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Consolidated Financial Results for the Three Months Ended June 30, 2025 (under Japanese GAAP)

August 1, 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
 Inquiries: Kenichi Nishimura, Director & Executive Officer, In charge of General Affairs
 TEL: +81-75-541-4312
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: None
 Holding of financial results presentation meeting: None

(Figures are rounded down to the nearest million yen)

1. Consolidated financial results for the first three months of the fiscal year ending March 31, 2026 (from April 1, 2025 to June 30, 2025)

(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	%
Three months ended June 30, 2025	31,987	(19.3)	1,858	(14.9)	2,285	(36.0)	8,992	274.2
June 30, 2024	39,654	1.9	2,183	209.8	3,571	25.7	2,402	(18.8)

Note: Comprehensive income: Three months ended June 30, 2025 ¥10,537 million [146.3%]
 Three months ended June 30, 2024 ¥4,278 million [13.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	406.51	—
June 30, 2024	108.80	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2025	181,206	146,720	79.4	6,501.27
March 31, 2025	176,366	138,302	76.8	6,119.90

Reference: Equity: As of June 30, 2025 ¥143,821 million
 As of March 31, 2025 ¥135,385 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, 2025	—	85.00	—	85.00	170.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		85.00	—	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, 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	11,500	—	519.84
Fiscal year ending March 31, 2026	130,000	(8.6)	10,000	18.5	11,000	13.8	16,000	285.4	723.26

Note: Revisions of the latest forecasts for earnings announced: Yes

* For revisions of earnings forecasts, please see the “Notice Regarding Recognition of Deferred Tax Assets and Revisions to Consolidated Earnings Forecast for the Second Quarter (Interim Period) and the Full Fiscal Year Ending March 31, 2026” released today (August 1, 2025).

*** Notes**

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

Excluded: 1 company (SDP Global Co., Ltd.)

Note: See page 11, “2. Quarterly consolidated financial statements and significant notes thereto, (4) Notes to quarterly consolidated financial statements, Significant changes in the scope of consolidation during the period” for more information.

- (2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

Note: See page 11, “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 June 30, 2025	23,534,752 shares
As of March 31, 2025	23,534,752 shares

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

As of June 30, 2025	1,412,712 shares
As of March 31, 2025	1,412,596 shares

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

For the three months ended June 30, 2025	22,122,111 shares
For the three months ended June 30, 2024	22,085,679 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.

- * Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

- * 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 5, “1. Qualitative information regarding financial results for the three months ended June 30, 2025, (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 three months ended June 30, 2025

(1) Financial position and operating results

During the three months ended June 30, 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. Meanwhile, the situation has been unpredictable as the impact on certain manufacturing industries due to U.S. tariff policies is beginning to emerge, among others.

The forex market shifted to a trend of yen appreciation due to a tightening of the gap between Japanese and U.S. interest rates, among other factors. Furthermore, oil prices dropped mainly due to concerns about a global economic slowdown and increased crude oil production policies by OPEC+, despite a wild fluctuation due to the conflict between Israel and Iran.

In the global economy, the outlook remains uncertain, as it does in Japan, due to concerns over an economic slowdown caused by U.S. tariff policies surfacing in regions such as Europe, America, and Asia, in addition to factors such as the prolonged situation between Russia and Ukraine and the geopolitical risk over the Middle East, among others.

In the chemical industry, the business environment is undergoing irreversible changes, such as intensifying price competition due to the continued influx of Chinese products into the Japanese and Asian markets as a result of sluggish Chinese domestic demand and oversupply, among others. In response to this change, the Company has been working to enhance profitability for its core businesses through the implementation of our business portfolio reform aimed at shifting to high-value-added businesses set out in the “New Medium-Term Management Plan 2025.” Additionally, it is also focusing on the continuous promotion of “Monozukuri Transformation” aimed at streamlining the entire supply chain and the promotion of “Production Restructuring” which works toward the divestiture, integration, and consolidation of production facilities, among others.

Under these circumstances, net sales for the period under review decreased by 19.3% year on year to ¥31,987 million primarily due to the impact of withdrawal from the superabsorbent polymer business and intensified competition with low-cost products made in China. In term of profit, operating profit was ¥1,858 million (a decrease of 14.9% year on year), as the improvement in profitability due to the withdrawal from the superabsorbent polymer business was not enough to offset the negative impact of decreased revenue, etc. Ordinary profit was ¥2,285 million (a decrease of 36.0% year on year) mainly due to factors such as foreign exchange losses and a deterioration in the share of profit of entities accounted for using equity method. On the other hand, profit attributable to owners of parent was ¥8,992 million (an increase of 274.2% year on year) mainly due to a recording of taxes expenses (profit), which includes income taxes and income taxes - deferred, resulting from careful consideration of the recoverability of deferred tax assets for the tax loss carry forwards and deductible temporary differences and the like carried over from the Company’s consolidated subsidiary SDP Global Co., Ltd. in connection with the absorption-type merger of said company.

1) Business performance

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025	Change		FY2024
			(Amount)	(Change)	
Net sales	39,654	31,987	(7,666)	(19.3)%	142,258
Operating profit	2,183	1,858	(324)	(14.9)%	8,439
Ordinary profit	3,571	2,285	(1,286)	(36.0)%	9,670
Profit attributable to owners of parent	2,402	8,992	6,589	274.2%	4,151
Basic earnings per share	¥108.80	¥406.51	¥297.71	273.6%	¥187.79
ROA (Return on assets*)	7.1%	5.1%		(2.0) percentage point	5.1%
ROE (Return on equity)	6.9%	9.0%		2.1 percentage point	3.0%
ROIC (Return on invested capital)	3.3%	9.2%		5.9 percentage point	4.8%
Currency exchange (US\$, CNY)	US\$=¥155.86 CNY=¥21.48	US\$=¥144.60 CNY=¥19.99		¥(11.26) ¥(1.49)	US\$=¥152.62 CNY=¥21.11
Naphtha price in Japan	¥79,000/kl	¥65,600/kl		¥(13,400)/kl	¥75,700/kl

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

Note: ROA, ROE and ROIC for the three months ended June 30, 2024 and 2025 are annualized.

2) Business performance by segment

(Millions of yen)

	Three months ended June 30, 2024		Three months ended June 30, 2025		Change		FY2024	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Toiletries and Health Care	10,832	(32)	4,313	(64)	(6,519)	(32)	30,680	176
Petroleum and Automotives	12,780	1,095	11,901	1,133	(879)	37	49,232	3,979
Plastics and Textiles	6,990	680	6,668	563	(322)	(116)	26,839	2,867
Information and Electrics/Electronics	5,427	668	5,916	640	489	(27)	20,911	2,532
Environmental Protection, Construction and Others	3,623	59	3,188	(98)	(434)	(158)	14,594	4

<Toiletries and Health Care>

In the Toiletries segment, sales were sluggish as sales of superabsorbent polymer products for various industrial applications declined significantly as a result of the withdrawal from the superabsorbent polymer business.

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

As a result, total net sales in this segment decreased by 60.2% year on year, to ¥4,313 million. Operating loss was ¥64 million (compared to operating loss of ¥32 million during the same period of the previous fiscal year).

<Petroleum and Automotives>

In the Petroleum segment, while demand for lubricant additives was strong, due to a temporary increase in demand in the same period of the previous fiscal year, sales were sluggish.

In the Automotives segment, sales decreased as the business environment became more challenging due to the inflow of low-cost products from overseas, which adversely affected the market for raw materials for polyurethane foams used in automobile seats and other applications, leading to sluggish sales both in Japan and overseas.

As a result, total net sales in this segment decreased by 6.9% year on year, to ¥11,901 million. Operating profit was ¥1,133 million (an increase of 3.4% year on year).

<Plastics and Textiles>

In the Plastics segment, although sales remained strong due to a recovery in demand for permanent antistatic agents, sales decreased because sales of paint coating agents and additives were sluggish. In the Textiles segment, although sales of spin finish oil used in the manufacturing process of tire cord yarns remained strong following a recovery in demand in China, sales decreased because sales of chemicals for carbon fibers used in wind turbines for wind power generation and agents for synthetic leather were sluggish.

As a result, total net sales in this segment decreased by 4.6% year on year, to ¥6,668 million. Operating profit was ¥563 million (a decrease of 17.1% year on year).

<Information and Electrics/Electronics>

In the Information segment, sales decreased, 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 increased by 9.0% year on year, to ¥5,916 million. Operating profit was ¥640 million (a decrease of 4.1% 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, and also due to low demand for heavy metal immobilizers.

In the Construction segment, sales decreased significantly as the business environment became more challenging due to the inflow of low-cost products from overseas, which adversely affected the market for raw materials for polyurethane foams used in furniture, insulation agents, and other applications.

As a result, total net sales in this segment decreased by 12.0% year on year, to ¥3,188 million. Operating loss was ¥98 million (compared to operating profit of ¥59 million during the same period of the previous fiscal year).

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

Total assets increased by ¥4,840 million compared with the end of the previous fiscal year, amounting to ¥181,206 million.

Net assets increased by ¥8,418 million from the end of the previous fiscal year, to ¥146,720 million.

Equity ratio rose by 2.6 percentage points from the end of the previous fiscal year, to 79.4%.

(2) Cash flows

Cash and cash equivalents ("cash") as of the end of the period under review amounted to ¥22,852 million. This marked a decrease of ¥1,158 million compared with the end of the previous fiscal year (cash decreased by ¥6,030 million during the same period 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 ¥2,935 million (compared to ¥1,947 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 ¥1,934 million and depreciation of ¥2,301 million, which outweighed the cash outflow mainly from income taxes paid of ¥944 million and payment for business restructuring of ¥854 million.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥1,914 million (compared to ¥2,049 million in net cash used during the same period of the previous fiscal year). This result was mainly due to the cash outlay of ¥1,431 million for purchase of non-current assets.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥2,114 million (compared to ¥6,451 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 ¥1,861 million.

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

The Company conducted an absorption-type merger with its consolidated subsidiary, SDP Global Co., Ltd., effective April 1, 2025. Accordingly, a variation has occurred in the figures of the consolidated earnings forecasts announced on May 8, 2025, mainly due to the recording of deferred tax assets and taxes expenses (profit), which includes income taxes and income taxes - deferred, during the first quarter of the fiscal year ending March 31, 2026 as a result of careful consideration of the recoverability of deferred tax assets for the tax loss carry forwards and deductible temporary differences and the like carried over from SDP Global Co., Ltd. As such, the Company has revised its consolidated earnings forecasts as follows.

First six months of the fiscal year ending March 31, 2026 (from April 1, 2025 to September 30, 2025)

	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
Previously announced forecast (May 8) (A)	62,000	4,500	5,000	3,500	158.21
Revised forecast (B)	62,000	4,500	5,000	11,500	519.84
Amount of change (B–A)	–	–	–	8,000	
Percentage change (%)	–	–	–	(228.6)	
Results for the first six months of the fiscal year ended March 31, 2025 (Six months ended September 30, 2024)	77,030	4,453	4,991	940	42.55

Fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

	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
Previously announced forecast (May 8) (A)	130,000	10,000	11,000	8,000	361.63
Revised forecast (B)	130,000	10,000	11,000	16,000	723.26
Amount of change (B–A)	–	–	–	8,000	
Percentage change (%)	–	–	–	(100.0)	
Results for the previous fiscal year (Fiscal year ended March 31, 2025)	142,258	8,439	9,670	4,151	187.79

* 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, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	24,532	23,392
Notes and accounts receivable - trade	35,059	35,363
Electronically recorded monetary claims - operating	146	128
Merchandise and finished goods	12,965	11,993
Semi-finished goods	5,118	5,246
Work in process	257	208
Raw materials and supplies	4,480	5,149
Other	2,867	3,641
Allowance for doubtful accounts	(485)	(472)
Total current assets	84,942	84,652
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,729	14,576
Machinery, equipment and vehicles, net	19,866	19,385
Land	8,850	8,850
Construction in progress	510	493
Other, net	2,185	2,048
Total property, plant and equipment	46,142	45,354
Intangible assets		
Software	5,231	4,860
Other	1,055	1,164
Total intangible assets	6,286	6,024
Investments and other assets		
Investment securities	30,713	31,891
Long-term loans receivable	2,255	2,331
Deferred tax assets	258	4,956
Retirement benefit asset	4,588	4,609
Other	1,204	1,410
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	38,994	45,174
Total non-current assets	91,423	96,553
Total assets	176,366	181,206

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	16,881	17,014
Electronically recorded obligations - operating	2,910	3,273
Short-term borrowings	441	443
Current portion of long-term borrowings	747	751
Accounts payable - other	4,581	4,135
Income taxes payable	669	322
Provision for bonuses	1,829	1,011
Provision for bonuses for directors (and other officers)	72	15
Electronically recorded obligations - non-operating	567	856
Other	1,629	2,617
Total current liabilities	30,332	30,441
Non-current liabilities		
Long-term borrowings	2,230	2,240
Deferred tax liabilities	2,808	—
Provision for share-based payments	366	394
Retirement benefit liability	91	93
Provision for business restructuring	1,664	765
Other	571	549
Total non-current liabilities	7,731	4,044
Total liabilities	38,063	34,485
Net assets		
Shareholders' equity		
Share capital	13,051	13,051
Capital surplus	13,289	13,289
Retained earnings	99,868	106,967
Treasury shares	(5,525)	(5,526)
Total shareholders' equity	120,683	127,782
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,412	12,482
Foreign currency translation adjustment	1,488	1,795
Remeasurements of defined benefit plans	1,800	1,761
Total accumulated other comprehensive income	14,702	16,039
Non-controlling interests	2,917	2,899
Total net assets	138,302	146,720
Total liabilities and net assets	176,366	181,206

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

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	39,654	31,987
Cost of sales	31,381	24,347
Gross profit	8,272	7,640
Selling, general and administrative expenses	6,089	5,781
Operating profit	2,183	1,858
Non-operating income		
Interest income	63	36
Dividend income	483	605
Rental income from real estate	22	19
Foreign exchange gains	569	–
Share of profit of entities accounted for using equity method	317	–
Other	54	60
Total non-operating income	1,511	723
Non-operating expenses		
Interest expenses	33	28
Rental costs on real estate	16	12
Foreign exchange losses	–	139
Share of loss of entities accounted for using equity method	–	103
Other	72	11
Total non-operating expenses	123	296
Ordinary profit	3,571	2,285
Extraordinary income		
Other	110	–
Total extraordinary income	110	–
Extraordinary losses		
Loss on retirement of non-current assets	137	256
Loss on valuation of investment securities	8	73
Other	–	20
Total extraordinary losses	146	350
Profit before income taxes	3,535	1,934
Income taxes	945	(7,262)
Profit	2,590	9,197
Profit attributable to non-controlling interests	187	204
Profit attributable to owners of parent	2,402	8,992

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	2,590	9,197
Other comprehensive income		
Valuation difference on available-for-sale securities	513	1,069
Foreign currency translation adjustment	1,199	309
Remeasurements of defined benefit plans, net of tax	(25)	(39)
Total other comprehensive income	1,688	1,339
Comprehensive income	4,278	10,537
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,073	10,329
Comprehensive income attributable to non-controlling interests	205	207

(3) Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	3,535	1,934
Depreciation	2,534	2,301
Loss on retirement of non-current assets	137	256
Increase (decrease) in provision for bonuses	(1,075)	(816)
Increase (decrease) in retirement benefit asset and liability	(53)	(77)
Increase (decrease) in provision for bonuses for directors (and other officers)	(13)	(57)
Increase (decrease) in provision for share-based payments	(149)	28
Interest and dividend income	(547)	(642)
Interest expenses	33	28
Share of loss (profit) of entities accounted for using equity method	(317)	103
Loss (gain) on valuation of investment securities	8	73
Decrease (increase) in trade receivables	591	(317)
Decrease (increase) in inventories	1,836	190
Increase (decrease) in trade payables	547	523
Other, net	(1,017)	376
Subtotal	6,051	3,905
Interest and dividends received	648	852
Interest paid	(44)	(23)
Income taxes paid	(1,198)	(944)
Payment for business restructuring	(3,509)	(854)
Net cash provided by (used in) operating activities	1,947	2,935
Cash flows from investing activities		
Purchase of non-current assets	(2,040)	(1,431)
Proceeds from collection of loans receivable	141	9
Other, net	(150)	(492)
Net cash provided by (used in) investing activities	(2,049)	(1,914)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,365)	–
Net decrease (increase) in treasury shares	(0)	(0)
Dividends paid	(1,855)	(1,861)
Dividends paid to non-controlling interests	(175)	(225)
Other, net	(55)	(28)
Net cash provided by (used in) financing activities	(6,451)	(2,114)
Effect of exchange rate change on cash and cash equivalents	523	(65)
Net increase (decrease) in cash and cash equivalents	(6,030)	(1,158)
Cash and cash equivalents at beginning of period	27,188	24,010
Cash and cash equivalents at end of period	21,158	22,852

(4) Notes to quarterly consolidated financial statements

Notes to going concern assumptions

None

Significant changes in the scope of consolidation during the period

During the first quarter of the fiscal year ending March 31, 2026, SDP Global Co., Ltd., which was a wholly owned subsidiary of the Company, was dissolved in an absorption merger with the Company as the surviving company, and it has therefore been excluded from the scope of consolidation in the first quarter of the fiscal year ending March 31, 2026.

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 first 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. However, if the calculation of tax using such estimated effective tax rate would significantly lack rationality, the statutory tax rate is used after adjusting for important items in profit before income taxes among items that are not categorized as temporary differences, etc. Furthermore, income tax adjustments are included in the presentation of income taxes.

Notes on segment information, etc.

[Segment information]

I Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

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 Electronics/Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to external customers	10,832	12,780	6,990	5,427	3,623	39,654	—	39,654
Intersegment sales/transfers	—	—	—	—	32	32	(32)	—
Total	10,832	12,780	6,990	5,427	3,656	39,687	(32)	39,654
Segment profit (loss)	(32)	1,095	680	668	59	2,471	(288)	2,183

Notes: 1. Company-wide expenses of ¥288 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 (loss) has been adjusted with operating profit in the quarterly consolidated statements of income.

II Three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)

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 Electronics/Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to external customers	4,313	11,901	6,668	5,916	3,188	31,987	—	31,987
Intersegment sales/transfers	—	—	—	—	30	30	(30)	—
Total	4,313	11,901	6,668	5,916	3,219	32,018	(30)	31,987
Segment profit (loss)	(64)	1,133	563	640	(98)	2,174	(315)	1,858

Notes: 1. Company-wide expenses of ¥315 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 (loss) has been adjusted with operating profit in the quarterly consolidated statements of income.

<Reference>

[Information by geographic segment]

Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or common assets	Consolidated total
Net sales							
(1) Sales to external customers	27,525	3,030	7,199	1,898	39,654	—	39,654
(2) Intersegment sales/transfers	4,278	14	47	317	4,658	(4,658)	—
Total	31,804	3,045	7,246	2,216	44,313	(4,658)	39,654
Operating profit (loss)	1,908	129	(50)	209	2,196	(13)	2,183

Three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or common assets	Consolidated total
Net sales							
(1) Sales to external customers	26,224	2,725	1,118	1,918	31,987	—	31,987
(2) Intersegment sales/transfers	3,244	11	63	559	3,879	(3,879)	—
Total	29,469	2,737	1,181	2,478	35,867	(3,879)	31,987
Operating profit (loss)	1,177	345	45	266	1,835	23	1,858

[Overseas net sales]

Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	14,181	[9,017]	3,297	1,319	18,798
II. Consolidated net sales	—	—	—	—	39,654
III. Percentage of overseas net sales to consolidated net sales (%)	35.8	[22.7]	8.3	3.3	47.4

Three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	8,217	[3,721]	2,851	903	11,972
II. Consolidated net sales	—	—	—	—	31,987
III. Percentage of overseas net sales to consolidated net sales (%)	25.7	[11.6]	8.9	2.8	37.4

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

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

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

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

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

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

Business combinations, etc.

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 fiscal year ended March 31, 2024, 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
Date of conclusion of merger agreement	November 6, 2024
Effective date	April 1, 2025

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 are 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.

3. Supplementary information

Trend of quarterly consolidated earnings

Fiscal year ended March 31, 2025

(Millions of yen)

	1Q April 2024 to June 2024	2Q July 2024 to September 2024	3Q October 2024 to December 2024	4Q January 2025 to March 2025	Total 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

Fiscal year ending March 31, 2026

(Millions of yen)

	1Q April 2025 to June 2025	Change (%)	
		The same period of the previous fiscal year April 2024 to June 2024	The previous period January 2025 to March 2025
Net sales	31,987	(19.3)	2.7
Operating profit	1,858	(14.9)	18.6
Ordinary profit	2,285	(36.0)	111.3
Profit (loss) attributable to owners of parent	8,992	274.2	—
Comprehensive income	10,537	146.3	—