

# Consolidated Financial Statements for the Fiscal Year Ended September 30, 2024 [Japan GAAP]

November 7, 2024

Company name: Sanyo Trading Co., Ltd.	Listed on: Tokyo Stock Exchange Prime Market
Stock exchange code: 3176	URL: <a href="https://www.sanyo-trading.co.jp/">https://www.sanyo-trading.co.jp/</a>
Representative: Masanobu Shintani, President & CEO	
Contact: Ryuichi Otani, Executive Officer, in Charge of Administration Divisions	Tel. +81-3-3518-1111
Annual general meeting of stockholders (scheduled): December 19, 2024	
Start of distribution of dividends (scheduled): November 29, 2024	
Filing of securities report (scheduled): December 19, 2024	
Supplementary documents of financial results: Yes	
Investors' meeting: Yes (for institutional investors and analysts)	

(Amounts have been rounded down to the nearest million yen.)

## 1. Consolidated Results for the Fiscal Year Ended September 30, 2024 (October 1, 2023 to September 30, 2024)

(1) Consolidated Operating Results (% = year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE September 2024	129,263	7.2	7,072	8.4	7,827	10.4	5,207	8.8
FYE September 2023	120,525	12.4	6,527	30.6	7,090	14.1	4,785	12.9

(Note) Comprehensive income: FYE September 2024: 5,503 million yen (-6.2%)  
FYE September 2023: 5,870 million yen (9.6%)

	Profit per share (basic)	Profit per share (diluted)	Return on equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
FYE September 2024	180.88	179.91	11.4	10.9	5.5
FYE September 2023	166.43	165.41	11.6	10.8	5.4

(Reference) Equity in earnings of affiliates: FYE September 2024: – million yen  
FYE September 2023: – million yen

## (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 2024	75,390	47,809	63.3	1,657.16
As of September 2023	68,537	43,890	63.4	1,509.92

(Reference) Total equity: As of September 2024: 47,717 million yen  
As of September 2023: 43,442 million yen

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	Million yen	Million yen	Million yen	Million yen
FYE September 2024	5,447	(2,035)	(2,794)	7,367
FYE September 2023	5,734	(2,915)	(1,767)	6,900

## 2. Dividends

	Annual dividends per share					Total dividends paid (full fiscal year)	Payout ratio (consolidated)	Dividends/net assets (consolidated)
	1Q-end	2Q-end	3Q-end	4Q-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FYE September 2023	–	21.00	–	22.00	43.00	1,237	25.8	3.0
FYE September 2024	–	22.00	–	33.00	55.00	1,583	30.4	3.5
FYE September 2025 (estimate)	–	28.00	–	29.00	57.00		–	

## 3. Forecast of Consolidated Results for the Fiscal Year Ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(% = year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full fiscal year	132,000	2.1	7,100	0.4	7,500	(4.2)	4,900	(5.9)	170.17

The Company formulates a management plan and evaluates results annually, and does not make a consolidated earnings outlook for the first half.

\* Notes

- (1) Material changes in the scope of consolidation during the period: None  
New: – (Company name: ), Excluded: – (Company name: )
- (2) Changes in accounting principles and accounting estimates, and restatement of prior period financial statements after error corrections.  
(i) Changes in accordance with revisions to accounting and other standards: None  
(ii) Changes in items other than (i): Yes  
(iii) Changes in accounting estimates: None  
(iv) Restatement of prior period financial statements after error corrections: None  
(Note) For details, please refer to 3. Consolidated Financial Statements and Major Notes (5) Notes to consolidated financial statements (Changes in accounting policies) on page 15 of the attached document.
- (3) Number of shares issued and outstanding (common stock)  
(i) Number of shares issued and outstanding as of the fiscal period end (including treasury stock)  
As of September 30, 2024: 29,007,708 shares  
As of September 30, 2023: 29,007,708 shares  
(ii) Number of treasury stock as of the fiscal period end  
As of September 30, 2024: 213,035 shares  
As of September 30, 2023: 236,385 shares  
(iii) Average number of shares during the period  
FYE Sep. 2024: 28,787,080 shares  
FYF Sep. 2023: 28,751,134 shares

(Reference) Overview of the non-consolidated business results

1. Non-consolidated financial results for the year ended September 30, 2024 (October 1, 2023 to September 30, 2024)

(1) Non-Consolidated Operating Results		(% = year-on-year change)					
	Net sales		Operating profit		Ordinary profit		Profit for the year
	Million yen	%	Million yen	%	Million yen	%	Million yen %
FYE September 2024	77,504	7.1	3,404	0.2	4,989	10.8	3,740 12.0
FYE September 2023	72,379	9.7	3,398	5.0	4,503	(9.9)	3,340 (4.4)

	Profit per share (basic)	Profit per share (diluted)
	Yen	Yen
FYE September 2024	129.94	129.24
FYE September 2023	116.19	115.48

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 2024	57,543	37,101	64.3	1,285.33
As of September 2023	52,386	34,276	65.2	1,187.98

(Reference) Total equity: As of September 2024: 37,010 million yen  
As of September 2023: 34,179 million yen

\* These consolidated financial statements are not subject to the auditing procedure

\* A Cautionary Note on Forward-Looking Statements

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts. For details about the assumptions in the earnings forecasts, notes on the use of the earnings forecasts, and other matters, please refer to (4) Outlook, 1. Business Performance, Etc. on page 4 of this document.

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## 1. Business Performance, Etc.

### (1) Review of business performance

During the consolidated fiscal year under review (October 1, 2023 to September 30, 2024), the global economy remained uncertain as concerns over the future persisted, mainly reflecting the Russian invasion of Ukraine, the unstable situation in the Middle East, slowing inflation in Europe and the United States and the resultant changes in the monetary policy, and the stagnation of the real estate market in China.

Taking a brief look at the regions where the Group operates, we observed an economic recovery in the United States, mainly reflecting consumer spending and capital investment. In ASEAN countries, economies remained strong with an expansion of consumer spending. In contrast, business confidence declined in China, mainly due to consumption and non-current assets.

Japan experienced an inflationary trend caused by a rise in costs for raw materials and energy. However, the economy showed an upward trend with a recovery in corporate earnings mainly due to rising domestic demand and a rebound in inbound tourism demand, which was aided by the weaker yen.

In this business environment, the Group has been striving to bolster its consolidated management structure by reinforcing its revenue base, improving its business structure, and pursuing and deepening higher value-added businesses along with SANYO VISION 2028, the long-term management plan it announced in November 2023. It has also been making ongoing efforts to strengthen the existing businesses, develop new businesses, accelerate the global expansion further, and promote new investments.

Regarding new investments, the Company invested in Yokote Yuzawa Forest Cycle Co., Ltd. as a wood biomass project. The Company also established Kitanomori Green Energy, a new company, and then signed a business transfer agreement with Hokkaido Biomass Energy. With these initiatives, the Company will also address regional issues and contribute to the realization of a smart society and the sustainable development of regional societies while also seeking to develop and provide new services.

As a new investment in next-generation fields, we entered into a domestic agency agreement and made an equity investment with Polymerize Pte. Ltd. (Singapore) as a new partner in our core materials business. This partnership supports the introduction and expansion of a cloud platform for Materials Informatics (MI) in the Japanese market. Through the provision of this platform, we aim to enhance the efficiency of materials development through machine learning technology, eliminate dependency on individual expertise in experimental data, and contribute to strengthening the international competitiveness of Japan's materials industry and improving research and manufacturing efficiency.

For global expansion, the Company established Sanyo Trading Europe GmbH in Munich, Germany, and began operating this company in November 2023. With this company, the Company will boost sales strength, expand sales channels, and collect information in Europe as a promising market.

As an initiative to bolster its consolidated management structure, the Company established two business departments, so as to accelerate further growth in business domains that are expected to grow at a high rate. The Bio Frontier Business Department made Scrum Inc. and KOTAI Biotechnologies, Inc., which operate biotech businesses under the Life Science Business Unit, affiliates. The Energy Solution Business Department made Cosmos Shoji Co., Ltd., which operates a resource development business under the Green Technology Business Unit, an affiliate. With these initiatives, the Company will enable an accurate analysis of market trends and prompt group-wide decision-making. It will also push forward with discovering and exploiting new business opportunities and reaping harvest from them.

Consolidated results were net sales of ¥129,263 million (up 7.2% year on year), operating profit of ¥7,072 million (up 8.4% year on year), ordinary profit of ¥7,905 million (up 11.5% year on year), and profit attributable to owners of the parent of ¥5,207 million (up 8.8% year on year).

Results for each business segment are described below.

#### (i) Chemicals

Both sales and profit of rubber-related products remained solid due to price revisions of imported goods reflecting the even weaker yen and sales growth of high value-added secondary materials in addition to the ongoing strong demand for raw materials for domestic markets.

Sales and profit in chemical-related merchandise were positive, thanks to the good performance of mainstay products and improved profitability reflecting price revisions to incorporate surging purchase prices, which resulted mainly from the weaker yen.

In life science-related merchandise, sales and profit were both strong thanks to brisk sales of heat-releasing products, surfactants,

and other mainstay products as well as the contribution of electrical materials to profit, reflecting the weaker yen.

As a result, the Chemicals segment recorded net sales of ¥40,865 million (up 6.7% year on year) and operating profit of ¥2,606 million (up 19.2% year on year).

(ii) Machinery & Industrial Products

Sales of merchandise related to industrial products were brisk, despite being partially affected by the safety testing scandal at auto manufacturers. The sold result reflected strong production at Japanese-affiliated auto manufacturers generally. However, profits declined.

In green technology merchandise (formerly called merchandise related to machinery and the environment), the delivery of the main units of feed processing machines and sales of related wearing parts were strong. In the wood biomass-related business, both sales and profit turned around as some major projects were recorded.

Both sales and profit decreased in merchandise related to scientific equipment due to rises in sales prices reflecting surging purchase prices and the weaker yen, as well as their impact on orders received.

In merchandise related to resource development handled by Cosmos Shoji Co., Ltd., sales of equipment related to geothermal heat and oil and gas-related equipment were weak, but sales in the ocean development field remained strong. Regarding the main functional feed raw materials handled by YPTECH Co., Ltd., profit tumbled due to weak demand for mainstay products. Performance remained strong in relation to the biotech products, especially those related to genetic analysis, carried by Scrum Inc. As a result, the Machinery & Industrial Products segment recorded net sales of ¥51,855 million (up 10.2% year on year) and operating profit of ¥4,583 million (up 3.0% year on year).

(iii) Overseas Subsidiaries

Sanyo Corporation of America earned more profit. Although sales dropped due to the reduction of the unit selling prices of high performance resins, sales of film- and automobile-related merchandise were strong. Sales and profit at SANYO TRADING (SHANGHAI) CO., LTD. declined due to the impact of production cutbacks at Japanese-affiliated auto manufacturers, which were affected by the economic slowdown. Sanyo Trading Asia Co., Ltd. (Thailand) achieved strong sales of automobile-related merchandise which contributed to profit. At Sun Phoenix Mexico, S.A. de C.V., strong sales of rubber-related and automobile-related merchandise, which were positively affected by the strong performance of Japanese-affiliated auto manufacturers, contributed to profit. At Sanyo Trading India Private Limited, rubber-related merchandise and automobile merchandise sold well. Sanyo Trading (Viet Nam) Co., Ltd. saw a strong performance with the launch of drilling fluid additives and chemicals, chemical-related merchandise, and rubber-related products. PT. Sanyo Trading Indonesia while the rubber segment remained strong, the chemicals segment underperformed, resulting in a decline in profits.

As a result, the Overseas Subsidiaries segment recorded net sales of ¥35,050 million (up 3.2% year on year) and operating profit of ¥1,748 million (up 35.7% year on year).

(2) Review of financial position

(Assets)

Current assets increased ¥5,818 million from the end of the previous fiscal year, to ¥63,107 million, primarily because of a rise in trade receivables.

Non-current assets increased ¥1,034 million from the end of the previous fiscal year, to ¥12,283 million. The main factor was an increase in the market value of investment securities.

(Liabilities)

Current liabilities increased ¥2,938 million from the end of the previous fiscal year, to ¥25,599 million, mainly reflecting a rise in advances received.

Non-current liabilities decreased ¥3 million from the end of the previous fiscal year to ¥1,981 million, primarily due to a hike in deferred tax liabilities and a decrease in long-term borrowings.

(Net assets)

Shareholders' equity increased, reflecting earnings attributable to owners of parent, and accumulated other comprehensive income also grew due mainly to a rise in valuation difference on available-for-sale securities.

Net assets at the end of the fiscal year under review stood at ¥47,809 million (an increase of ¥3,918 million from the end of the previous fiscal year).

### (3) Review of cash flows

Cash and cash equivalents at the end of the fiscal year under review came to ¥7,367 million (up ¥467 million from the end of the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities stood at ¥5,447 million (a year-on-year decrease of ¥289 million). The result was mainly due to an increase in earnings for the year before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities came to ¥2,035 million (a year-on-year increase in cash outflows of ¥882 million). The result was chiefly due to cash outflows related to payments into time deposits and the amount paid as contingent consideration for the acquisition of Scrum Inc.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥2,794 million (a year-on-year decrease in cash outflows of ¥1,027 million). The result primarily reflected dividends paid by the Company.

(Reference) Cash flow-related indicators

	September 30, 2020	September 30, 2021	September 30, 2022	September 30, 2023	September 30, 2024
Equity ratio	64.9	67.5	61.7	63.4	63.3
Equity ratio based on market value (%)	60.3	66.2	47.2	56.6	58.1
Interest-bearing debt/cash flow (years)	0.7	1.1	—	1.0	0.8
Interest coverage ratio (times)	389.3	93.8	—	56.4	76.3

Equity ratio: equity/total assets

Equity ratio based on market value: market capitalization/total assets

Interest-bearing debt/cash flow ratio: interest-bearing debt/cash flows

Interest coverage ratio: cash flows/paid interest

(Note 1) Each indicator is calculated based on consolidated financial figures.

(Note 2) Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares (excluding treasury shares) as of that date.

(Note 3) Cash flow is net cash provided by (used in) operating activities on the consolidated statement of cash flows.

(Note 4) Interest-bearing debt is all liabilities requiring the payment of interest under the liabilities section of the consolidated balance sheet.

(Note 5) Interest payments equal the amount of interest paid on the consolidated statement of cash flows.

(Note 6) Because cash flows from operating activities were negative in the fiscal year ended September 30, 2022, interest-bearing debt/cash flow ratio (years) and interest coverage ratio (times) are not stated.

### (4) Outlook

The business environment for the Group is uncertain due to factors such as the surge in resource prices and logistics cost, the need to tackle climate change, and exchange rate fluctuations. These factors may affect the Company's business, making it unpredictable. The Group does not simply view the risks caused by the uncertainties as threats but sees them as opportunities for new business. The Group's challenge is to respond flexibly and swiftly to changes in the external environment, leveraging its solid financial foundation and its strengths and experience, which it has gained over many years.

The Group will proceed with SANYO VISION 2028, the long-term management plan, aiming to achieve sustainable growth and greater corporate value.

#### Long-Term Management Plan SANYO VISION 2028

Under SANYO VISION 2028, we will strengthen the earnings base and improve the corporate structure as priority measures for achieving the vision. In addition, we set "Deliver tangible solutions to social issues to make the world a better place for everyone" as our vision. We will not only pursue economic profit growth but also aim to deliver solutions to social issues through business activities with importance attached to environmental consideration and social responsibilities.

In the fiscal year ending September 30, 2025, the Company expects strong demand for Contributions from a major project in the wood biomass business and continued growth in overseas operations, primarily in the United States, are expected, and forecasts net sales of ¥132,000 million (up 2.1% year on year).

Operating profit is forecast to remain almost flat at ¥7,100 million (up 0.4% year on year). The impact of the termination of provision of biotech products carried by Scrum Inc., which are mainstay products, changes in the competitive environment of merchandise related to industrial products, and a temporary increase in expenses attributed to go-live of a new core system, among other factors, should be more than offset by growth of wood biomass-related business and of the ocean resources development business of Cosmos Shoji Co., Ltd.

Ordinary profit is forecast to be ¥7,500 million (down 4.2% year on year). The Company expects foreign exchange losses or gains, and dividend income to occur as non-operating expenses or income but does not expect to post foreign exchange gains on the same level as those posted in the previous fiscal year.

Earnings attributable to owners of the parent is forecast to be ¥4,900 million (down 5.9% year on year). No extraordinary income or extraordinary losses are expected.

(5) Basic policy for dividends and dividends for the fiscal year under review and the next fiscal year

The Company recognizes the return of earnings to shareholders as one of management's highest priorities, with a fundamental policy of increasing dividends and maintaining a stable dividend on an ongoing basis while also considering its consolidated financial results and financial standing. Under this fundamental policy, the Company will continue to pay a progressive dividend with a target payout ratio of 30% or higher during the period of the SANYO VISION 2028, the long-term management plan. The Company will work to increase dividend per share by further strengthening its management structure to continuously enhance corporate value, thereby bolstering its ability to generate stable earnings.

Meanwhile, we plan to use our internal reserves to make strategic investments in growth areas and expand our overseas business in the future.

The Company plans to pay a year-end dividend for the fiscal year under review of 33 yen per share. Combined with the interim dividend of 22 yen per share already paid on June 14, 2024, this will bring the annual dividend to 55 yen per share.

In the next fiscal year, the Company plans to pay an annual dividend of ¥57 per share, an interim dividend ¥28 and a year-end dividend of ¥29, which is calculated based on a forecast consolidated earnings of ¥4,900 million.

## 2. Basic Approach to Selection of Accounting Standards

The Group prepares consolidated financial statements, following the Japanese GAAP.

The Group will appropriately determine the timing for the application of the International Financial Reporting Standards (IFRS) while considering circumstances in Japan and overseas.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated balance sheet

(Thousand yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Assets		
Current assets		
Cash and deposits	7,031,285	8,007,322
Notes and accounts receivable - trade, and contract assets	22,249,273	24,215,073
Electronically recorded monetary claims - operating	2,545,123	2,479,000
Merchandise and finished goods	23,148,611	24,772,923
Work in process	66,829	75,669
Raw materials and supplies	214,155	332,113
Other	2,124,073	3,351,962
Allowance for doubtful accounts	(90,360)	(126,832)
Total current assets	57,288,989	63,107,232
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,646,393	3,667,898
Accumulated depreciation	(1,682,384)	(1,783,988)
Buildings and structures, net	1,964,008	1,883,910
Machinery, equipment and vehicles	649,432	579,309
Accumulated depreciation	(459,615)	(378,600)
Machinery, equipment and vehicles, net	189,816	200,709
Land	810,061	810,061
Other	937,221	1,007,632
Accumulated depreciation	(663,055)	(742,064)
Other, net	274,165	265,567
Total property, plant and equipment	3,238,052	3,160,249
Intangible assets		
Goodwill	1,600,965	1,401,622
Other	253,121	701,957
Total intangible assets	1,854,087	2,103,580
Investments and other assets		
Investment securities	4,274,302	4,877,344
Deferred tax assets	276,245	351,058
Other	1,639,456	1,825,986
Allowance for doubtful accounts	(33,724)	(34,930)
Total investments and other assets	6,156,280	7,019,458
Total non-current assets	11,248,420	12,283,287
Total assets	68,537,410	75,390,519



(Thousand yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,838,354	12,573,928
Short-term borrowings	5,350,394	4,358,289
Current portion of long-term borrowings	30,936	100,000
Accounts payable - other	1,045,705	892,533
Income taxes payable	1,602,878	1,107,888
Contract liabilities	769,137	4,487,261
Provision for bonuses	888,445	984,274
Other	1,135,503	1,095,609
Total current liabilities	22,661,356	25,599,784
Non-current liabilities		
Long-term borrowings	333,755	50,000
Deferred tax liabilities	469,900	739,635
Provision for retirement benefits for directors (and other officers)	70,292	75,510
Retirement benefit liability	926,658	977,195
Long-term deposits received	110,095	78,679
Other	74,637	60,382
Total non-current liabilities	1,985,339	1,981,403
Total liabilities	24,646,695	27,581,188
Net assets		
Shareholders' equity		
Share capital	1,006,587	1,006,587
Capital surplus	413,388	447,262
Retained earnings	39,040,908	42,981,511
Treasury shares	(113,753)	(102,568)
Total shareholders' equity	40,347,130	44,332,793
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,535,036	1,854,913
Deferred gains or losses on hedges	—	19,682
Foreign currency translation adjustment	1,560,372	1,509,900
Total accumulated other comprehensive income	3,095,408	3,384,497
Share acquisition rights	96,238	90,995
Non-controlling interests	351,935	1,044
Total net assets	43,890,714	47,809,331
Total liabilities and net assets	68,537,410	75,390,519

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

Consolidated statement of income

(Thousand yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Net sales	120,525,654	129,263,154
Cost of sales	100,419,965	107,034,082
Gross profit	20,105,688	22,229,071
Selling, general and administrative expenses		
Transportation costs	862,877	1,034,637
Storage costs	1,283,939	1,293,152
Remuneration, salaries and allowances	4,340,538	5,641,105
Retirement benefit expenses	82,793	147,976
Welfare expenses	758,932	766,528
Entertainment expenses	328,647	409,021
Travel and transportation expenses	662,622	799,749
Rent expenses on land and buildings	533,002	571,317
Depreciation	333,590	191,659
Amortization of goodwill	577,793	640,472
Other	3,813,317	3,660,547
Total selling, general and administrative expenses	13,578,056	15,156,168
Operating profit	6,527,632	7,072,902
Non-operating income		
Interest income	19,175	61,907
Dividend income	104,525	127,029
Foreign exchange gains	371,344	471,467
Other	236,948	331,302
Total non-operating income	731,994	991,707
Non-operating expenses		
Interest expenses	97,428	71,316
Loss on sales of trade receivables	14,670	21,028
Loss on valuation of investment securities	4,896	-
Loss on investments in investment partnerships	-	33,746
Other	51,900	33,466
Total non-operating expenses	168,894	159,557
Ordinary profit	7,090,731	7,905,051
Extraordinary income		
Gain on sale of investment securities	230,926	-
Total extraordinary income	230,926	-
Extraordinary losses		
Profit for the year before income taxes	7,321,658	7,905,051
Income taxes - current	2,673,888	2,597,051
Income taxes - deferred	(156,390)	94,790
Total income taxes	2,517,498	2,691,841
Profit	4,804,160	5,213,210
Profit attributable to non-controlling interests	19,061	6,198
Profit attributable to owners of parent	4,785,098	5,207,011

Consolidated statement of comprehensive income

(Thousand yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Profit	4,804,160	5,213,210
Other comprehensive income		
Valuation difference on available-for-sale securities	738,962	321,156
Deferred gains or losses on hedges	—	19,682
Foreign currency translation adjustment	327,225	(50,447)
Total other comprehensive income	1,066,188	290,391
Comprehensive income	5,870,348	5,503,601
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,850,865	5,496,114
Comprehensive income attributable to non-controlling interests	19,482	7,487

(3) Consolidated statement of changes in equity  
Fiscal Year ended September 30, 2023

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of year	1,006,587	397,298	35,502,368	(136,678)	36,769,575
Cumulative effects of changes in accounting policies			(39,185)		(39,185)
Restated balance	1,006,587	397,298	35,463,182	(136,678)	36,730,390
Changes during the year					
Dividends of surplus			(1,207,372)		(1,207,372)
Change in ownership interest due to capital transfer					—
Profit attributable to owners of parent			4,785,098		4,785,098
Purchase of treasury shares				(74)	(74)
Disposal of treasury shares		16,089		22,999	39,088
Net changes in items other than shareholders' equity					
Total changes during the year		16,089	3,577,726	22,924	3,616,740
Balance at end of period	1,006,587	413,388	39,040,908	(113,753)	40,347,130

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of year	796,488	—	1,193,967	1,990,456	116,566	336,066	39,212,665
Cumulative effects of changes in accounting policies			39,185	39,185			—
Restated balance	796,488		1,233,153	2,029,642	116,566	336,066	39,212,665
Changes during the year							
Dividends of surplus							(1,207,372)
Change in ownership interest due to capital transfer							—
Profit attributable to owners of parent							4,785,098
Purchase of treasury shares							(74)
Disposal of treasury shares							39,088
Net changes in items other than shareholders' equity	738,547	—	327,218	1,065,766	(20,327)	15,869	1,061,308
Total changes during the year	738,547	—	327,218	1,065,766	(20,327)	15,869	4,678,048
Balance at end of period	1,535,036	—	1,560,372	3,095,408	96,238	351,935	43,890,714

Fiscal Year ended September 30, 2024

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of year	1,006,587	413,388	39,040,908	(113,753)	40,347,130
Cumulative effects of changes in accounting policies					
Restated balance	1,006,587	413,388	39,040,908	(113,753)	40,347,130
Changes during the year					
Dividends of surplus			(1,266,408)		(1,266,408)
Change in ownership interest due to capital transfer		22,649			22,649
Profit attributable to owners of parent			5,207,011		5,207,011
Purchase of treasury shares					—
Disposal of treasury shares		11,225		11,185	22,410
Net changes in items other than shareholders' equity					
Total changes during the year		33,874	3,940,602	11,185	3,985,662
Balance at end of period	1,006,587	447,262	42,981,511	(102,568)	44,332,793

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of year	1,535,036	—	1,560,372	3,095,408	96,238	351,935	43,890,714
Cumulative effects of changes in accounting policies							—
Restated balance	1,535,036		1,560,372	3,095,408	96,238	351,935	43,890,714
Changes during the year							
Dividends of surplus							(1,266,408)
Change in ownership interest due to capital transfer							22,649
Profit attributable to owners of parent							5,207,011
Purchase of treasury shares							—
Disposal of treasury shares							22,410
Net changes in items other than shareholders' equity	319,877	19,682	(50,471)	289,088	(5,243)	(350,890)	(67,045)
Total changes during the year	319,877	19,682	(50,471)	289,088	(5,243)	(350,890)	3,918,617
Balance at end of period	1,854,913	19,682	1,509,900	3,384,497	90,995	1,044	47,809,331

(4) Consolidated statement of cash flows

(Thousand yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from operating activities		
Profit for the year before income taxes	7,321,658	7,905,051
Depreciation	428,185	312,233
Amortization of goodwill	577,793	640,472
Increase (decrease) in allowance for doubtful accounts	9,582	35,811
Increase (decrease) in provision for bonuses	655,625	87,554
Increase (decrease) in retirement benefit liability	(29,302)	49,503
Increase (decrease) in other provisions	64,881	13,418
Interest and dividend income	(123,700)	(188,956)
Interest expenses	97,428	71,316
Foreign exchange losses (gains)	(22,415)	158,196
Loss (gain) on sales of investment securities	(229,907)	642
Decrease (increase) in trade receivables and contract assets	(263,647)	(2,002,583)
Decrease (increase) in inventories	72,676	(1,832,951)
Increase (decrease) in trade payables	(1,182,160)	864,624
Increase (decrease) in contract liabilities	187,946	3,720,041
Decrease (increase) in advance payments to suppliers	88,926	(1,328,079)
Other	276,611	(80,347)
Subtotal	7,930,183	8,425,970
Interest and dividends received	123,902	184,593
Interest paid	(101,623)	(71,348)
Income taxes paid	(2,218,180)	(3,091,642)
Net cash provided by (used in) operating activities	5,734,282	5,447,573
Cash flows from investing activities		
Payments into time deposits	(168,300)	(762,449)
Proceeds from withdrawal of time deposits	198,900	234,780
Purchase of property, plant and equipment	(127,914)	(234,733)
Proceeds from sale of property, plant and equipment	68,368	55,007
Purchase of intangible assets	(220,648)	(469,646)
Purchase of investment securities	(271,865)	(121,315)
Proceeds from sales of investment securities	292,338	2,946
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,470,979)	—
Amount paid as contingent consideration for acquisition of shares in subsidiaries	(396,505)	(502,700)
Purchase of shares of subsidiaries and associates	(268,022)	(56,371)
Loan advances	(53,250)	—
Proceeds from collection of loans receivable	42,409	10,103
Other	(540,016)	(191,615)
Net cash provided by (used in) investing activities	(2,915,485)	(2,035,994)

(Thousand yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(490,621)	(962,160)
Proceeds from long-term borrowings	50,000	—
Repayments of long-term borrowings	(94,956)	(214,691)
Dividends paid	(1,207,372)	(1,266,408)
Dividends paid to non-controlling interests	(6,994)	(5,734)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(330,000)
Other	(17,523)	(15,907)
Net cash provided by (used in) financing activities	(1,767,468)	(2,794,902)
Effect of exchange rate change on cash and cash equivalents	117,473	(149,643)
Net increase (decrease) in cash and cash equivalents	1,168,802	467,032
Cash and cash equivalents at beginning of period	5,718,897	6,900,965
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	13,265	—
Cash and cash equivalents at end of period	6,900,965	7,367,997

(5) Notes to consolidated financial statements

(Notes related to going concern assumptions)

None

(Changes in accounting policies)

Revenues and expenses at overseas subsidiaries, etc. were converted to yen by applying the spot exchange rates on the balance sheet date. From the first three months of the fiscal year, they are converted to yen using the average exchange rates during the period.

The reason for the change made by the Company is to reduce the impact of temporary exchange rate changes on its earnings during the accounting period and reflect the results at overseas subsidiaries, etc. more accurately in the consolidated financial statements as the significance of overseas subsidiaries, etc. is expected to increase.

For figures on and before September 30, 2006, the Company does not have the information necessary to calculate the figures after the change and it is practically impossible to calculate the cumulative impact that the retroactive application of the new accounting policy would have. For this reason, the accounting policy after the change applies from October 1, 2007 onwards. The retroactive application of the change has resulted in decreases in net sales, operating profit, ordinary profit, profit before income taxes, and profit attributable to owners of parent for the previous fiscal year of ¥2,071 million, ¥212 million, ¥59 million, ¥59 million, and ¥45 million, respectively, from the respective figures before the retroactive application. Profit per share has declined 1.58 yen.

The cumulative effects of the change have been reflected in net assets at the beginning of the previous consolidated fiscal year. Consequently, retained earnings at the beginning of the previous fiscal year decreased ¥39 million, and foreign currency translation adjustment at the beginning of the previous fiscal year increased by the same amount.

(Notes on significant fluctuations in shareholders' equity)

None



(Segment information, etc.)

[Segment information]

1. Description of reporting segments

(1) Determination of reportable segments

The Group's reportable segments are components of the Group for which discrete financial information is available, and that are reviewed on a regular basis by the Board of Directors to determine the allocation of corporate resources and assess business performance.

The Company has business units that are responsible for different categories of merchandise. Each business unit formulates a comprehensive strategy for its merchandise in Japan and overseas and operates business activities. The Company and the domestic subsidiaries are responsible for domestic operations. The overseas subsidiaries are primarily responsible for operations in different regions overseas, including Asia and the United States.

The Company consists of segments responsible for different categories of merchandise, based on business units. At each overseas subsidiary, an independent management unit, the Board of Directors makes decisions on the allocation of management resources and evaluates results. Considering the structure, the Group has three reportable segments: Chemicals, Machinery & Industrial Products, and Overseas Subsidiaries.

The Chemicals segment sells synthetic rubber and a variety of chemicals. The Machinery & Industrial Products segment sells automotive interior parts, granulating machines for feed and related equipment, and scientific equipment, among other products. The Overseas Subsidiaries segment sells synthetic rubber, a range of chemicals and automotive interior parts, among other products.

(2) Matters related to changes in reportable segments

As stated in Changes in accounting policies, revenues and expenses at overseas subsidiaries, etc. are converted to yen using the average exchange rates during the period from the first three months of the fiscal year. The figures for the previous fiscal year are those after the retroactive application of the change.

As noted under "Changes in Accounting Policies," starting this consolidated fiscal year, we have changed the method for translating the revenue and expenses of overseas subsidiaries into yen, now using the average exchange rate during the period. Figures for the previous consolidated fiscal year have been restated to reflect this retroactive application.

2. Methods for calculating sales, profit (loss), assets, liabilities and other items by reportable segment

Accounting methods for the reported business segments are almost the same as those used for the preparation of consolidated financial statements. Income or loss for reportable segments is based on operating profit. Inter-segment revenues and transfers are based on prevailing market prices.

3. Information related to net sales, income (loss), assets, liabilities and other items by reportable segment

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Thousand yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Amounts in consolidated financial statements (Note 3)
	Chemicals	Machinery & Industrial Products	Overseas Subsidiaries	Total				
Net sales								
Sales to external customers	38,298,313	47,045,149	33,967,490	119,310,953	1,065,103	120,376,057	149,596	120,525,654
Intersegment internal sales and transfers	4,801,860	1,150,489	2,174,872	8,127,222	308,020	8,435,243	(8,435,243)	—
Total	43,100,174	48,195,639	36,142,362	127,438,176	1,373,123	128,811,300	(8,285,646)	120,525,654
Segment profit (loss)	2,185,780	4,450,742	1,288,406	7,924,929	(297,878)	7,627,050	(1,099,418)	6,527,632
Other items								
Depreciation	54,527	197,517	23,413	275,458	137,462	412,921	15,264	428,185
Amortization of goodwill	10,743	501,338	—	512,081	65,712	577,793	—	577,793

(Notes)

- The category “Other” includes business segments not included in reportable segments, such as information systems and real estate leasing.
- The adjustment consists of the following items.
  - An adjustment of net sales to external customers of ¥149,596 thousand is a foreign currency translation adjustment in relation to management accounting.
  - An adjustment of segment profit (loss) of -¥1,099,418 thousand includes selling, general and administrative expenses that are not allocated to reportable segments of -¥1,088,112 thousand, a foreign currency translation adjustment of -¥346,663 thousand in relation to management accounting and ¥335,357 thousand of other consolidation adjustments.
- Segment profit (loss) is adjusted to operating income in the consolidated statement of income.
- Assets and liabilities in each reportable segment are not stated because they are not allocated to each reportable segment.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Thousand yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Amounts in consolidated financial statements (Note 3)
	Chemicals	Machinery & Industrial Products	Overseas Subsidiaries	Total				
Net sales								
Sales to external customers	40,865,880	51,855,922	35,050,428	127,772,231	1,226,876	128,999,107	264,046	129,263,154
Intersegment internal sales and transfers	5,805,840	2,331,463	2,251,161	10,388,465	656,859	11,045,325	(11,045,325)	—
Total	46,671,721	54,187,385	37,301,589	138,160,696	1,883,735	140,044,432	(10,781,278)	129,263,154
Segment profit (loss)	2,606,400	4,583,499	1,748,486	8,938,387	(131,303)	8,807,084	(1,734,454)	7,072,630
Other items								
Depreciation	11,913	164,579	30,078	206,571	100,984	307,556	4,676	312,233
Amortization of goodwill	9,211	543,645	—	552,856	87,616	640,472	—	640,472

(Notes)

- The category “Other” includes business segments not included in the reportable segments, such as information system and real estate leasing.
- The adjustment consists of the following items.
  - An adjustment of net sales to external customers of ¥264,046 thousand is a foreign currency translation adjustment in relation to management accounting.
  - An adjustment of segment profit (loss) of -¥1,734,454 thousand includes selling, general and administrative expenses that are not allocated to reportable segments of ¥1,448,134 thousand, a foreign currency translation adjustment of ¥394,598 thousand in relation to management accounting and ¥108,279 thousand of other consolidation adjustments.
- Segment profit (loss) is adjusted to operating income in the consolidated statement of income.
- Assets and liabilities in each reportable segment are not stated because they are not allocated to each reportable segment.

Related information

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

1. Information by product/service

	(Thousand yen)					
	Rubber merchandise	Chemical merchandise	Machinery and environment-related merchandise	Industrial merchandise	Other	Total
Sales to external customers	27,569,513	28,054,258	18,108,676	42,759,178	4,034,027	120,525,654

2. Information by region

(1) Net sales

	(Thousand yen)			
Japan	U.S.	China	Other	Total
77,856,343	16,819,396	9,078,989	16,770,924	120,525,654

(2) Property, plant and equipment

The amount of property, plant and equipment in Japan is more than 90% of the amount of property, plant and equipment in the consolidated balance sheets, and information on property, plant and equipment is omitted.

3. Information by major customer

No information is presented because net sales to any particular outside customer do not account for 10% or more of net sales on the consolidated statement of income.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

1. Information by product/service

	(Thousand yen)					
	Rubber merchandise	Chemical merchandise	Machinery and environment-related merchandise	Industrial merchandise	Other	Total
Sales to external customers	28,564,989	38,220,902	21,188,381	36,685,846	4,603,034	129,263,154

2. Information by region

(1) Net sales

	(Thousand yen)			
Japan	U.S.	China	Other	Total
84,615,965	17,204,393	7,867,247	19,575,547	129,263,154

(2) Property, plant and equipment

The amount of property, plant and equipment in Japan is more than 90% of the amount of property, plant and equipment in the consolidated balance sheets, and information on property, plant and equipment is omitted.

3. Information by major customer

No information is presented because net sales to any particular outside customer do not account for 10% or more of net sales on the consolidated statement of income.

[Information on impairment loss in non-current assets by reporting segment]

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

There are no applicable matters.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

There are no applicable matters.

[Information on amortization of goodwill and unamortized balance by reporting segment]

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Thousand yen)

	Reportable segments				Other	Corporate or elimination	Total
	Chemicals	Machinery & Industrial Products	Overseas Subsidiaries	Total			
(Goodwill)							
Amortization in current period	10,743	501,338	–	512,081	65,712	–	577,793
Balance at end of period	15,722	1,212,873	–	1,228,595	372,369	–	1,600,965

(Note) During the fiscal year under review, the Company made Cosmo Computing System, Inc. into a consolidated subsidiary through the acquisition of shares, resulting in the recording of goodwill of ¥438,082 thousand in the Other segment. During the fiscal year under review, the Company made an additional payment for a contingent consideration regarding an acquisition in conjunction with the acquisition of all of the stock of Scrum Inc. implemented in the previous fiscal year. The payment resulted in the recording of goodwill of ¥178,546 thousand in the Machinery & Industrial Products segment. During the fiscal year under review, the Company made KOTAI Biotechnologies, Inc. into a consolidated subsidiary through the acquisition of shares, resulting in the recording of goodwill of ¥926,589 thousand in the Machinery & Industrial Products segment.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Thousand yen)

	Reportable segments				Other	Corporate or elimination	Total
	Chemicals	Machinery & Industrial Products	Overseas Subsidiaries	Total			
(Goodwill)							
Amortization in current period	9,211	543,645	–	552,856	87,616	–	640,472
Balance at end of period	6,510	1,110,358	–	1,116,869	284,753	–	1,401,622

(Note) During the fiscal year under review, the Company made an additional payment for a contingent consideration regarding an acquisition in conjunction with the acquisition of all of the stock of Scrum Inc. implemented in the year before previous fiscal year. The payment resulted in the recording of goodwill of ¥441,130 thousand in the Machinery & Industrial Products segment.

[Information on gain on bargain purchase by reporting segment]

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

There are no applicable matters.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Per share information)

(Yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Net assets per share	1,509.92	1,657.16
Profit per share (basic)	166.43	180.88
Profit per share (diluted)	165.41	179.91

(Notes) 1. The basis for calculating net assets per share is as follows.

Item	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Total net assets (thousand yen)	43,890,714	47,809,331
Amount deducted from total net assets (thousand yen)	448,174	92,040
(Of which stock acquisition rights) (thousand yen)	(96,238)	(90,995)
(Of which non-controlling interests) (thousand yen)	(351,935)	(1,044)
Net assets at end of year available for common stock (thousand yen)	43,442,539	47,717,290
Number of shares of common stock at end of year used for calculating net assets per share (thousand shares)	28,771	28,794

2. Profit per share (basic) and profit per share (diluted) are calculated based on the following factors.

Item	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Profit per share (basic)		
Profit for the year attributable to owners of the parent (thousand yen)	4,785,098	5,207,011
Amount not attributable to common shareholders (thousand yen)	—	—
Profit for the year attributable to owners of the parent related to common shares (thousand yen)	4,785,098	5,207,011
Average number of common shares outstanding during the fiscal year (thousand shares)	28,751	28,787
Profit per share (diluted)		
Adjustment of profit attributable to owners of the parent (thousand yen)	—	—
Increase in the number of common shares (thousand shares)	176	155
(Of which stock acquisition rights) (thousand shares)	(176)	(155)
Outline of potential shares that are not included in the calculation of the profit per share (diluted) because they do not have any diluting effects	—	

(Significant subsequent events)

There are no applicable matters.