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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (under Japanese GAAP)

May 8, 2025

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
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TEL: +81-75-541-4312
Scheduled date of ordinary general meeting of shareholders: June 20, 2025
Scheduled date to commence dividend payments: June 5, 2025
Scheduled date to file securities report: June 23, 2025
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, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	142,258	(10.8)	8,439	72.7	9,670	18.1	4,151	—
March 31, 2024	159,510	(8.8)	4,886	(39.8)	8,186	(17.5)	(8,501)	—

Note: Comprehensive income: Fiscal year ended March 31, 2025 ¥728 million [—%]
Fiscal year ended March 31, 2024 ¥(3,399) million [—%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2025	187.79	—	3.0	5.1	5.9
March 31, 2024	(384.99)	—	(6.0)	4.0	3.1

Reference: Share of profit of entities accounted for using equity method: Fiscal year ended March 31, 2025 ¥747 million
Fiscal year ended March 31, 2024 ¥223 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2025	176,366	138,302	76.8	6,119.90
March 31, 2024	205,818	141,577	67.6	6,295.31

Reference: Equity: As of March 31, 2025 ¥135,385 million
As of March 31, 2024 ¥139,037 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, 2025	13,925	(5,079)	(11,895)	24,010
March 31, 2024	19,814	(6,264)	(4,006)	27,188

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, 2024	—	85.00	—	85.00	170.00	3,772	—	2.6
Fiscal year ended March 31, 2025	—	85.00	—	85.00	170.00	3,779	90.5	2.7
Fiscal year ending March 31, 2026 (Forecast)	—	85.00	—	85.00	170.00		47.0	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(% 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, 2025	62,000	(19.5)	4,500	1.0	5,000	0.2	3,500	272.2	158.21
Fiscal year ending March 31, 2026	130,000	(8.6)	10,000	18.5	11,000	13.8	8,000	92.7	361.63

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Excluded: 1 company (San-Dia Polymers (Nantong) Co., Ltd.)

Note: See page 17, “4. Consolidated financial statements and significant notes thereto, (5) Notes to consolidated financial statements, Significant changes in the scope of consolidation during the period” for more information.

(2) 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: Yes
- d. Restatements: None

Note: See page 17, “4. Consolidated financial statements and significant notes thereto, (5) Notes to consolidated financial statements, Changes in accounting policies and Changes in accounting estimates” for more information.

(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, 2025	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 March 31, 2025	1,412,596 shares
As of March 31, 2024	1,448,955 shares

c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2025	22,109,074 shares
For the fiscal year ended March 31, 2024	22,081,754 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, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	109,312	(0.5)	3,978	35.0	6,570	(13.3)	2,741	—
March 31, 2024	109,900	(5.5)	2,947	(37.7)	7,577	(3.0)	(7,802)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2025	124.01	—
March 31, 2024	(353.34)	—

(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, 2025	149,294	115,845	77.6	5,236.65
March 31, 2024	163,031	116,876	71.7	5,291.95

Reference: Equity: As of March 31, 2025 ¥115,845 million
 As of March 31, 2024 ¥116,876 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

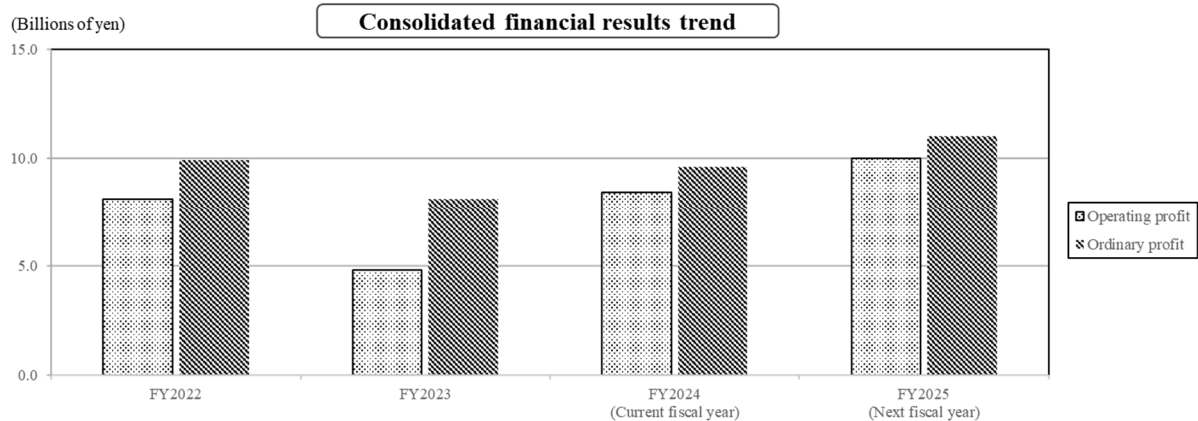
The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company.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

	FY2022 (Fiscal year ended March 31, 2023)		FY2023 (Fiscal year ended March 31, 2024)		FY2024 (Fiscal year ended March 31, 2025)		FY2025 (Fiscal year ending March 31, 2026)		Changed amount	
	Amount	YoY change	Amount	YoY change	Amount	YoY change	Amount	YoY change	FY2025 – FY2024	FY2026 – FY2025
Net sales	174,973	7.7%	159,510	(8.8)%	142,258	(10.8)%	130,000	(8.6)%	(17,252)	(12,258)
Operating profit	8,123	(31.6)%	4,886	(39.8)%	8,439	72.7%	10,000	18.5%	3,552	1,560
Ordinary profit	9,918	(22.3)%	8,186	(17.5)%	9,670	18.1%	11,000	13.8%	1,483	1,329
Profit attributable to owners of parent	5,684	(15.2)%	(8,501)	–	4,151	–	8,000	92.7%	12,653	3,848
Share of profit of entities accounted for using equity method	468		223		747		452		523	(295)
Profit attributable to non-controlling interests	544		(135)		754		725		889	(29)
Net assets	148,994	1.3%	141,577	(5.0)%	138,302	(2.3)%	145,336	5.1%	(3,275)	7,033
Total assets	202,182	1.0%	205,818	1.8%	176,366	(14.3)%	191,695	8.7%	(29,452)	15,328
ROE (Return on equity)	3.9%		(6.0)%		3.0%		5.8%		Percentage points 9.0	Percentage points 2.8
ROIC (Return on invested capital)	3.4%		2.4%		4.8%		5.6%		Percentage points 2.4	Percentage points 0.8

Note: “Loss on abandonment of inventories,” which was included in “Non-operating expenses” is included in “Cost of sales” from the fiscal year ended March 31, 2024. The figures for the fiscal year ended March 31, 2023, were provided after undergoing reclassification to reflect these changes in the presentation method.



Feature of the fiscal year ended March 31, 2025 (FY2024) (Comparison with the previous fiscal year)

- ◎ Net sales decreased due to business structural reforms. Profits increased due to business structural reforms, expanded sales of high-value-added products, and reduced extraordinary losses.

(Billions of yen)

			Main factors
Net sales	(17.2)	(Decreased sales)	• Sales volume decrease associated with business structural reforms
Operating profit	3.5	(Increased profit)	• Improvement in profit associated with business structural reforms and expanded sales of high-value-added products
Ordinary profit	1.4	(Increased profit)	• Decrease in foreign exchange gains
Profit attributable to owners of parent	12.6	(Increased profit)	• Decrease in extraordinary losses This period: Business restructuring expenses (0.9), Impairment losses (0.3), Loss on retirement of non-current assets (0.7), Loss on valuation of investments in capital (1.2), etc., Total (3.2) Previous period: Business restructuring expenses (12.0), Impairment losses (3.2), Loss on retirement of non-current assets (1.3), Gain on sale of investment securities 2.0, etc., Total (15.5)

Features of the fiscal year ending March 31, 2026 (FY2025) (Comparison with current fiscal year)

- ◎ Decreased net sales due to business structural reforms. Increased profits due to business structural reforms, expanded sales of high-value-added products, and a decrease in extraordinary losses.

(Billions of yen)

			Main factors
Net sales	(12.2)	(Decreased sales)	• Sales volume decrease associated with business structural reforms
Operating profit	1.5	(Increased profit)	• Increased profit associated with business structural reforms and expanded sales of high-value-added products
Ordinary profit	1.3	(Increased profit)	• Same as above
Profit attributable to owners of parent	3.8	(Increased profit)	• Decrease in extraordinary losses

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1. Analysis of results of operations and financial position

(1) Financial position and operating results

During the fiscal year ended March 31, 2025, Japanese economy showed a gradual recovery despite a decline in consumer sentiment due to high prices against a backdrop of an improvement in the employment and income environment. After the yen depreciated, there were moments when it sharply rebounded due to interest rate cuts in the U.S. and Europe and the Bank of Japan's interest rate hike. However, due to factors such as the limited narrowing of interest rate differentials, the yen fluctuated wildly throughout the year, resulting in a slight appreciation. Crude oil prices also remained high due to geopolitical risks surrounding the Middle East region. In the global economy, while the U.S. economy has remained resilient and the European economy showed a recovery trend, and although China saw a temporary recovery due to policy measures, its autonomous economic recovery has lagged due to factors such as deteriorating real estate market conditions. In addition, the recent trend in U.S. tariff policies, the prolonged situation between Russia and Ukraine, and the ongoing instability in the Middle East have created an extremely uncertain outlook.

In the chemical industry, the business environment is undergoing irreversible changes, such as intensifying price competition due to the influx of Chinese products into the Japanese and Asian markets as a result of sluggish Chinese domestic demand and oversupply.

Under such an environment, the Company decided in the previous fiscal year to withdraw from the superabsorbent polymer business and cease production in China as part of the structural reform under the "New Medium-Term Management Plan 2025." In the fiscal year ended March 31, 2025, in accordance with this decision, we completed the transfer of our equity interest in San-Dia Polymers (Nantong) Co., Ltd. and withdrew completely from the superabsorbent polymer business. We are steadily progressing with our business portfolio reform aimed at shifting to high-value-added businesses. In addition, with regard to cost reduction and working capital compression across the entire supply chain, which is part of our "Monozukuri Transformation," we are progressing at a pace that exceeds our targets, contributing to the recovery of earnings in our core businesses.

As a result, net sales for the fiscal year ended March 31, 2025 decreased 10.8% year on year to ¥142,258 million due to the withdrawal from the superabsorbent polymer business. In terms of profit, operating profit was ¥8,439 million (an increase of 72.7% year on year) and ordinary profit was ¥9,670 million (an increase of 18.1% year on year) mainly due to strong performance in the advanced semiconductor field, expanded sales of high-value-added products, and improved profitability through structural reforms. Profit attributable to owners of parent was ¥4,151 million (compared with a loss of ¥8,501 million year on year, which included ¥12,059 million in business restructuring expenses), due to the recording of a loss on valuation of investments in capital and business restructuring expenses.

The loss related to the aforementioned business restructuring was estimated to be a total of ¥20.0 billion over multiple fiscal years from the previous fiscal year, but approximately ¥12.0 billion was recorded in the previous fiscal year, and approximately ¥1.2 billion, including impairment losses on San-Dia Polymers (Nantong) Co., Ltd., was recorded in the fiscal year under review.

1) Business performance

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change	
			(Amount)	(Change)
Net sales	159,510	142,258	(17,252)	(10.8)%
Operating profit	4,886	8,439	3,552	72.7%
Ordinary profit	8,186	9,670	1,483	18.1%
Profit attributable to owners of parent	(8,501)	4,151	12,653	—%
Basic earnings per share	¥(384.99)	¥187.79	¥572.78	—%
ROA (Return on assets*)	4.0%	5.1%		1.1 percentage point
ROE (Return on equity)	(6.0)%	3.0%		9.0 percentage point
ROIC (Return on invested capital)	2.4%	4.8%		2.4 percentage point
Currency exchange (US\$, CNY)	US\$=¥144.59 CNY=¥20.14	US\$=¥152.62 CNY=¥21.11		¥8.03 ¥0.97
Naphtha price in Japan	¥69,100/kl	¥75,700/kl		¥6,600/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, 2024		Fiscal year ended March 31, 2025		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Toiletries and Health Care	45,895	(1,421)	30,680	176	(15,214)	1,597
Petroleum and Automotives	50,479	2,819	49,232	3,979	(1,246)	1,160
Plastics and Textiles	25,235	2,367	26,839	2,867	1,603	499
Information and Electrics/Electronics	22,870	1,831	20,911	2,532	(1,959)	700
Environmental Protection, Construction and Others	15,030	539	14,594	4	(435)	(535)

<Toiletries and Health Care>

In the Toiletries segment, sales remained strong as both the domestic and global markets for polyethyleneglycol recovered.

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 33.2% year on year, to ¥30,680 million. Operating profit was ¥176 million (compared to operating loss of ¥1,421 million during the same period of the previous fiscal year).

<Petroleum and Automotives>

In the Petroleum segment, a recovery in demand for lubricant additives led to smooth sales.

In the Automotives segment, with automobile production flat, sales were sluggish as a result of raw materials for domestic polyurethane foams used in automobile seats and other applications being weak due to the inflow of low-cost products from overseas, in addition to which there was a decrease in polyurethane beads for interior parts of automobiles to overseas destinations.

As a result, total net sales in this segment decreased by 2.5% year on year to ¥49,232 million. Operating profit was ¥3,979 million (an increase of 41.2% year on year).

<Plastics and Textiles>

In the Plastics segment, sales performed well because sales of permanent antistatic agents grew due to a recovery in demand, and sales of paint coating agents and additives were also strong.

In the Textiles segment, sales remained flat due to sluggish demand for synthetic leather chemicals, despite a significant increase in demand for oil used in the manufacture of tire cord yarns and other products due to a recovery in demand in China, and a rebound in chemicals for carbon fibers used in wind turbines for wind power generation.

As a result, total net sales in this segment increased by 6.4% year on year to ¥26,839 million. Operating profit was ¥2,867 million (an increase of 21.1% 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 remained sluggish due to the slow recovery of the EV market. However, net sales increased due to higher sales of related materials as the advanced semiconductor market remained strong.

As a result, total net sales in this segment decreased by 8.6% year on year to ¥20,911 million. Operating profit was ¥2,532 million (an increase of 38.3% year on year).

<Environmental Protection, Construction and Others>

In the Environmental Protection segment, sales were weak due to sluggish domestic market conditions for cationic monomers used in polymer flocculants.

In the Construction segment, there was a slump in sales of cement agents due to weak demand and sales remained flat due to a recovery in sales of raw materials for polyurethane foams used in furniture, insulation agents, and other applications.

As a result, total net sales in this segment decreased by 2.9% year on year, to ¥14,594 million. Operating profit was ¥4 million (a decrease of 99.2% year on year).

<Forecast for the fiscal year ending March 31, 2026>

The outlook for the future is that the Japanese economy will continue to recover gradually, led by domestic demand. On the other hand, it is expected that, globally, the situation will remain uncertain due to the trends in U.S. tariff policies, the prolonged Russia-Ukraine situation, and geopolitical risks surrounding the Middle East region. Also, in addition to the above-mentioned circumstances, we expect the business environment to remain uncertain due to intensifying competition caused by overproduction of general-purpose petrochemical products in China, as well as the unpredictable trends in raw material prices and exchange rates.

In this environment, the consolidated earnings forecast for the next fiscal year is as follows: net sales of ¥130 billion (a decrease of 8.6% year on year), operating profit of ¥10 billion (an increase of 18.5% year on year), ordinary profit of ¥11 billion (an increase of 13.8% year on year), and profit attributable to owners of parent of ¥8 billion (an increase of 92.7% year on year) mainly due to increased profits resulting from business structural reforms and expanded sales of high-value-added products.

Total assets as of the end of the fiscal year under review decreased by ¥29,452 million from the end of the previous fiscal year, to ¥176,366 million. Current assets decreased by ¥20,986 million from the end of the previous fiscal year to ¥84,942 million, mainly due to a ¥9,908 million decrease in notes and accounts receivable - trade and a ¥6,876 million decrease in merchandise and finished goods. Non-current assets decreased by ¥8,465 million from the end of the previous fiscal year to ¥91,423 million, mainly due to a decrease of ¥5,335 million in property, plant and equipment.

Current liabilities decreased by ¥23,187 million from the end of the previous fiscal year to ¥30,332 million, mainly due to a ¥8,241 million decrease in short-term borrowings, a ¥6,968 million decrease in accounts payable - trade, and a ¥3,910 million decrease in accounts payable - other. Non-current liabilities decreased by ¥2,989 million from the end of the previous fiscal year to ¥7,731 million, mainly due to a decrease of ¥3,042 million in provision for business restructuring.

Net assets as of the end of the fiscal year under review decreased by ¥3,275 million from the end of the previous fiscal year, to ¥138,302 million. The equity ratio increased by 9.2 percentage points from 67.6%

as of the end of the previous fiscal year to 76.8%. Net assets per share decreased by ¥175.41 from ¥6,295.31 at the end of the previous fiscal year to ¥6,119.90.

(2) Cash flows

Cash and cash equivalents (“cash”) as of the end of the fiscal year under review amounted to ¥24,010 million. This marked a decrease of ¥3,177 million compared with the end of the previous fiscal year.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Cash flows from operating activities	19,814	13,925	(5,889)
Cash flows from investing activities	(6,264)	(5,079)	1,184
Cash flows from financing activities	(4,006)	(11,895)	(7,889)
Effect of exchange rate change on cash and cash equivalents	601	(128)	(730)
Net increase (decrease) in cash and cash equivalents	10,145	(3,177)	(13,323)
Cash and cash equivalents at end of period	27,188	24,010	(3,177)

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 ¥13,925 million (compared to ¥19,814 million in net cash provided during the previous fiscal year). This result was mainly due to profit before income taxes of ¥6,461 million, depreciation of ¥9,633 million, the decrease in trade receivables of ¥7,883 million, and the decrease in inventories of ¥3,254 million, which outweighed the cash outflow mainly from the decrease in trade payables of ¥6,586 million, payment for business restructuring of ¥4,549 million, and income taxes paid of ¥2,501 million.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥5,079 million (compared to ¥6,264 million in net cash used during the previous fiscal year). This result was mainly due to a cash outlay of ¥6,771 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, amounted to net cash provided of ¥8,846 million (compared to ¥13,550 million in net cash provided during the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities amounted to ¥11,895 million (compared to ¥4,006 million in net cash used during the previous fiscal year). This result was mainly due to the cash outflow from a decrease in accounts payable resulting from dividends paid of ¥3,760 million and net decrease in short-term borrowings of ¥8,371 million.

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

	Fiscal year ended March 31,				
	2021	2022	2023	2024	2025
Equity ratio (%)	71.8	72.2	72.2	67.6	76.8
Equity ratio on a market value basis (%)	63.1	55.5	46.6	45.7	48.9
Cash flows / interest-bearing debt ratio (years)	0.4	0.7	0.9	0.5	0.2
Interest coverage ratio (times)	423.7	233.3	91.6	133.1	111.8

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, 2025. (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.)

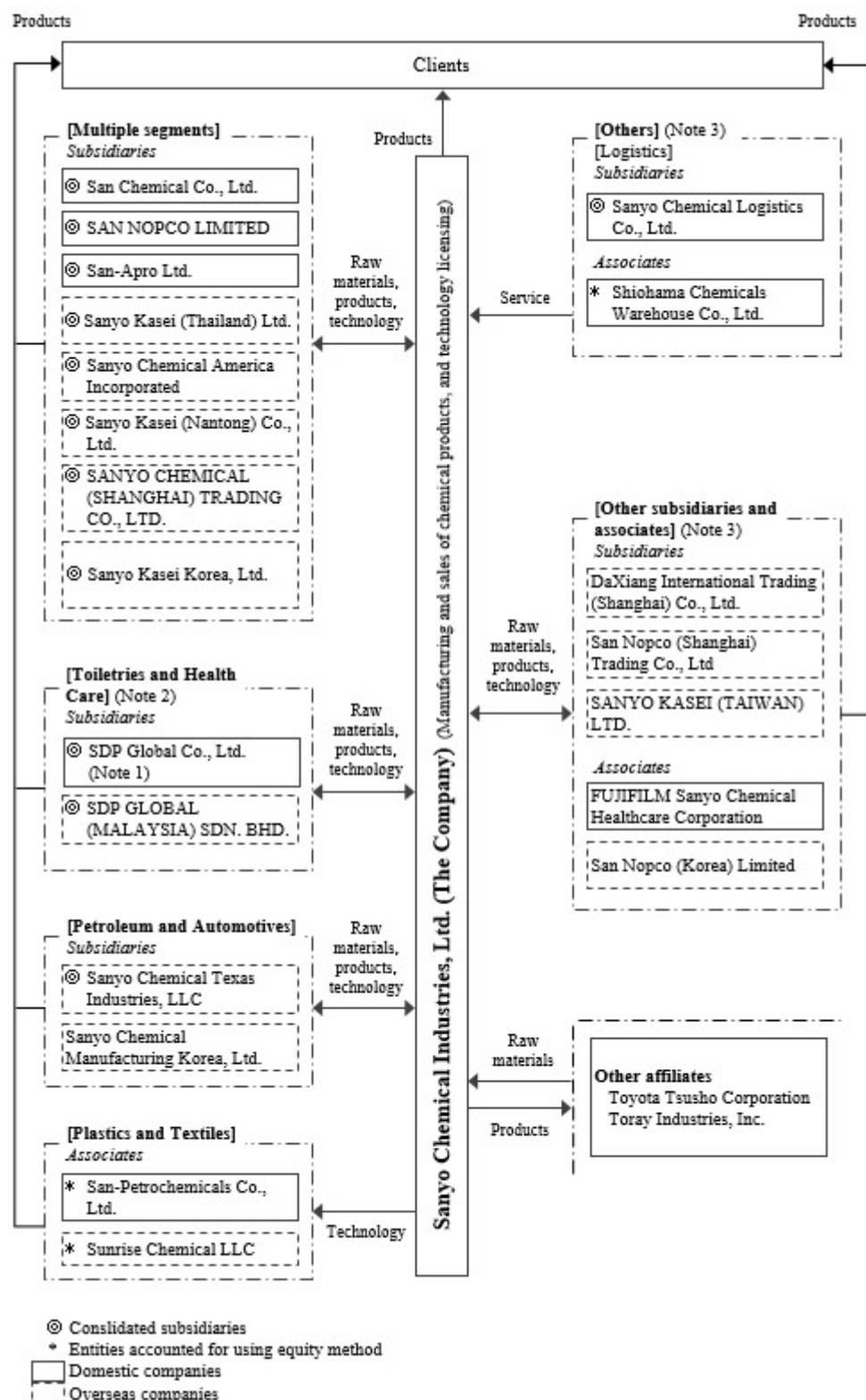
In addition, we forecast an interim and year-end dividend in the next fiscal year of ¥85 each, for an annual dividend of ¥170 per share.

<Consolidated dividends per share & payout ratio trend>

	Fiscal year ended March 31,				Fiscal year ending March 31, 2026 Next fiscal year (forecast)
	2022	2023	2024	2025 current fiscal year	
Interim	¥85.0	¥85.0	¥85.0	¥85.0	¥85.0
Year-end	¥85.0	¥85.0	¥85.0	¥85.0	¥85.0
Annual	¥170.0	¥170.0	¥170.0	¥170.0	¥170.0
Payout ratio	56.0%	66.0%	—%	90.5%	47.0%

2. Status of the corporate group

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



Notes: 1. The Company conducted an absorption-type merger with its consolidated subsidiary, SDP Global Co., Ltd., effective April 1, 2025.

2. In the fiscal year ended March 31, 2025, the Company excluded San-Dia Polymers (Nantong) Co., Ltd. from the scope of consolidation due to the transfer of all of its shares in the company.

3. 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, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	27,240	24,532
Notes and accounts receivable - trade	44,967	35,059
Electronically recorded monetary claims - operating	492	146
Merchandise and finished goods	19,842	12,965
Semi-finished goods	5,082	5,118
Work in process	350	257
Raw materials and supplies	5,859	4,480
Other	2,576	2,867
Allowance for doubtful accounts	(484)	(485)
Total current assets	105,929	84,942
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,540	46,440
Accumulated depreciation	(33,536)	(31,711)
Buildings and structures, net	16,003	14,729
Machinery, equipment and vehicles	161,438	137,542
Accumulated depreciation	(139,171)	(117,676)
Machinery, equipment and vehicles, net	22,266	19,866
Land	8,869	8,850
Construction in progress	1,936	510
Other	14,817	11,731
Accumulated depreciation	(12,415)	(9,545)
Other, net	2,401	2,185
Total property, plant and equipment	51,477	46,142
Intangible assets		
Software	6,348	5,231
Other	1,214	1,055
Total intangible assets	7,563	6,286
Investments and other assets		
Investment securities	30,701	30,713
Long-term loans receivable	3,545	2,255
Deferred tax assets	417	258
Retirement benefit asset	3,672	4,588
Other	2,541	1,204
Allowance for doubtful accounts	(30)	(25)
Total investments and other assets	40,848	38,994
Total non-current assets	99,889	91,423
Total assets	205,818	176,366

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	23,849	16,881
Electronically recorded obligations - operating	4,911	2,910
Short-term borrowings	8,682	441
Current portion of long-term borrowings	505	747
Accounts payable - other	8,491	4,581
Income taxes payable	1,384	669
Provision for bonuses	2,064	1,829
Provision for bonuses for directors (and other officers)	36	72
Electronically recorded obligations - non-operating	557	567
Other	3,035	1,629
Total current liabilities	53,519	30,332
Non-current liabilities		
Long-term borrowings	1,516	2,230
Deferred tax liabilities	2,938	2,808
Provision for share-based payments	431	366
Retirement benefit liability	102	91
Provision for business restructuring	4,706	1,664
Other	1,026	571
Total non-current liabilities	10,720	7,731
Total liabilities	64,240	38,063
Net assets		
Shareholders' equity		
Share capital	13,051	13,051
Capital surplus	13,270	13,289
Retained earnings	99,488	99,868
Treasury shares	(5,675)	(5,525)
Total shareholders' equity	120,134	120,683
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,584	11,412
Foreign currency translation adjustment	5,978	1,488
Remeasurements of defined benefit plans	1,339	1,800
Total accumulated other comprehensive income	18,902	14,702
Non-controlling interests	2,540	2,917
Total net assets	141,577	138,302
Total liabilities and net assets	205,818	176,366

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

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	159,510	142,258
Cost of sales	130,231	110,204
Gross profit	29,279	32,053
Selling, general and administrative expenses		
Freight and storage charges	5,498	5,482
Salaries and compensations	4,242	4,111
Employees' bonuses	1,276	1,243
Retirement benefit expenses	251	181
Welfare expenses	1,305	1,094
Depreciation	1,897	1,783
Research and development expenses	5,222	5,158
Other	4,697	4,559
Total selling, general and administrative expenses	24,392	23,614
Operating profit	4,886	8,439
Non-operating income		
Interest income	167	178
Dividend income	1,005	1,192
Rental income from real estate	134	89
Foreign exchange gains	1,713	—
Share of profit of entities accounted for using equity method	223	747
Other	565	161
Total non-operating income	3,811	2,369
Non-operating expenses		
Interest expenses	139	128
Rental costs on real estate	67	65
Foreign exchange losses	—	520
Other	303	422
Total non-operating expenses	510	1,138
Ordinary profit	8,186	9,670
Extraordinary income		
Gain on sale of investment securities	2,030	49
Insurance claim income	—	39
Total extraordinary income	2,030	88
Extraordinary losses		
Loss on valuation of investment securities	440	92
Loss on valuation of investments in capital	453	1,204
Loss on retirement of non-current assets	1,372	703
Impairment losses	*1 3,238	*1 308
Business restructuring expenses	*2 12,059	*2 971
Other	—	18
Total extraordinary losses	17,563	3,298
Profit (loss) before income taxes	(7,346)	6,461
Income taxes - current	2,775	1,850
Income taxes - deferred	(1,485)	(296)
Total income taxes	1,290	1,554
Profit (loss)	(8,636)	4,906
Profit (loss) attributable to non-controlling interests	(135)	754
Profit (loss) attributable to owners of parent	(8,501)	4,151

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit (loss)	(8,636)	4,906
Other comprehensive income		
Valuation difference on available-for-sale securities	2,767	(171)
Foreign currency translation adjustment	1,447	(4,467)
Remeasurements of defined benefit plans, net of tax	1,021	461
Total other comprehensive income	5,237	(4,178)
Comprehensive income	(3,399)	728
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,313)	(48)
Comprehensive income attributable to non-controlling interests	(86)	776

(3) Consolidated statements of changes in net assets
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)
Loss attributable to owners of parent			(8,501)		(8,501)
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		0		57	57
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)
Loss attributable to owners of parent						(8,501)
Purchase of treasury shares						(2)
Disposal of treasury shares						57
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

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	99,488	(5,675)	120,134
Changes during period					
Dividends of surplus			(3,772)		(3,772)
Profit attributable to owners of parent			4,151		4,151
Purchase of treasury shares				(358)	(358)
Disposal of treasury shares		18		508	526
Net changes in items other than shareholders' equity					
Total changes during period	—	18	379	150	548
Balance at end of period	13,051	13,289	99,868	(5,525)	120,683

	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	11,584	5,978	1,339	18,902	2,540	141,577
Changes during period						
Dividends of surplus						(3,772)
Profit attributable to owners of parent						4,151
Purchase of treasury shares						(358)
Disposal of treasury shares						526
Net changes in items other than shareholders' equity	(171)	(4,489)	461	(4,199)	376	(3,823)
Total changes during period	(171)	(4,489)	461	(4,199)	376	(3,275)
Balance at end of period	11,412	1,488	1,800	14,702	2,917	138,302

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	(7,346)	6,461
Depreciation	10,828	9,633
Loss on retirement of non-current assets	1,372	703
Impairment losses	3,238	308
Increase (decrease) in provision for bonuses	240	(175)
Increase (decrease) in retirement benefit asset and liability	(72)	(232)
Increase (decrease) in provision for bonuses for directors (and other officers)	(51)	35
Increase (decrease) in provision for share-based payments	97	107
Interest and dividend income	(1,173)	(1,371)
Interest expenses	139	128
Share of loss (profit) of entities accounted for using equity method	(223)	(747)
Loss (gain) on sale of investment securities	(2,030)	(49)
Loss (gain) on valuation of investment securities	440	92
Loss on valuation of investments in capital	453	1,204
Decrease (increase) in trade receivables	1,288	7,883
Decrease (increase) in inventories	1,281	3,254
Increase (decrease) in trade payables	3,416	(6,586)
Business restructuring expenses	12,059	971
Other, net	(3,382)	(2,274)
Subtotal	20,576	19,347
Interest and dividends received	2,055	1,753
Interest paid	(148)	(124)
Income taxes paid	(2,668)	(2,501)
Payment for business restructuring	—	(4,549)
Net cash provided by (used in) operating activities	19,814	13,925

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities		
Purchase of non-current assets	(7,042)	(6,771)
Proceeds from sale of investment securities	2,062	89
Proceeds from sale of investments in capital of subsidiaries and associates resulting in change in scope of consolidation	—	* 1,745
Proceeds from collection of loans receivable	592	1,177
Loan advances	(211)	(90)
Payment for other investment activities	(1,773)	(1,411)
Proceeds from other investment activities	108	182
Net cash provided by (used in) investing activities	(6,264)	(5,079)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	748	(8,371)
Proceeds from long-term borrowings	—	1,357
Repayments of long-term borrowings	(490)	(533)
Net decrease (increase) in treasury shares	(2)	(3)
Dividends paid	(3,754)	(3,760)
Dividends paid to non-controlling interests	(300)	(400)
Other, net	(207)	(185)
Net cash provided by (used in) financing activities	(4,006)	(11,895)
Effect of exchange rate change on cash and cash equivalents	601	(128)
Net increase (decrease) in cash and cash equivalents	10,145	(3,177)
Cash and cash equivalents at beginning of period	17,042	27,188
Cash and cash equivalents at end of period	27,188	24,010

(5) Notes to consolidated financial statements

Notes to going concern assumptions

None

Significant changes in the scope of consolidation during the period

As a result of the Company transferring its interest in consolidate subsidiary San-Dia Polymers (Nantong) Co., Ltd. to Nantong Jiangtian Chemical Co., Ltd. during the fiscal year ended March 31, 2025, San-Dia Polymers (Nantong) Co., Ltd. was excluded from the scope of consolidation in the fiscal year ended March 31, 2025.

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 fiscal year 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 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 fiscal year under review. The change in accounting policy has been applied retroactively, and the consolidated financial statements for the previous fiscal year have been restated to reflect the change. There is no impact on the consolidated financial statements for the previous fiscal year from this change in accounting policy.

Changes in accounting estimates

(Provision for business restructuring)

As part of the structural reform under the “New Medium-Term Management Plan 2025,” in the previous fiscal year the Company made a provision for business restructuring expenses that were expected to occur in future in relation to its withdrawal from the superabsorbent polymer business and the cessation of production of surfactants and urethane resin products, etc. in Nantong, Jiangsu Province, China. However, as the withdrawal from this business progressed it became possible to form a more detailed estimate of expenses associated with the disposal of non-current assets and soil restoration costs, etc. and accordingly the estimate was changed in the fiscal year under review.

As a result of this change, business restructuring expenses and provision for business restructuring for the fiscal year ended March 31, 2025, decreased by ¥854 million, and profit before income taxes increased by ¥854 million.

Consolidated statements of income

***1 Impairment losses**

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. *1
San-Dia Polymers (Nantong) Co., Ltd. Jiangsu Province, China	Facilities related to Toiletries and Health Care	Machinery, etc. *2

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

- (*1) 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%.
- (*2) 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.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

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

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 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. For buildings and structures, the amount has been reduced to the memorandum value due to planned demolition, and for other assets, the amount has been evaluated based on the estimated disposal costs deducted from the appraisal value determined by experts.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

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 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, ¥(1,275) million for reversal of provision for business restructuring (including ¥1,263 million for soil restoration costs, ¥(1,918) million for non-current assets removal costs, and ¥(621) million for other reversals), ¥(358) million for revenue from business transfers, and ¥548 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.

Consolidated statement of cash flows

* Breakdown of the key components of assets and liabilities for company that ceased to be a consolidated subsidiary as a result of the transfer of equity interest

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

None

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Following San-Dia Polymers (Nantong) Co., Ltd. ceasing to be a consolidated subsidiary due to a transfer of equity interest, a breakdown of the key components of assets and liabilities at the time of transfer, transfer price, and net proceeds from transfer are as follows.

	(Millions of yen)
Current assets	11,393
Non-current assets	1,331
Current liabilities	(2,764)
Non-current liabilities	(69)
Foreign currency translation adjustment	(4,157)
Gain on transfer of investments in capital of subsidiaries and associates	85
Transfer price of investments in capital	5,818
Cash and cash equivalents (Note)	(3,589)
Portion of transfer price uncollected	(483)
Balance: proceeds from transfer	1,745

Note: This was the balance for San-Dia Polymers (Nantong) Co., Ltd. as of September 30, 2024 and has decreased as a result of it being excluded from the scope of consolidation.

Notes on segment information, etc.

[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 toner resins, polymerization toner-related materials, 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 consistent with the accounting policies adopted in the 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, 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 (loss). Company-wide expenses are research and development expenses for new businesses, etc. not belonging to reportable segments.
2. Total amount of segment profit or loss has been adjusted with operating profit in the consolidated statements of income.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	30,680	49,232	26,839	20,911	14,594	142,258	–	142,258
Intersegment sales/transfers	–	–	–	–	123	123	(123)	–
Total	30,680	49,232	26,839	20,911	14,718	142,382	(123)	142,258
Segment profit (loss)	176	3,979	2,867	2,532	4	9,560	(1,121)	8,439
Segment assets	19,362	33,233	31,491	20,356	11,532	115,976	60,390	176,366
Other items								
Depreciation	1,976	2,767	2,359	1,530	867	9,500	–	9,500
Investments in entities accounted for using equity method	–	–	5,672	–	337	6,010	–	6,010
Increase in property, plant and equipment and intangible assets	986	1,875	1,638	1,231	930	6,663	–	6,663

- Notes: 1. Company-wide expenses of ¥1,121 million not allocated to reportable segments are included in the adjustment to segment profit (loss). Company-wide expenses are research and development expenses for new businesses, etc. not belonging to reportable segments.
2. Total amount of segment profit or loss 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, 2024	Fiscal year ended March 31, 2025
Reportable segment total	159,652	142,382
Intersegment eliminations	(141)	(123)
Net sales in the consolidated financial statements	159,510	142,258

(Millions of yen)

Profit	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reportable segment total	6,137	9,560
Intersegment eliminations	—	—
Company-wide expenses (Note)	(1,250)	(1,121)
Operating profit in the consolidated financial statements	4,886	8,439

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

(Millions of yen)

Assets	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reportable segment total	140,488	115,976
Intersegment eliminations	—	—
Corporate assets (Note)	65,329	60,390
Total assets in the consolidated financial statements	205,818	176,366

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

[Information regarding impairment losses of non-current assets by reportable segment]
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 the impairment losses, ¥4,159 million is included in “Business restructuring expenses” in the consolidated statements of income.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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]

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

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	109,685	10,195	15,389	6,988	142,258	—	142,258
(2) Intersegment sales/transfers	14,484	44	419	1,445	16,393	(16,393)	—
Total	124,169	10,239	15,809	8,433	158,652	(16,393)	142,258
Operating expenses	117,171	9,816	15,667	7,605	150,260	(16,441)	133,819
Operating profit (loss)	6,998	422	141	828	8,391	48	8,439
II. Assets	180,452	7,936	3,711	8,946	201,047	(24,681)	176,366

[Overseas net sales]

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

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	42,557	[23,574]	11,262	4,363	58,183
II. Consolidated net sales	—	[—]	—	—	142,258
III. Percentage of overseas net sales to consolidated net sales (%)	29.9	[16.6]	7.9	3.1	40.9

- 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, 2024	Fiscal year ended March 31, 2025
Net assets per share	¥6,295.31	¥6,119.90
Basic earnings (loss) per share	¥(384.99)	¥187.79

- 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 (104,500 shares in the previous fiscal year and 154,100 shares in the fiscal year under review).
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 or loss per share (108,915 shares in the previous fiscal year and 114,138 shares in the fiscal year under review).
4. The basis for calculation of basic earnings or loss per share is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit (loss) attributable to owners of parent (Millions of yen)	(8,501)	4,151
Amount not attributed to common shareholders (Millions of yen)	—	—
Profit (loss) attributable to owners of parent related to common stock (Millions of yen)	(8,501)	4,151
Average number of shares of common stock outstanding during the period (Thousand shares)	22,081	22,109

Significant subsequent events

Absorption-type merger of consolidated subsidiary

Based on the merger agreement concluded on November 6, 2024, we conducted an absorption-type merger with SDP Global Co., Ltd. (“SDP”), a wholly owned subsidiary of the Company, effective April 1, 2025.

1. Purpose of the merger

In the previous fiscal year, as part of the structural reform under the “New Medium-Term Management Plan 2025,” we decided to withdraw from the superabsorbent polymer business and cease production of surfactants and urethane resin products, etc. in Nantong, Jiangsu Province, China. At the time of the decision, SDP, a wholly owned subsidiary of the Company engaged in the manufacture and sale of superabsorbent polymers, was scheduled to be dissolved at an undetermined date. However, in light of the suspension of production in the first half of FY2024, the Company decided to dissolve SDP through an absorption-type merger, taking into consideration the operational efficiency of the Group.

2. Overview of the merger

(1) Schedule of the merger

Date of resolution by the Board of Directors	November 6, 2024
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Date of conclusion of merger agreement	November 6, 2024
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Effective date	April 1, 2025
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Note: The merger is conducted without obtaining the approval of the general meeting of shareholders regarding the merger agreement at the Company and SDP, in accordance with the provisions of the simplified merger as stipulated in Article 796, Paragraph 2 of the Companies Act, and the abbreviated merger under Article 784, Paragraph 1 of the same Act.

(2) Method of merger

SDP was dissolved through an absorption-type merger, with the Company as the surviving entity.

(3) Details of allocation related to merger

This merger is an absorption-type merger with our wholly-owned subsidiary, so there will be no issuance of new shares or allocation of money or other assets as a result of this merger.

(4) Treatment of share acquisition rights and bonds with share acquisition rights of the dissolving company

SDP has not issued any share acquisition rights or bonds with stock acquisition rights.

3. Post-merger status

There will be no changes to the Company’s trade name, location, representative titles and names, description of business, share capital, or fiscal year end as a result of this merger.

4. Overview of accounting treatment adopted

In accordance with the “Accounting Standard for Business Combinations” and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures,” the Company has accounted for the business combination as a transaction under common control.

5. Supplementary information

1. 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 (loss) 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 ended March 31, 2025

(Millions of yen)

	1Q	2Q	3Q	4Q	Total
	April 2024 to June 2024	July 2024 to September 2024	October 2024 to December 2024	January 2025 to March 2025	April 2024 to March 2025
Net sales	39,654	37,375	34,078	31,150	142,258
Operating profit	2,183	2,270	2,418	1,566	8,439
Ordinary profit	3,571	1,419	3,597	1,081	9,670
Profit (loss) attributable to owners of parent	2,402	(1,462)	2,700	511	4,151
Comprehensive income	4,278	(4,823)	2,227	(953)	728

2. Investment in plant and equipment

(Millions of yen)

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2025	6,663	5,038
Fiscal year ended March 31, 2024	8,649	6,483

3. Depreciation and amortization

(Millions of yen)

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2025	9,500	7,542
Fiscal year ended March 31, 2024	10,686	7,411

4. Research and development expenses

(Millions of yen)

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2025	5,158	4,365
Fiscal year ended March 31, 2024	5,222	4,395

5. Number of employees

(Persons)

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2025	1,680	1,293
Fiscal year ended March 31, 2024	2,042	1,297