA (Return on assets*)	4.8%	5.1%	–	0.3 percentage point	4.0%
ROE (Return on equity)	5.9%	1.4%	–	(4.5) percentage point	(6.0)%
ROIC (Return on invested capital)	0.1%	4.8%	–	4.7 percentage point	2.4%
Currency exchange (US\$, CNY)	US\$=¥141.07 CNY=¥19.75	US\$=¥152.78 CNY=¥21.17		¥11.71 ¥1.42	US\$=¥144.59 CNY=¥20.14
Naphtha price in Japan	¥65,600/kl	¥78,000/kl		¥12,400/kl	¥69,100/kl

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

Note: ROA, ROE and ROIC for the six months ended September 30, 2023 and 2024 are annualized.

2) Business performance by segment

(Millions of yen)

	Six months ended September 30, 2023		Six months ended September 30, 2024		Change		FY2023	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Toiletries and Health Care	23,687	(973)	20,729	252	(2,957)	1,225	45,895	(1,421)
Petroleum and Automotives	24,818	1,075	25,112	2,113	294	1,038	50,479	2,819
Plastics and Textiles	12,222	1,139	13,384	1,426	1,161	286	25,235	2,367
Information and Electrics/Electronics	11,338	1,101	10,484	1,206	(853)	105	22,870	1,831
Environmental Protection, Construction and Others	7,211	338	7,318	(2)	106	(340)	15,030	539

<Toiletries and Health Care>

In the Toiletries segment, the market for polyethyleneglycol recovered, causing a rise in sales.

In the Health Care segment, sales declined significantly as a result of withdrawal from the superabsorbent polymer business.

As a result, total net sales in this segment decreased by 12.5% year on year, to ¥20,729 million. Operating profit improved and was ¥252 million (compared to operating loss of ¥973 million during the same period of the previous fiscal year).

<Petroleum and Automotives>

In the Petroleum and Automotives segment, despite an increase in sales of lubricant additives driven by a recovery in demand, sales overall were flat due to the flat sales of raw materials for polyurethane foams used in automobile seats and other applications due to the inflow of low-cost products from overseas, even with a recovery trend in automobile production, and sluggish sales of polyurethane beads for interior parts of automobiles to overseas destinations.

As a result, total net sales in this segment increased by 1.2% year on year, to ¥25,112 million. Operating profit was ¥2,113 million (an increase of 96.6% year on year).

<Plastics and Textiles>

In the Plastics segment, sales increased because sales of permanent antistatic agents grew due to a recovery in demand for semiconductors and electronic components and sales of paint coating agents and additives were also favorable.

In the Textiles segment, although there was a sharp increase in sales of spin finish oil used in the manufacturing process of tire cord yarns following a recovery in automobile production, in conjunction with a recovery trend for sales of chemicals for carbon fibers used in wind turbines for wind power generation, sales were flat overall due to sluggish sales of synthetic leather.

As a result, total net sales in this segment increased by 9.5% year on year, to ¥13,384 million. Operating profit was ¥1,426 million (an increase of 25.1% year on year).

<Information and Electrics/Electronics>

In the Information segment, sales decreased significantly, reflecting weak sales of polymerization toner-related materials, mainly due to the withdrawal from production operations in China, despite a recovery trend in demand for toner resins.

In the Electrics/Electronics segment, sales of electrolyte for aluminum electrolytic capacitors were flat. However, the recovery of the semiconductor market drove increased sales of related materials, and sales increased.

As a result, total net sales in this segment decreased by 7.5% year on year, to ¥10,484 million. Operating profit was ¥1,206 million (an increase of 9.6% year on year).

<Environmental Protection, Construction and Others>

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

In the Construction segment, sales remained steady, as a slump in sales of cement agents was offset by brisk performance in sales of raw materials for building sealants.

As a result, total net sales in this segment increased by 1.5% year on year, to ¥7,318 million. Operating loss was ¥2 million (compared to operating profit of ¥338 million during the same period of the previous fiscal year).

The Group's financial position at the end of the period under review was as follows:

Total assets decreased by ¥18,703 million compared with the end of the previous fiscal year, amounting to ¥187,114 million.

Net assets decreased by ¥2,436 million from the end of the previous fiscal year, to ¥139,141 million.

Equity ratio rose by 5.3 percentage points from the end of the previous fiscal year, to 72.9%.

(2) Cash flows

Cash and cash equivalents ("cash") as of the end of the period under review amounted to ¥21,722 million. This marked a decrease of ¥5,466 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 ¥4,905 million (compared to ¥10,055 million in net cash provided during the same period of the previous fiscal year). This result was mainly due to the cash inflow from profit before income taxes of ¥2,212 million, the decrease in trade receivables of ¥6,469 million, and depreciation of ¥5,119 million, which outweighed the cash outflow mainly from the decrease in trade payables of ¥5,228 million, payment for business restructuring of ¥3,668 million and income taxes paid of ¥1,227 million.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥3,475 million (compared to ¥3,222 million in net cash used during the same period of the previous fiscal year). This result was mainly due to a cash outlay of ¥3,877 million for purchase of non-current assets.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥6,777 million (compared to ¥2,698 million in net cash used during the same period of the previous fiscal year). This result was mainly due to the cash outflow from net decrease in short-term borrowings of ¥4,437 million and dividends paid of ¥1,880 million.

(3) Information concerning future forecast such as consolidated earnings forecasts

In terms of earnings for the period under review, operating profit, ordinary profit, and profit attributable to owners of parent exceeded the earnings forecast announced on September 27, 2024 ("previously announced forecast"). Accordingly, the Company announced "Notice of Differences between Consolidated Earnings Forecasts and Actual Results for the Six Months Ended September 30, 2024" on November 12, 2024.

The full-year consolidated earnings forecast for the fiscal year ending March 31, 2025 remains unchanged from the previously announced forecast.

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Semi-annual consolidated earnings forecasts	75,000	4,000	4,500	0
[Progress to forecasts (%)]	[102.7]	[111.3]	[110.9]	[-]
Full-year consolidated earnings forecasts	145,000	9,000	10,000	4,000
[Progress to forecasts (%)]	[53.1]	[49.5]	[49.9]	[23.5]

* These earnings forecasts were based on information available at the time of announcement. Actual earnings may differ due to various factors occurring in the future.

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Semi-annual consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	27,240	21,823
Notes and accounts receivable - trade	44,967	38,797
Electronically recorded monetary claims - operating	492	150
Merchandise and finished goods	19,842	18,933
Semi-finished goods	5,082	5,170
Work in process	350	200
Raw materials and supplies	5,859	5,267
Other	2,576	2,721
Allowance for doubtful accounts	(484)	(430)
Total current assets	105,929	92,633
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,003	15,283
Machinery, equipment and vehicles, net	22,266	20,664
Land	8,869	8,901
Construction in progress	1,936	1,132
Other, net	2,401	2,021
Total property, plant and equipment	51,477	48,004
Intangible assets		
Software	6,348	5,724
Other	1,214	977
Total intangible assets	7,563	6,701
Investments and other assets		
Investment securities	30,701	30,567
Long-term loans receivable	3,545	2,801
Deferred tax assets	417	235
Retirement benefit asset	3,672	3,711
Other	2,541	2,531
Allowance for doubtful accounts	(30)	(71)
Total investments and other assets	40,848	39,774
Total non-current assets	99,889	94,480
Total assets	205,818	187,114

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	23,849	19,800
Electronically recorded obligations - operating	4,911	3,656
Short-term borrowings	8,682	4,368
Current portion of long-term borrowings	505	537
Accounts payable - other	8,491	3,501
Income taxes payable	1,384	1,331
Provision for bonuses	2,064	1,993
Provision for bonuses for directors (and other officers)	36	42
Electronically recorded obligations - non-operating	557	984
Other	3,035	2,130
Total current liabilities	53,519	38,344
Non-current liabilities		
Long-term borrowings	1,516	1,439
Deferred tax liabilities	2,938	3,631
Provision for share-based payments	431	310
Retirement benefit liability	102	110
Provision for business restructuring	4,706	3,413
Other	1,026	722
Total non-current liabilities	10,720	9,628
Total liabilities	64,240	47,973
Net assets		
Shareholders' equity		
Share capital	13,051	13,051
Capital surplus	13,270	13,270
Retained earnings	99,488	98,543
Treasury shares	(5,675)	(5,505)
Total shareholders' equity	120,134	119,358
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,584	11,520
Foreign currency translation adjustment	5,978	4,232
Remeasurements of defined benefit plans	1,339	1,288
Total accumulated other comprehensive income	18,902	17,041
Non-controlling interests	2,540	2,740
Total net assets	141,577	139,141
Total liabilities and net assets	205,818	187,114

(2) Semi-annual consolidated statements of income and semi-annual consolidated statements of comprehensive income
Semi-annual consolidated statements of income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	79,278	77,030
Cost of sales	65,059	60,415
Gross profit	14,219	16,614
Selling, general and administrative expenses	12,199	12,161
Operating profit	2,020	4,453
Non-operating income		
Interest income	84	113
Dividend income	469	510
Rental income from real estate	70	46
Foreign exchange gains	2,327	–
Share of profit of entities accounted for using equity method	–	463
Other	362	118
Total non-operating income	3,314	1,253
Non-operating expenses		
Interest expenses	74	70
Rental costs on real estate	35	34
Foreign exchange losses	–	444
Share of loss of entities accounted for using equity method	113	–
Other	163	166
Total non-operating expenses	386	715
Ordinary profit	4,947	4,991
Extraordinary income		
Gain on sale of investment securities	2,030	–
Total extraordinary income	2,030	–
Extraordinary losses		
Loss on retirement of non-current assets	426	309
Impairment losses on non-current assets	–	*1 308
Loss on valuation of investment securities	–	8
Business restructuring expenses	–	*2 2,151
Total extraordinary losses	426	2,778
Profit before income taxes	6,551	2,212
Income taxes	1,919	920
Profit	4,632	1,292
Profit attributable to non-controlling interests	234	352
Profit attributable to owners of parent	4,398	940

Semi-annual consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	4,632	1,292
Other comprehensive income		
Valuation difference on available-for-sale securities	1,050	(64)
Foreign currency translation adjustment	957	(1,723)
Remeasurements of defined benefit plans, net of tax	(24)	(50)
Total other comprehensive income	1,983	(1,838)
Comprehensive income	6,616	(545)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,341	(920)
Comprehensive income attributable to non-controlling interests	274	375

(3) Semi-annual consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	6,551	2,212
Depreciation	5,404	5,119
Loss on retirement of non-current assets	426	309
Impairment losses	–	308
Increase (decrease) in provision for bonuses	0	(69)
Increase (decrease) in retirement benefit asset and liability	(58)	(107)
Increase (decrease) in provision for bonuses for directors (and other officers)	(48)	5
Increase (decrease) in provision for share-based payments	50	51
Interest and dividend income	(553)	(624)
Interest expenses	74	70
Share of loss (profit) of entities accounted for using equity method	113	(463)
Loss (gain) on sale of investment securities	(2,030)	–
Loss (gain) on valuation of investment securities	–	8
Decrease (increase) in trade receivables	(1,470)	6,469
Decrease (increase) in inventories	1,960	1,472
Increase (decrease) in trade payables	4,048	(5,228)
Business restructuring expenses	–	2,151
Other, net	(3,765)	(2,509)
Subtotal	10,702	9,176
Interest and dividends received	744	703
Interest paid	(91)	(78)
Income taxes paid	(1,299)	(1,227)
Payment for business restructuring	–	(3,668)
Net cash provided by (used in) operating activities	10,055	4,905
Cash flows from investing activities		
Purchase of non-current assets	(3,630)	(3,877)
Proceeds from sale of investment securities	2,062	–
Proceeds from collection of loans receivable	81	734
Loan advances	(386)	(84)
Other, net	(1,349)	(247)
Net cash provided by (used in) investing activities	(3,222)	(3,475)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(390)	(4,437)
Repayments of long-term borrowings	(150)	(166)
Net decrease (increase) in treasury shares	(1)	(2)
Dividends paid	(1,879)	(1,880)
Dividends paid to non-controlling interests	(175)	(175)
Other, net	(101)	(115)
Net cash provided by (used in) financing activities	(2,698)	(6,777)
Effect of exchange rate change on cash and cash equivalents	561	(119)
Net increase (decrease) in cash and cash equivalents	4,696	(5,466)
Cash and cash equivalents at beginning of period	17,042	27,188
Cash and cash equivalents at end of period	21,739	21,722

(4) Notes to semi-annual consolidated financial statements

Notes to going concern assumptions

None

Notes on significant changes in the amount of shareholders' equity

None

Application of special accounting methods for the preparation of semi-annual consolidated financial statements

After applying tax effect accounting to profit before income taxes for the fiscal year, which includes the first six months under review, the Company makes a reasonable estimate of the effective tax rate and multiplies the profit before income taxes by that estimated effective tax rate. Furthermore, income tax adjustments are included in the presentation of income taxes.

Changes in accounting policies

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the start of the first six months under review.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022, and the transitional treatment in the proviso of paragraph 65-2 (2) of "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Guidance of 2022").

Furthermore, there is no impact on the semi-annual consolidated financial statements from this change in accounting policy.

In addition, for revisions concerning the review of the treatment in the consolidated financial statements when a gain or loss on the sale of the shares of subsidiaries, etc., between consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the start of the first six months under review.

This change in accounting policy has been applied retrospectively, and the semi-annual consolidated financial statements for the same period of the previous fiscal year and consolidated financial statements for the previous fiscal year reflect the change. There is no impact on the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year from this change in accounting policy.

Semi-annual consolidated statements of income

*1 Impairment losses

Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

None

Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

The Group recorded impairment losses on the following asset groups.

Location	Main use	Key breakdown components	
San-Dia Polymers (Nantong) Co., Ltd. Jiangsu Province, China	Facilities related to Toiletries and Health Care	Machinery, equipment and vehicles	¥270 million
		Others	¥37 million

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

As certain facilities are no longer expected to be used, the carrying amount has been reduced to the recoverable amount, and ¥308 million has been recorded as an impairment loss under extraordinary losses. The recoverable amount is measured by net realizable value, which is assessed based on professional appraisals.

*2 Business restructuring expenses

Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

None

Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

Business restructuring expenses refer to those associated with the decision, made in the previous fiscal year, 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 ¥2,057 million for impairment losses, and ¥94 million for others.

Details concerning impairment losses are outlined below.

Location	Main use	Key breakdown components	
San-Dia Polymers (Nantong) Co., Ltd. Jiangsu Province, China	Facilities related to Toiletries and Health Care	Buildings and structures	¥664 million
		Machinery, equipment and vehicles	¥1,046 million
		Others	¥346 million

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

In accordance with the conclusion of an equity interest transfer agreement concerning San-Dia Polymers (Nantong) Co., Ltd. on September 27, 2024, the carrying amount of the above facilities 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 the equity interest transfer agreement.

Notes on segment information, etc.

[Segment information]

I Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

1. Information regarding net sales, profit or loss by reportable segment

(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	23,687	24,818	12,222	11,338	7,211	79,278	–	79,278
Intersegment sales/transfers	–	–	–	–	72	72	(72)	–
Total	23,687	24,818	12,222	11,338	7,283	79,350	(72)	79,278
Segment profit (loss)	(973)	1,075	1,139	1,101	338	2,681	(661)	2,020

Notes: 1. Company-wide expenses of ¥661 million not allocated to reportable segments are included in the adjustment to segment profit. Company-wide expenses are research and development expenses for new businesses not belonging to reportable segments.

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

II Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

1. Information regarding net sales, profit or loss by reportable segment

(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	20,729	25,112	13,384	10,484	7,318	77,030	–	77,030
Intersegment sales/transfers	–	–	–	–	66	66	(66)	–
Total	20,729	25,112	13,384	10,484	7,384	77,096	(66)	77,030
Segment profit (loss)	252	2,113	1,426	1,206	(2)	4,996	(543)	4,453

Notes: 1. Company-wide expenses of ¥543 million not allocated to reportable segments are included in the adjustment to segment profit. Company-wide expenses are research and development expenses for new businesses not belonging to reportable segments.

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

2. Information regarding impairment losses of non-current assets or goodwill, etc. by reportable segment
(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	308	–	–	–	–	308
Business restructuring expenses	2,057	–	–	–	–	2,057
Total	2,365	–	–	–	–	2,365

Note: Of the impairment losses, ¥2,057 million is included in “Business restructuring expenses” in the consolidated statements of income.

<Reference>

[Information by geographic segment]

Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or common assets	Consolidated total
Net sales							
(1) Sales to external customers	56,732	5,090	12,156	5,299	79,278	–	79,278
(2) Intersegment sales/transfers	4,813	15	1,127	479	6,435	(6,435)	–
Total	61,546	5,105	13,283	5,778	85,714	(6,435)	79,278
Operating profit (loss)	2,304	(15)	74	(467)	1,895	124	2,020

Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or common assets	Consolidated total
Net sales							
(1) Sales to external customers	54,979	5,768	12,704	3,577	77,030	–	77,030
(2) Intersegment sales/transfers	7,852	14	167	670	8,704	(8,704)	–
Total	62,832	5,782	12,871	4,247	85,734	(8,704)	77,030
Operating profit (loss)	3,766	203	33	412	4,415	37	4,453

[Overseas net sales]

Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	26,590	[14,583]	6,000	2,403	34,993
II. Consolidated net sales	–	[–]	–	–	79,278
III. Percentage of overseas net sales to consolidated net sales (%)	33.5	[18.4]	7.6	3.0	44.1

Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	26,244	[16,041]	6,351	2,712	35,307
II. Consolidated net sales	–	[–]	–	–	77,030
III. Percentage of overseas net sales to consolidated net sales (%)	34.1	[20.8]	8.2	3.5	45.8

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.

3. Supplementary information

Trend of quarterly consolidated earnings

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)

Fiscal year ending March 31, 2025

(Millions of yen)

	1Q	2Q	Change (%)	
	April 2024 to June 2024	July 2024 to September 2024	The same period of the previous fiscal year	The previous period
			July 2023 to September 2023	April 2024 to June 2024
Net sales	39,654	37,375	(7.4)	(5.7)
Operating profit	2,183	2,270	72.6	4.0
Ordinary profit	3,571	1,419	(32.6)	(60.2)
Profit attributable to owners of parent	2,402	(1,462)	—	—
Comprehensive income	4,278	(4,823)	—	—