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Consolidated Financial Results for the Nine Months Ended December 31, 2023 (under Japanese GAAP)

February 5, 2024

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 Listing: Tokyo Stock Exchange
 Securities code: 4471
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 Scheduled date to file quarterly securities report: February 13, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results presentation meeting: None

(Figures are rounded down to the nearest million yen)

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2024 (from April 1, 2023 to December 31, 2023)

(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	%
Nine months ended								
December 31, 2023	122,132	(9.0)	4,217	(35.0)	6,884	(22.6)	2,980	(52.6)
December 31, 2022	134,183	11.0	6,487	(32.4)	8,899	(21.8)	6,284	(16.2)

Note: Comprehensive income: Nine months ended December 31, 2023 ¥3,892 million [(40.7)%]
 Nine months ended December 31, 2022 ¥6,557 million [(17.3)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2023	135.00	—
December 31, 2022	284.77	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
December 31, 2023	206,139	148,870	71.0	6,630.41
March 31, 2023	202,182	148,994	72.2	6,617.11

Reference: Equity: As of December 31, 2023 ¥146,439 million
 As of March 31, 2023 ¥146,067 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, 2023	—	85.00	—	85.00	170.00
Fiscal year ending March 31, 2024	—	85.00	—		
Fiscal year ending March 31, 2024 (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, 2024 (from April 1, 2023 to March 31, 2024)

(% 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, 2024	160,000	(8.6)	5,000	(38.5)	6,500	(34.5)	5,000	(12.0)	226.43

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

*** Notes**

- (1) Significant changes in subsidiaries during the nine months ended December 31, 2023 (changes in specific subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

Note: See page 10, “2. Quarterly consolidated financial statements and significant notes thereto, (4) Notes to quarterly consolidated financial statements, Application of special accounting methods for the preparation of quarterly 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.: | None |
| 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 December 31, 2023	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 December 31, 2023	1,448,705 shares
As of March 31, 2023	1,460,503 shares

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

For the nine months ended December 31, 2023	22,080,516 shares
For the nine months ended December 31, 2022	22,067,412 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.

- * Quarterly financial results reports are exempt from quarterly 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 nine months ended December 31, 2023, (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 nine months ended December 31, 2023

(1) Financial position and operating results

During the first nine months (April 1, 2023 to December 31, 2023) of the fiscal year ending March 31, 2024, 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, amid continued monetary tightening and other factors, 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 forex market saw a trend of yen depreciation due to long-term fiscal tightening in the U.S. and Europe. However, the yen rallied towards the latter half of the quarter under review 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. Oil prices involved mixed speculation over rising and falling prices from concerns over the global economic slowdown as well as supply concerns, meaning that the business environment remains unpredictable.

Under these circumstances, net sales for the period under review decreased by 9.0% year on year to ¥122,132 million, primarily due to a decrease in sales volume. In terms of profit, operating profit was ¥4,217 million (a decrease of 35.0% year on year), primarily due to a decrease in sales volume. Ordinary profit was ¥6,884 million (a decrease of 22.6% year on year), and profit attributable to owners of parent was ¥2,980 million (a decrease of 52.6% year on year).

1) Business performance

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change		FY2022
			(Amount)	(Change)	
Net sales	134,183	122,132	(12,051)	(9.0)%	174,973
Operating profit	6,487	4,217	(2,269)	(35.0)%	8,123
Ordinary profit	8,899	6,884	(2,015)	(22.6)%	9,918
Profit attributable to owners of parent	6,284	2,980	(3,303)	(52.6)%	5,684
Basic earnings per share	¥284.77	¥135.00	¥(149.77)	(52.6)%	¥257.57
ROA (Return on assets*)	5.7%	4.5%	—	(1.2) percentage point	4.9%
ROE (Return on equity)	5.7%	2.7%	—	(3.0) percentage point	3.9%
Currency exchange (US\$, CNY)	US\$=¥136.52 CNY=¥19.88	US\$=¥143.33 CNY=¥19.98		¥6.81 ¥0.10	US\$=¥135.51 CNY=¥19.75
Naphtha price in Japan	¥80,000/kl	¥68,200/kl		¥(11,800)/kl	¥76,600/kl

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

Note: ROA and ROE for the nine months ended December 31, 2022 and 2023 are annualized.

2) Business performance by segment

(Millions of yen)

	Nine months ended December 31, 2022		Nine months ended December 31, 2023		Change		FY2022	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Toiletries and Health Care	44,544	305	35,356	(1,111)	(9,187)	(1,417)	57,068	23
Petroleum and Automotives	36,444	2,346	38,719	2,142	2,275	(204)	48,279	2,936
Plastics and Textiles	21,493	2,246	19,176	1,895	(2,316)	(350)	28,177	2,783
Information and Electrics/Electronics	17,314	1,752	17,113	1,652	(201)	(99)	23,163	2,507
Environmental Protection, Construction and Others	14,388	978	11,765	565	(2,622)	(413)	18,284	1,373

<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 20.6% year on year, to ¥35,356 million. Operating loss was ¥1,111 million (compared to operating profit of ¥305 million during the same period of the previous fiscal year).

<Petroleum and Automotives>

In the Petroleum and Automotives segment, due to a recovery in automobile production, an increase in polyurethane beads for interior parts of automobiles, lubricant additives, and polyurethane foams used in automobile seats and other applications, resulted in strong sales.

As a result, total net sales in this segment increased by 6.2% year on year, to ¥38,719 million. Operating profit was ¥2,142 million (a decrease of 8.7% 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 Chinese demand for paint coating agents and additives.

In the Textiles segment, sales were weak due to sluggish sales of chemicals for carbon fibers both in Japan and overseas 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 10.8% year on year, to ¥19,176 million. Operating profit was ¥1,895 million (a decrease of 15.6% year on year).

<Information and Electrics/Electronics>

In the Information segment, sales rose 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 and sales declined.

As a result, total net sales in this segment decreased by 1.2% year on year, to ¥17,113 million. Operating profit was ¥1,652 million (a decrease of 5.7% 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 18.2% year on year, to ¥11,765 million. Operating profit was ¥565 million (a decrease of 42.2% year on year).

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

Total assets increased by ¥3,956 million compared with the end of the previous fiscal year, amounting to ¥206,139 million.

Net assets decreased by ¥124 million from the end of the previous fiscal year, to ¥148,870 million. Equity ratio fell by 1.2 percentage points from the end of the previous fiscal year, to 71.0%.

(2) Cash flows

Cash and cash equivalents ("cash") as of the end of the period under review amounted to ¥23,115 million. This marked an increase of ¥6,073 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 ¥14,366 million (compared to ¥10,051 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 ¥5,001 million, depreciation of ¥8,145 million and the increase in trade payables of ¥6,576 million, which outweighed the cash outflow mainly from the increase in trade receivables of ¥3,306 million and income taxes paid of ¥2,597 million.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥4,416 million (compared to ¥9,068 million in net cash used during the same period of the previous fiscal year). This result was mainly due to a cash outlay of ¥5,515 million for purchase of non-current assets.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥4,097 million (compared to ¥245 million in net cash used during the same period of the previous fiscal year). This result was mainly due to the cash outflow from dividends paid of ¥3,747 million, which outweighed the cash inflow mainly from net increase in short-term borrowings of ¥258 million.

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

Net Sales, operating profit, and ordinary profit for the first nine months of the fiscal year under review are tracking above the forecast figures announced on November 10, 2023.

The rate of progress to consolidated earnings forecast for profit attributable to owners of the parent company is 59.6% as a result of the extraordinary losses recorded in the third quarter of the fiscal year under review, as announced today (February 5, 2024) in the "Notice of Extraordinary Losses (Impairment Losses) at a Consolidated Subsidiary."

The consolidated earnings forecasts have been left unchanged as they are currently under scrutiny, including factors such as the extraordinary losses mentioned above and others.

The rates of progress made during the period under review in comparison to the full-year consolidated earnings forecasts announced on November 10, 2023 are shown in the table below.

	(Millions of yen)			
	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated earnings forecasts	160,000	5,000	6,500	5,000
[Progress to forecasts (%)]	[76.3]	[84.4]	[105.9]	[59.6]
Results for the previous fiscal year (Fiscal year ended March 31, 2023)	174,973	8,123	9,918	5,684

* 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. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	17,114	23,167
Notes and accounts receivable - trade	45,326	49,174
Electronically recorded monetary claims - operating	917	621
Merchandise and finished goods	20,123	18,942
Semi-finished goods	4,986	5,659
Work in process	5	39
Raw materials and supplies	7,233	6,439
Other	2,080	2,755
Allowance for doubtful accounts	(464)	(475)
Total current assets	97,324	106,323
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,306	18,027
Machinery, equipment and vehicles, net	27,144	23,903
Land	8,879	8,900
Construction in progress	1,435	1,405
Other, net	3,024	2,798
Total property, plant and equipment	59,791	55,034
Intangible assets		
Software	1,170	6,669
Other	6,707	1,373
Total intangible assets	7,877	8,042
Investments and other assets		
Investment securities	27,575	27,631
Long-term loans receivable	4,145	3,497
Deferred tax assets	350	380
Retirement benefit asset	2,085	2,123
Other	3,064	3,136
Allowance for doubtful accounts	(32)	(31)
Total investments and other assets	37,188	36,737
Total non-current assets	104,857	99,815
Total assets	202,182	206,139

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	20,555	26,437
Electronically recorded obligations - operating	4,535	5,238
Short-term borrowings	7,847	8,187
Current portion of long-term borrowings	474	504
Accounts payable - other	5,828	4,482
Income taxes payable	1,321	883
Provision for bonuses	1,813	1,124
Provision for bonuses for directors (and other officers)	88	60
Electronically recorded obligations - non-operating	732	604
Other	3,737	3,431
Total current liabilities	46,938	50,955
Non-current liabilities		
Long-term borrowings	1,909	1,855
Deferred tax liabilities	2,772	2,880
Provision for share-based payments	391	407
Retirement benefit liability	53	100
Other	1,123	1,069
Total non-current liabilities	6,249	6,313
Total liabilities	53,187	57,268
Net assets		
Shareholders' equity		
Share capital	13,051	13,051
Capital surplus	13,270	13,270
Retained earnings	111,762	110,971
Treasury shares	(5,730)	(5,674)
Total shareholders' equity	132,353	131,617
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,816	9,378
Foreign currency translation adjustment	4,579	5,161
Remeasurements of defined benefit plans	317	281
Total accumulated other comprehensive income	13,714	14,821
Non-controlling interests	2,927	2,430
Total net assets	148,994	148,870
Total liabilities and net assets	202,182	206,139

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

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	134,183	122,132
Cost of sales	109,291	99,625
Gross profit	24,892	22,506
Selling, general and administrative expenses	18,405	18,288
Operating profit	6,487	4,217
Non-operating income		
Interest income	134	126
Dividend income	737	931
Rental income from real estate	100	106
Foreign exchange gains	1,090	1,328
Share of profit of entities accounted for using equity method	476	124
Other	147	442
Total non-operating income	2,687	3,060
Non-operating expenses		
Interest expenses	84	108
Rental costs on real estate	53	52
Other	137	232
Total non-operating expenses	275	394
Ordinary profit	8,899	6,884
Extraordinary income		
Gain on sale of investment securities	955	2,030
Insurance claim income	14	–
Total extraordinary income	969	2,030
Extraordinary losses		
Loss on retirement of non-current assets	770	941
Loss on valuation of investment securities	106	–
Impairment losses	–	* 2,971
Other	21	–
Total extraordinary losses	898	3,913
Profit before income taxes	8,970	5,001
Income taxes	2,266	2,261
Profit	6,704	2,739
Profit (loss) attributable to non-controlling interests	420	(241)
Profit attributable to owners of parent	6,284	2,980

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	6,704	2,739
Other comprehensive income		
Valuation difference on available-for-sale securities	(197)	562
Foreign currency translation adjustment	52	626
Remeasurements of defined benefit plans, net of tax	(1)	(36)
Total other comprehensive income	(146)	1,152
Comprehensive income	6,557	3,892
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,111	4,088
Comprehensive income attributable to non-controlling interests	446	(196)

(3) Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,970	5,001
Depreciation	7,623	8,145
Loss on retirement of non-current assets	770	941
Impairment losses	—	2,971
Increase (decrease) in provision for bonuses	(817)	(694)
Increase (decrease) in retirement benefit asset and liability	(43)	(46)
Increase (decrease) in provision for bonuses for directors (and other officers)	(36)	(28)
Increase (decrease) in provision for share-based payments	63	73
Interest and dividend income	(872)	(1,058)
Interest expenses	84	108
Share of loss (profit) of entities accounted for using equity method	(476)	(124)
Loss (gain) on sale of investment securities	(955)	(2,030)
Loss (gain) on valuation of investment securities	106	—
Decrease (increase) in trade receivables	(5,631)	(3,306)
Decrease (increase) in inventories	(6,583)	1,685
Increase (decrease) in trade payables	9,391	6,576
Other, net	158	(3,088)
Subtotal	11,752	15,128
Interest and dividends received	2,151	1,938
Interest paid	(88)	(102)
Income taxes paid	(3,764)	(2,597)
Net cash provided by (used in) operating activities	10,051	14,366
Cash flows from investing activities		
Purchase of non-current assets	(7,272)	(5,515)
Proceeds from sale of investment securities	971	2,062
Purchase of investment securities	(118)	—
Proceeds from collection of loans receivable	340	584
Loan advances	(608)	(88)
Other, net	(2,380)	(1,459)
Net cash provided by (used in) investing activities	(9,068)	(4,416)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,567	258
Repayments of long-term borrowings	(700)	(150)
Net decrease (increase) in treasury shares	(2)	(1)
Dividends paid	(3,738)	(3,747)
Dividends paid to non-controlling interests	(225)	(300)
Other, net	(146)	(156)
Net cash provided by (used in) financing activities	(245)	(4,097)
Effect of exchange rate change on cash and cash equivalents	32	220
Net increase (decrease) in cash and cash equivalents	770	6,073
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	19,276	23,115

(4) Notes to quarterly 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 quarterly consolidated statements of income, is included in “Cost of sales” from the first quarter of 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, ¥169 million of “Loss on abandonment of inventories” under “Non-operating expenses” of the quarterly consolidated statements of income for the nine months ended December 31, 2022 has been reclassified as “Cost of sales.”

Notes on significant changes in the amount of shareholders' equity

None

Application of special accounting methods for the preparation of quarterly consolidated financial statements

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

Consolidated statements of income

* Impairment losses

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.

In principle, the Group conduct asset grouping by factory.

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 the decrement has been recorded as an impairment loss under extraordinary losses. The breakdown of these losses was ¥876 million for buildings and structures, ¥1,286 million for machinery, equipment and vehicles, ¥697 million for construction in progress, and ¥110 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%.

Segment information

[Segment information]

I Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

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	44,544	36,444	21,493	17,314	14,388	134,183	–	134,183
Intersegment sales/transfers	–	–	–	–	97	97	(97)	–
Total	44,544	36,444	21,493	17,314	14,485	134,281	(97)	134,183
Segment profit	305	2,346	2,246	1,752	978	7,628	(1,141)	6,487

Notes: 1. Company-wide expenses of ¥1,141 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 quarterly consolidated statements of income.

II Nine months ended December 31, 2023 (April 1, 2023 to December 31, 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	35,356	38,719	19,176	17,113	11,765	122,132	–	122,132
Intersegment sales/transfers	–	–	–	–	101	101	(101)	–
Total	35,356	38,719	19,176	17,113	11,867	122,233	(101)	122,132
Segment profit (loss)	(1,111)	2,142	1,895	1,652	565	5,143	(925)	4,217

Notes: 1. Company-wide expenses of ¥925 million not allocated to reportable segments are included in the adjustment to segment profit (loss). Company-wide expenses include research and development expenses for new businesses, etc. not belonging to reportable segments.

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

2. Items related to changes in reporting segments

The presentation method has been changed starting with the first quarter of the fiscal year under review. The contents of the said changes in the presentation method are indicated in “2. Quarterly consolidated financial statements and significant notes thereto, (4) Notes to quarterly consolidated financial statements, Additional information.”

Furthermore, provided segment information for the nine months ended December 31, 2022 was created using adjusted figures.

3. Information regarding impairment losses of non-current assets or regarding 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	36	4	2,893	36	0	2,971

<Reference>

[Information by geographic segment]

Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or common assets	Consolidated total
Net sales							
(1) Sales to external customers	97,082	7,114	17,710	12,276	134,183	–	134,183
(2) Intersegment sales/transfers	7,137	45	1,270	961	9,415	(9,415)	–
Total	104,220	7,159	18,980	13,238	143,599	(9,415)	134,183
Operating profit	5,577	217	225	496	6,517	(29)	6,487

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or common assets	Consolidated total
Net sales							
(1) Sales to external customers	87,679	7,608	18,682	8,161	122,132	–	122,132
(2) Intersegment sales/transfers	7,694	31	1,679	773	10,179	(10,179)	–
Total	95,374	7,639	20,362	8,935	132,311	(10,179)	122,132
Operating profit (loss)	4,305	116	257	(558)	4,121	96	4,217

[Overseas net sales]

Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	45,546	[25,129]	8,310	4,542	58,398
II. Consolidated net sales	–	[–]	–	–	134,183
III. Percentage of overseas net sales to consolidated net sales (%)	33.9	[18.7]	6.2	3.4	43.5

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	41,348	[22,828]	8,747	3,780	53,875
II. Consolidated net sales	–	[–]	–	–	122,132
III. Percentage of overseas net sales to consolidated net sales (%)	33.9	[18.7]	7.2	3.1	44.1

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, 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 ending March 31, 2024

(Millions of yen)

	1Q	2Q	3Q	Change (%)	
	April 2023 to June 2023	July 2023 to September 2023	October 2023 to December 2023	The same period of the previous fiscal year	The previous period
				October 2022 to December 2022	July 2023 to September 2023
Net sales	38,914	40,363	42,853	(6.3)	6.2
Operating profit	704	1,315	2,197	(18.0)	67.1
Ordinary profit	2,842	2,105	1,936	26.5	(8.0)
Profit attributable to owners of parent	2,960	1,437	(1,417)	—	—
Comprehensive income	3,787	2,828	(2,724)	—	—