

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending September 30, 2025 [Japan GAAP]

February 7, 2025

Company name: Sanyo Trading Co., Ltd. Listed on: Tokyo Stock Exchange Prime Market
 Stock exchange code: 3176 URL <https://www.sanyo-trading.co.jp/>
 Representative: Masanobu Shintani, President & CEO
 Contact: Ryuichi Otani, Director, Executive Officer, in Charge of Administration Divisions
 Tel. +81-3-3518-1111
 Start of distribution of dividends (scheduled): –
 Supplementary documents of financial results: Yes
 Investors' meeting: No

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

1. Consolidated Results for the First Quarter of the Fiscal Year Ending September 30, 2025 (October 1, 2024 to December 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 ended								
December 31, 2024	33,983	2.7	1,931	(16.2)	2,547	14.1	1,479	7.7
December 31, 2023	33,075	5.3	2,305	17.6	2,233	34.0	1,373	14.5

(Note) Comprehensive income: Q1 ended December 31, 2024: 2,608 million yen (131.6% increase)
 Q1 ended December 31, 2023: 1,126 million yen (21.7% increase)

	Profit per share (basic)		Profit per share (diluted)	
	Yen		Yen	
Q1 ended				
December 31, 2024	51.39		51.12	
December 31, 2023	47.73		47.47	

(2) Consolidated Financial Position

	Total assets		Net assets		Shareholders' equity ratio	
	Million yen		Million yen		%	
As of						
December 31, 2024	80,917		49,467		61.0	
September 30, 2024	75,390		47,809		63.3	

(Reference) Total equity: As of December 31, 2024: 49,376 million yen
 As of September 30, 2024: 47,717 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	4Q-end	Annual
	Yen	Yen	Yen	Yen	Yen
FYE September 2024	–	22.00	–	33.00	55.00
FYE September 2025	–				
FYE September 2025 (estimate)		28.00	–	29.00	57.00

(Note) Revisions to the latest dividends forecast: No

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	(5.1)	4,900	(5.9)	170.17	

(Note) Revisions to the latest consolidated earnings forecast: No

* Notes

(1) Material changes in the scope of consolidation during the first three-month period: None

New—(Company name) , Excluding—(Company name)

(2) Application of special accounting methods to the preparation of quarterly financial statements: Yes

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Application of accounting processes specific to the preparation of quarterly consolidated financial statements)” on page 8 of the attached report.

(3) 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 2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies) on page 8 of the attached report.

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding as of the fiscal period end (including treasury shares)

As of December 31, 2024: 29,007,708 shares

As of September 30, 2024: 29,007,708 shares

(ii) Number of treasury shares as of the fiscal period end

As of December 31, 2024: 213,035 shares

As of September 30, 2024: 213,035 shares

(iii) Average number of shares during the period (first three months)

Q1 FYE September 2025: 28,794,673 shares

Q1 FYE September 2024: 28,775,103 shares

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

* A Cautionary Note on Forward-Looking Statements

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational and the Company does not guarantee their achievement. 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 1. Qualitative Information on Quarterly Results (3) Explanation of Consolidated Earnings Forecasts and Other Future Predictions on page 3 of the attached report.

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1. Qualitative Information on Quarterly Results

(1) Explanation of Operating Results

During the first three months (October 1, 2024 to December 31, 2024) of the consolidated fiscal year under review, 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 expansion 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 was weak in China, mainly due to consumption and non-current assets, although an increase in supply is evident due to policy effects.

Japan experienced a partial economic standstill, reflecting the inflationary trend caused by a rise in costs for raw materials and energy. However, the economy showed a gradual 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.

Under such conditions, consolidated results for the first three months under review were net sales of ¥33,983 million (up 2.7% year on year), operating profit of ¥1,931 million (down 16.2%), ordinary profit of ¥2,547 million (up 14.1%), and profit attributable to owners of parent of ¥1,479 million (up 7.7%).

Results for each business segment are described below.

Effective from the first three months of the fiscal year under review, the Company has changed the classification and names of its reportable segments. Details are described in “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Quarterly Consolidated Financial Statements.”

(i) Fine Chemicals

Both sales and profit of rubber-related products were strong due to price revisions of imported goods reflecting the continued weakness of the yen, in addition to the ongoing strong demand for raw materials for domestic markets.

Both sales and profit in chemical-related merchandise decreased due to subpar demand for mainstay products, which reflected the impact of market conditions, as well as a rise in purchasing prices of imported goods that resulted from the weaker yen.

As a result, the Fine Chemicals segment recorded net sales of ¥11,266 million (up 7.0% year on year) and operating profit of ¥714 million (up 13.9% year on year).

(ii) Industrial Products

Both sales and profit in mobility-related merchandise decreased due in part to the impact of discontinuing the handling of genuine leather for car seats in Japan.

In North America, Sanyo Corporation of America and Sun Phoenix Mexico, S.A. de C.V. performed well. In China, 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 and intensified competition. In ASEAN countries, Sanyo Trading Asia Co., Ltd. (Thailand) performed steadily. As a result, the Industrial Products segment recorded net sales of ¥9,638 million (down 8.9% year on year) and operating profit of ¥839 million (down 35.7%).

(iii) Sustainability

In green technology merchandise, both sales and profit declined due to the postponed recording of the deliveries of main units of feed processing machines and deliveries related to the wood biomass business, as well as weak sales of related wearing parts.

Merchandise related to resource development handled by Cosmos Shoji Co., Ltd. was strong, with the performance driven by merchandise related to offshore wind power generation equipment and other commodities in the ocean development field. The strong performance is also attributed to orders received for major projects on geothermal heat and oil and gas-related equipment.

As a result, the Sustainability segment recorded net sales of ¥2,424 million (up 8.4% year on year) and operating profit of ¥297 million (up 2.5% year on year).

(iv) Life Science

In life science-related merchandise, both sales and profit related to material solutions were steady given an increase in exports related to electrical materials, which resulted from the weaker yen. Profit decreased in merchandise related to scientific equipment due to surging purchase prices and the weaker yen.

Sales of the functional feed raw materials handled by YPTECH Co., Ltd. were strong due to an increase in sales quantity.

Performance of biotech products handled by Scrum Inc. was strong as demand increased before the termination of distributor agreements for equipment related to genetic analysis.

As a result, the Life Science segment recorded net sales of ¥10,351 million (up 11.2% year on year) and operating profit of ¥627 million (up 6.9% year on year).

(2) Explanation of Financial Position

(Assets)

Current assets increased ¥5,331 million from the end of the previous fiscal year, to ¥68,438 million, primarily because of a rise in cash and deposits. Non-current assets increased ¥195 million from the end of the previous fiscal year, to ¥12,478 million. This is attributed to a decrease reflecting the amortization of goodwill and proceeds from the collection of guarantee deposits and an increase that resulted mainly from the revaluation of investment securities.

Total assets at the end of the first three months of the fiscal year under review stood at ¥80,917 million (an increase of ¥5,526 million from the end of the previous fiscal year).

(Liabilities)

Current liabilities increased ¥3,705 million from the end of the previous fiscal year, to ¥29,305 million, mainly reflecting a rise in short-term borrowings.

Non-current liabilities increased ¥163 million from the end of the previous fiscal year, to ¥2,144 million mainly due to an increase in deferred tax liabilities.

Liabilities at the end of the first three months of the fiscal year under review came to ¥31,449 million (an increase of ¥3,868 million from the end of the previous fiscal year).

(Net assets)

Net assets at the end of the first three months of the fiscal year under review stood at ¥49,467 million (an increase of ¥1,657 million from the end of the previous fiscal year) due to the posting of profit attributable to owners of parent and an increase in foreign currency translation adjustment reflecting the weaker yen.

(3) Explanation of Consolidated Earnings Forecasts and Other Future Predictions

The consolidated results forecasts for the fiscal year ending September 30, 2025 are unchanged from those announced on November 7, 2024.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

	(Thousand yen)	
	Fiscal 2024 (As of September 30, 2024)	First quarter of fiscal 2025 (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	8,007,322	9,657,495
Notes and accounts receivable - trade, and contract assets	24,215,073	24,427,109
Electronically recorded monetary claims - operating	2,479,000	3,260,321
Merchandise and finished goods	24,772,923	25,902,295
Work in process	75,669	108,822
Raw materials and supplies	332,113	286,755
Other	3,351,962	4,943,507
Allowance for doubtful accounts	(126,832)	(147,976)
Total current assets	63,107,232	68,438,330
Non-current assets		
Property, plant and equipment	3,160,249	3,202,816
Intangible assets		
Goodwill	1,401,622	1,312,439
Other	701,957	658,060
Total intangible assets	2,103,580	1,975,000
Investments and other assets		
Investment securities	4,877,344	5,370,806
Other	2,177,044	1,976,957
Allowance for doubtful accounts	(34,930)	(42,286)
Total investments and other assets	7,019,458	7,305,476
Total non-current assets	12,283,287	12,478,793
Total assets	75,390,519	80,917,124

(Thousand yen)

	Fiscal 2024 (As of September 30, 2024)	First quarter of fiscal 2025 (As of December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,573,928	13,179,322
Short-term borrowings	4,358,289	6,278,622
Current portion of long-term borrowings	100,000	100,000
Income taxes payable	1,107,888	1,097,705
Provisions	984,274	262,637
Other	6,475,404	8,386,976
Total current liabilities	25,599,784	29,305,264
Non-current liabilities		
Long-term borrowings	50,000	50,000
Provisions	75,510	47,040
Retirement benefit liability	977,195	964,174
Other	878,697	1,083,340
Total non-current liabilities	1,981,403	2,144,555
Total liabilities	27,581,188	31,449,820
Net assets		
Shareholders' equity		
Share capital	1,006,587	1,006,587
Capital surplus	447,262	447,262
Retained earnings	42,981,511	43,511,023
Treasury shares	(102,568)	(102,568)
Total shareholders' equity	44,332,793	44,862,304
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,854,913	2,202,857
Deferred gains or losses on hedges	19,682	130,621
Foreign currency translation adjustment	1,509,900	2,180,394
Total accumulated other comprehensive income	3,384,497	4,513,873
Share acquisition rights	90,995	90,995
Non-controlling interests	1,044	130
Total net assets	47,809,331	49,467,304
Total liabilities and net assets	75,390,519	80,917,124

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statement of income

(First three months)

(Thousand yen)

	Three-month period ended December 31, 2023 (from October 1, 2023 to December 31, 2023)	Three-month period ended December 31, 2024 (from October 1, 2024 to December 31, 2024)
Net sales	33,075,254	33,983,974
Cost of sales	27,196,394	28,191,780
Gross profit	5,878,860	5,792,193
Selling, general and administrative expenses	3,573,636	3,860,932
Operating profit	2,305,223	1,931,260
Non-operating income		
Interest income	9,364	15,546
Dividend income	38,995	46,067
Foreign exchange gains	—	551,337
Other	33,021	57,393
Total non-operating income	81,382	670,344
Non-operating expenses		
Interest expenses	14,128	21,738
Foreign exchange losses	129,494	—
Other	9,676	32,770
Total non-operating expenses	153,299	54,508
Ordinary profit	2,233,305	2,547,096
Profit before income taxes	2,233,305	2,547,096
Income taxes	858,535	1,068,262
Profit	1,374,769	1,478,834
Profit (loss) attributable to non-controlling interests	1,358	(901)
Profit attributable to owners of parent	1,373,410	1,479,735

Quarterly consolidated statement of comprehensive income
(First three months)

	(Thousand yen)	
	Three-month period ended December 31, 2023 (from October 1, 2023 to December 31, 2023)	Three-month period ended December 31, 2024 (from October 1, 2024 to December 31, 2024)
Profit	1,374,769	1,483,834
Other comprehensive income		
Valuation difference on available-for-sale securities	(25,731)	347,966
Deferred gains or losses on hedges	—	110,938
Foreign currency translation adjustment	(222,953)	670,500
Total other comprehensive income	(248,685)	1,129,405
Comprehensive income	1,126,084	2,608,239
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,124,416	2,609,134
Comprehensive income attributable to non-controlling interests	1,668	(894)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes related to the going concern assumption)

There are no applicable matters.

(Notes on significant fluctuations in shareholders' equity)

There are no applicable matters.

(Application of accounting processes specific to the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of deferred tax accounting on profit before income taxes in the consolidated fiscal year including the first quarter under review, and multiplying profit before income taxes by said estimated effective tax rate.

(Changes in accounting policies)

(Change in method of inventory valuation)

Previously, the Company applied the cost method as the method of inventory valuation. Effective from the first three months of the fiscal year under review, the first-In, first-out method has been applied for the valuation.

The valuation method was changed because replacement of the core system has made it possible to check the movement of inventories in greater detail, and the inventory valuation method was reconsidered from the viewpoint of appropriateness of the valuation and periodic accounting of profit and loss.

As a result, the Company judged that adoption of the first-In, first-out method, which conforms to the movements of inventories held by the Company, is rational and reflects the Company's business status more appropriately.

The impact of this change is insignificant and it has not been applied retroactively.

(Notes on statement of cash flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first three months under review. Depreciation (including amortization of intangible assets except for goodwill) and amortization of goodwill for the first three months of the fiscal year under review are as follows.

	Three-month period ended December 31, 2023 (from October 1, 2023 to December 31, 2023)	Three-month period ended December 31, 2024 (from October 1, 2024 to December 31, 2024)
Depreciation	73,791 thousand yen	101,636 thousand yen
Amortization of goodwill	104,976 thousand yen	84,183 thousand yen

(Segment information, etc.)

[Segment information]

I. First three months of fiscal year ended September 30, 2024 (from October 1, 2023 to December 31, 2023)

1. Information related to net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segments					Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statement of income (Note 3)
	Fine Chemicals	Industrial Products	Sustainability	Life Science	Total				
Net sales									
Sales to external customers	10,528,168	10,574,382	2,237,193	9,305,292	32,645,037	348,449	32,993,487	81,767	33,075,254
Intersegment internal sales and transfers	1,086,278	520,502	116,112	959,804	2,682,697	149,561	2,832,258	(2,832,258)	—
Total	11,614,446	11,094,885	2,353,306	10,265,096	35,327,735	498,010	35,825,745	(2,750,490)	33,075,254
Segment profit (loss)	627,463	1,305,305	289,673	587,369	2,809,811	(33,547)	2,776,263	(471,040)	2,305,223

(Notes) 1. The category “Other” includes business segments not included in the reportable segments, such as information system and real estate leasing.

2. The adjustment consists of the following items.

- (1) An adjustment of net sales to external customers of ¥81,767 thousand is a foreign currency translation adjustment in relation to management accounting.
- (2) An adjustment of segment profit (loss) of -¥471,040 thousand includes selling, general and administrative expenses that are not allocated to reportable segments of -¥311,076 thousand, a foreign currency translation adjustment of -¥101,714 thousand in relation to management accounting and a -¥58,248 thousand of other consolidation adjustments.

3. Segment profit (loss) is reconciled with operating profit in the quarterly consolidated statement of income.

2. Information on impairment loss in non-current assets and goodwill by reportable segment

There are no applicable matters.

3. Matters related to changes in reportable segments

There are no applicable matters.

II. First three months of fiscal year ending September 30, 2025 (from October 1, 2024 to December 31, 2024)

1. Information related to net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segments					Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statement of income (Note 3)
	Fine Chemicals	Industrial Products	Sustainability	Life Science	Total				
Net sales									
Sales to external customers	11,266,643	9,638,047	2,424,768	10,351,172	33,680,632	303,341	33,983,974	—	33,983,974
Intersegment internal sales and transfers	1,395,314	399,095	84,649	1,017,769	2,896,829	118,297	3,015,127	(3,015,127)	—
Total	12,661,958	10,037,143	2,509,418	11,368,941	36,577,461	421,639	36,999,101	(3,015,127)	33,983,974
Segment profit (loss)	714,650	839,507	297,036	627,838	2,479,033	(128,601)	2,350,432	(419,171)	1,931,260

(Notes) 1. The category “Other” includes business segments not included in the reportable segments, such as information system and real estate leasing.

2. The adjustment consists of the following items.

(1) An adjustment of segment profit (loss) of -¥419,171 thousand includes selling, general and administrative expenses that are not allocated to reportable segments of -¥399,961 thousand, a foreign currency translation adjustment of -¥49,909 thousand in relation to management accounting and a -¥30,699 thousand of other consolidation adjustments.

3. Segment profit (loss) is reconciled with operating profit in the quarterly consolidated statement of income.

2. Information on impairment loss in non-current assets and goodwill by reportable segment

There are no applicable matters.

3. Matters related to changes in reportable segments

Effective from the first three months of the fiscal year under review, the Company has changed its reportable segments for the purpose of clarifying business contents and strategies of each segment and distributing management resources efficiently, thereby improving the transparency of its operations and the accuracy of performance management and disclosing information to the capital market more clearly. The previous reportable segments of Chemicals, Machinery & Industrial Products, and Overseas Subsidiaries were reorganized and changed into four new segments: Fine Chemicals, Industrial Products, Sustainability, and Life Science. The Chemicals segment was divided into Fine Chemicals and Life Science, reflecting differences in product characteristics and market needs. The Machinery & Industrial Products segment was split into Industrial Products, Sustainability, and Life Science based on market domains. The Overseas Subsidiaries segment was split into Fine Chemicals, Industrial Products, and Life Science. This will improve the Company’s ability to respond to the market and ensure efficient performance management. The segment information for the first three months of the fiscal year ended September 30, 2024 was prepared and disclosed based on the classification and names after the change.