

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

May 9, 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

Filing of quarterly report (scheduled): May 12, 2025
 Start of distribution of dividends (scheduled): June 13, 2025
 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 First Half of the Fiscal Year Ending September 30, 2025 (October 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results (First Six 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	%
1st half ended								
March 31, 2025	68,129	4.9	4,104	(4.9)	4,410	(10.6)	3,451	9.7
March 31, 2024	64,928	4.5	4,317	13.9	4,935	31.3	3,146	24.8

(Note) Comprehensive income: 1st half ended March 31, 2025: 3,315 million yen (12.4% decrease)
 1st half ended March 31, 2024: 3,785 million yen (48.5% increase)

	Profit per share (basic)		Profit per share (diluted)	
	Yen	Yen	Yen	Yen
1st half ended				
March 31, 2025	119.86		119.23	
March 31, 2024	109.32		108.73	

(2) Consolidated Financial Position

	Total assets		Net assets		Shareholders' equity ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of						
March 31, 2025	77,145		50,196		65.0	
September 30, 2024	75,390		47,809		63.3	

(Reference) Total equity: As of March 31, 2025: 50,105 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	–	28.00			
FYE September 2025 (estimate)			–	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	Yen
Full fiscal year	132,000	2.1	7,100	0.4	7,500	(5.1)	4,900	(5.9)	170.11	

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

* Notes

- (1) Material changes in the scope of consolidation during the first six-month period: None
New – (Company name) , Excluding – (Company name)
- (2) Application of special accounting methods to the preparation of semi-annual consolidated financial statements: Yes
(Note) For details, please refer to “2. Semi-annual Consolidated Financial Statements and Major Notes (4) Notes to Semi-annual Consolidated Financial Statements (Application of accounting processes specific to the preparation of semi-annual consolidated financial statements)” on page 10 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. Semi-annual Consolidated Financial Statements and Major Notes (4) Notes to Semi-annual Consolidated Financial Statements (Changes in accounting policies) on page 10 of the attached document.
- (4) 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 March 31, 2025: | 29,007,708 shares |
| As of September 30, 2024: | 29,007,708 shares |
| (ii) Number of treasury stock as of the fiscal period end | |
| As of March 31, 2025: | 197,535 shares |
| As of September 30, 2024: | 213,035 shares |
| (iii) Average number of shares during the period (first six months) | |
| H1, FYE September 2025: | 28,798,862 shares |
| H1, FYE September 2024: | 28,780,574 shares |

* These semi-annual consolidated financial statements are not subject to quarterly review procedures by certified public accountants or an auditing firm.

* 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 Semi-annual Results (3) Explanation of Consolidated Earnings Forecasts and Other Future Predictions on page 3 of the attached report.

○ Table of Contents of Attached Report

1. Qualitative Information on Semi-annual Results.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecasts and Other Future Predictions	3
2. Semi-annual Consolidated Financial Statements and Major Notes	4
(1) Semi-annual Consolidated Balance Sheets.....	4
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income.....	6
Semi-annual Consolidated Statement of Income	6
Semi-annual Consolidated Statement of Comprehensive Income.....	7
(3) Semi-annual Consolidated Statement of Cash Flow	8
(4) Notes to Semi-annual Consolidated Financial Statements	10
(Notes related to the going concern assumption)	10
(Notes on significant fluctuations in shareholders' equity).....	10
(Application of accounting processes specific to the preparation of semi-annual consolidated financial statements). 10	
(Changes in accounting policies)	10
(Additional information).....	10
(Segment information, etc.).....	11
(Revenue recognition).....	13

1. Qualitative Information on Semi-annual Results

(1) Explanation of Operating Results

Net sales of the Group were ¥68,129 million (up 4.9% year on year). operating profit stood at ¥4,104 million (down 4.9% year on year), ordinary profit was ¥4,410 million (down 10.6% year on year), and profit attributable to owners of parent was ¥3,451 million (up 9.7% year on year).

Results for each business segment are described below.

Effective from the first six months of the fiscal year under review, the Company has changed the classification and names of its reportable segments. Details are described in “2. Semi-annual Consolidated Financial Statements and Major Notes, (4) Notes to Semi-annual 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 ¥21,741 million (up 4.3% year on year) and operating profit of ¥1,386 million (up 4.3% year on year).

(ii) Industrial Products

Both sales and profit in mobility-related merchandise were steady, despite the impact of discontinuing the handling of genuine leather for car seats in Japan, which was more than offset by sales price revisions and foreign exchange gains.

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, sales and profit at Sanyo Trading Asia Co., Ltd. (Thailand) declined due to the impact of market conditions.

As a result, the Industrial Products segment recorded net sales of ¥19,411 million (down 0.1% year on year) and operating profit of ¥1,825 million (down 8.5%).

(iii) Sustainability

In green technology merchandise, both sales and profit were strong due to brisk sales of wearing products related to feed processing machines and the recording of a major project in the wood biomass business.

Merchandise related to resource development handled by Cosmos Shoji Co., Ltd. was strong, with the performance driven by merchandise related to ocean research equipment and other commodities in the ocean development field. The performance of geothermal heat and oil and gas-related equipment was also strong.

As a result, the Sustainability segment recorded net sales of ¥6,347 million (up 69.2% year on year) and operating profit of ¥873 million (up 96.8% 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 of electrical materials, which resulted from the weaker yen. Both sales and profit in merchandise related to scientific equipment decreased due to subpar demand and a rise in purchasing prices of imported goods that resulted from the weaker yen.

Sales of the functional feed raw materials handled by YPTECH Co., Ltd. were strong due to an increase in sales quantity. The performance of biotech products handled by Scrum Inc. was weak due to the termination of distributor agreements for equipment related to genetic analysis.

As a result, the Life Science segment recorded net sales of ¥20,025 million (down 0.4% year on year) and operating profit of ¥1,007 million (down 28.0% year on year).

(2) Explanation of Financial Position

(Assets)

Current assets increased ¥2,283 million from the end of the previous fiscal year, to ¥65,390 million, primarily because of a rise in cash and deposits.

Non-current assets decreased ¥528 million from the end of the previous fiscal year, to ¥11,754 million. This mainly reflects the sale of investment securities and the refund of guarantee deposits.

As a result, total assets stood at ¥77,145 million (an increase of ¥1,754 million from the end of the previous fiscal year).

(Liabilities)

Current liabilities decreased ¥496 million from the end of the previous fiscal year, to ¥25,102 million mainly due to a decrease in short-term borrowings.

Non-current liabilities decreased ¥135 million from the end of the previous fiscal year, to ¥1,845 million, chiefly due to a decrease in deferred tax liabilities caused by sale of investment securities.

Liabilities came to ¥26,948 million (a decrease of ¥632 million from the end of the previous fiscal year).

(Net assets)

Net assets stood at ¥50,196 million (an increase of ¥2,387 million from the end of the previous fiscal year) mainly due to an increase in shareholders' equity that resulted from recording of profit attributable to owners of parent.

(Consolidated cash flows)

Cash and cash equivalents at the end of the first six months of the fiscal year under review increased ¥3,296 million from the end of the previous fiscal year, to ¥10,664 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥4,328 million (as compared to ¥4,044 million in the same period of the previous fiscal year). This was mainly attributable to an increase in profit before income taxes and decreases in trade receivables and contract assets.

(Cash flows from investing activities)

Net cash provided by investing activities was ¥1,155 million (as compared to net cash used in investing activities at ¥887 million in the same period of the previous fiscal year). This was attributable primarily to repayment of time deposits and proceeds from sale of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,236 million (as compared to ¥1,073 million in the same period of the previous fiscal year). This mainly reflected the repayment of borrowings and the parent company's payment of dividends.

(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. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheets

	Fiscal 2024 (As of September 30, 2024)	First half of Fiscal 2025 (As of March 31, 2025)
(Thousand yen)		
<hr/>		
Assets		
Current assets		
Cash and deposits	8,007,322	10,918,901
Notes and accounts receivable - trade, and contract assets	24,215,073	22,733,021
Electronically recorded monetary claims - operating	2,479,000	2,921,013
Merchandise and finished goods	24,772,923	24,378,261
Work in process	75,669	141,742
Raw materials and supplies	332,113	306,485
Other	3,351,962	4,123,751
Allowance for doubtful accounts	(126,832)	(132,430)
Total current assets	63,107,232	65,390,748
Non-current assets		
Property, plant and equipment	3,160,249	3,456,695
Intangible assets		
Goodwill	1,401,622	1,273,868
Other	701,957	638,460
Total intangible assets	2,103,580	1,912,328
Investments and other assets		
Investment securities	4,877,344	4,481,305
Other	2,177,044	1,945,173
Allowance for doubtful accounts	(34,930)	(41,180)
Total investments and other assets	7,019,458	6,385,297
Total non-current assets	12,283,287	11,754,321
Total assets	75,390,519	77,145,069

(Thousand yen)

	Fiscal 2024 (As of September 30, 2024)	First half of Fiscal 2025 (As of March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,573,928	12,197,616
Short-term borrowings	4,358,289	3,058,321
Current portion of long-term borrowings	100,000	100,000
Income taxes payable	1,107,888	1,809,686
Provisions	984,274	522,812
Other	6,475,404	7,414,501
Total current liabilities	25,599,784	25,102,938
Non-current liabilities		
Long-term borrowings	50,000	50,000
Provisions	75,510	47,121
Retirement benefit liability	977,195	946,120
Other	878,697	802,399
Total non-current liabilities	1,981,403	1,845,641
Total liabilities	27,581,188	26,948,579
Net assets		
Shareholders' equity		
Share capital	1,006,587	1,006,587
Capital surplus	447,262	461,807
Retained earnings	42,981,511	45,483,213
Treasury shares	(102,568)	(95,105)
Total shareholders' equity	44,332,793	46,856,502
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,854,913	1,542,991
Deferred gains or losses on hedges	19,682	72,448
Foreign currency translation adjustment	1,509,900	1,633,995
Total accumulated other comprehensive income	3,384,497	3,249,436
Share acquisition rights	90,995	90,420
Non-controlling interests	1,044	130
Total net assets	47,809,331	50,196,489
Total liabilities and net assets	75,390,519	77,145,069

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statement of Income

	First half of Fiscal 2024 (from October 1, 2023 to March 31, 2024)	First half of Fiscal 2025 (from October 1, 2024 to March 31, 2025)
	(Thousand yen)	
Net sales	64,928,260	68,129,745
Cost of sales	53,405,232	56,314,056
Gross profit	11,523,027	11,815,689
Selling, general and administrative expenses	7,205,327	7,711,165
Operating profit	4,317,700	4,104,524
Non-operating income		
Interest income	21,864	29,987
Dividend income	58,934	65,473
Foreign exchange gains	480,629	237,318
Other	135,512	69,295
Total non-operating income	696,941	402,076
Non-operating expenses		
Interest expenses	32,732	41,702
Other	46,241	54,150
Total non-operating expenses	78,973	95,852
Ordinary profit	4,935,667	4,410,747
Extraordinary income		
Gain on sale of investment securities	–	929,545
Total extraordinary income	–	929,545
Profit before income taxes	4,935,667	5,340,292
Income taxes	1,782,029	1,889,260
Profit	3,153,637	3,451,032
Profit (loss) attributable to non-controlling interests	7,287	(894)
Profit attributable to owners of parent	3,146,350	3,451,926

Semi-annual Consolidated Statement of Comprehensive Income

(Thousand yen)

	First half of Fiscal 2024 (from October 1, 2023 to March 31, 2024)	First half of Fiscal 2025 (from October 1, 2024 to March 31, 2025)
Profit	3,153,637	3,451,032
Other comprehensive income		
Valuation difference on available-for-sale securities	470,755	(311,899)
Deferred gains or losses on hedges	–	52,765
Foreign currency translation adjustment	161,548	124,094
Total other comprehensive income	632,303	(135,038)
Comprehensive income	3,785,941	3,315,993
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,777,373	3,316,887
Comprehensive income attributable to non-controlling interests	8,568	(894)

(3) Semi-annual Consolidated Statement of Cash Flow

(Thousand yen)

	First half of Fiscal 2024 (from October 1, 2023 to March 31, 2024)	First half of Fiscal 2025 (from October 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	4,935,667	5,340,292
Depreciation	152,415	218,029
Amortization of goodwill	350,057	254,284
Increase (decrease) in allowance for doubtful accounts	(11,740)	11,629
Increase (decrease) in provision for bonuses	(353,027)	(419,900)
Increase (decrease) in retirement benefit liability	24,828	(31,071)
Increase (decrease) in other provisions	(37,390)	(70,589)
Interest and dividend income	(80,799)	(95,461)
Interest expenses	32,732	41,702
Foreign exchange losses (gains)	48,328	(71,509)
Loss (gain) on sale of investment securities	–	(929,545)
Decrease (increase) in accounts receivable - trade, and contract assets	(2,578,102)	1,155,343
Decrease (increase) in inventories	599,601	461,438
Increase (decrease) in trade payables	373,960	(485,694)
Increase (decrease) in contract liabilities	3,410,881	694,196
Decrease (increase) in advance payments to suppliers	(862,201)	(839,266)
Decrease (increase) in leasehold and guarantee deposits	(981)	262,590
Other	(363,987)	(77,977)
Subtotal	5,640,243	5,418,491
Interest and dividends received	145,559	100,086
Interest paid	(32,624)	(39,587)
Income taxes paid	(1,709,084)	(1,150,893)
Net cash provided by (used in) operating activities	4,044,093	4,328,097
Cash flows from investing activities		
Payments into time deposits	(407,984)	(96,660)
Proceeds from withdrawal of time deposits	103,820	599,754
Purchase of property, plant and equipment	(139,238)	(149,498)
Purchase of intangible assets	(206,345)	(12,148)
Purchase of investment securities	(37,731)	(307,402)
Proceeds from sale of investment securities	–	1,215,002
Amount paid as contingent consideration for acquisition of shares in subsidiaries	(152,440)	(90,870)
Proceeds from cancellation of insurance funds	247,500	–
Other	(295,540)	(2,838)
Net cash provided by (used in) investing activities	(887,961)	1,155,338

(Thousand yen)

	First half of Fiscal 2024 (from October 1, 2023 to March 31, 2024)	First half of Fiscal 2025 (from October 1, 2024 to March 31, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(210,748)	(1,301,730)
Repayments of long-term borrowings	(214,691)	-
Dividends paid	(632,969)	(950,224)
Dividends paid to non-controlling interests	(5,734)	(19)
Other	(9,702)	15,314
Net cash provided by (used in) financing activities	(1,073,845)	(2,236,660)
Effect of exchange rate change on cash and cash equivalents	(87,689)	49,248
Net increase (decrease) in cash and cash equivalents	1,994,596	3,296,023
Cash and cash equivalents at beginning of period	6,900,965	7,367,997
Cash and cash equivalents at end of period	8,895,562	10,664,021

(4) Notes to Semi-annual 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 semi-annual 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 six months 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 six 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.

(Additional information)

(Effects of changes in income tax rate, etc.)

The Act for Partial Amendment to the Income Tax Act, etc. (Act No.13 of 2025) was introduced on March 31, 2025, and will result in changes including a rise in the income tax rate, etc. in the consolidated fiscal year starting on October 1, 2026 or thereafter.

As a result, the statutory effective tax rate, which is used to calculate deferred tax assets and deferred tax liabilities, will be increased from the previous 30.62% to 31.52% for temporary differences that are expected to be eliminated in the fiscal year starting on October 1, 2026 or a later year.

The impact of this change in tax rate is insignificant.

(Segment information, etc.)

[Segment information]

I. First six months of fiscal year ended September 30, 2024 (from October 1, 2023 to March 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)	Semi-annual consolidated statement of income (Note 3)
	Fine Chemicals	Industrial Products	Sustainability	Life Science	Total				
Net sales									
Sales to external customers	20,842,972	19,438,021	3,752,394	20,102,092	64,135,481	678,002	64,813,484	114,775	64,928,260
Intersegment internal sales and transfers	2,139,014	928,213	223,847	1,778,690	5,069,765	298,403	5,368,168	(5,368,168)	–
Total	22,981,987	20,366,234	3,976,241	21,880,783	69,205,247	976,405	70,181,653	(5,253,392)	64,928,260
Segment profit (loss)	1,329,135	1,995,271	443,829	1,400,120	5,168,356	(59,338)	5,109,017	(791,317)	4,317,700

(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 ¥114,775 thousand is a foreign currency translation adjustment in relation to management accounting.

(2) An adjustment of segment profit (loss) of -¥791,317 thousand includes selling, general and administrative expenses that are not allocated to reportable segments of -¥617,025 thousand, a foreign currency translation adjustment of -¥155,283 thousand in relation to management accounting and a -¥19,008 thousand of other consolidation adjustments.

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

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

(Significant changes in amount of goodwill)

During the first six months of 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 fiscal year ended September 2022. The payment resulted in the recording of goodwill of ¥350,260 thousand in the Life Science segment.

3. Matters related to changes in reportable segments

There are no applicable matters.

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

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

(Thousand yen)

	Reportable segments					Other (Note 1)	Total	Adjustment (Note 2)	Semi-annual consolidated statement of income (Note 3)
	Fine Chemicals	Industrial Products	Sustainability	Life Science	Total				
Net sales									
Sales to external customers	21,741,216	19,411,471	6,347,545	20,025,785	67,526,019	603,726	68,129,745	–	68,129,745
Intersegment internal sales and transfers	2,522,254	674,913	185,329	1,872,951	5,255,448	232,232	5,487,681	(5,487,681)	–
Total	24,263,470	20,086,384	6,532,874	21,898,737	72,781,468	835,958	73,617,426	(5,487,681)	68,129,745
Segment profit (loss)	1,386,413	1,825,768	873,490	1,007,899	5,093,572	(188,880)	4,904,692	(800,167)	4,104,524

- (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 -¥800,167 thousand includes selling, general and administrative expenses that are not allocated to reportable segments of -¥792,867 thousand, a foreign currency translation adjustment of -¥49,909 thousand in relation to management accounting and a ¥42,609 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
(Significant changes in amount of goodwill)

During the first six months of 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 fiscal year ended September 2022. The payment resulted in the recording of goodwill of ¥126,530 thousand in the Life Science segment.

3. Matters related to changes in reportable segments

Effective from the first six 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 six months of the fiscal year ended September 30, 2024 was prepared and disclosed based on the classification and names after the change.

(Revenue recognition)

A breakdown of revenue generated from contracts with customers

First six months of fiscal year ended September 30, 2024 (from October 1, 2023 to March 31, 2024)

(Thousand yen)

	Reportable segments					Other (Note 1)	Adjustment (Note 2)	Total
	Fine Chemicals	Industrial Products	Sustainability	Life Science	Total			
Japan	14,786,818	12,104,984	4,847,636	10,026,920	41,766,359	623,740	–	42,390,100
North America	467,999	1,817,317	–	7,056,773	9,342,090	–	–	9,342,090
China	1,794,757	2,210,151	–	300,404	4,305,313	–	–	4,305,313
ASEAN	2,610,731	1,753,339	16,341	844,519	5,224,931	–	–	5,224,931
Others (India, Europe and elsewhere)	1,217,346	1,533,251	45,749	700,438	3,496,786	–	–	3,496,786
Revenue from contracts with customers	20,877,654	19,419,043	4,909,727	18,929,056	64,135,481	623,740	–	64,759,222
Other revenue	–	–	–	–	–	54,262	114,775	169,037
Sales to external customers	20,877,654	19,419,043	4,909,727	18,929,056	64,135,481	678,003	114,775	64,928,260

(Notes) 1. The category “Other” consists of business segments not included in the reportable segments. Among them, “Revenue from contracts with customers” is mostly related to information system and “Other revenue” is relevant primarily to real estate leasing.

2. The adjustment amount is a foreign currency translation adjustment in relation to management accounting.

3. Revenue from contracts with customers is classified by country or region based on the locations of customers.

First six months of fiscal year ending September 30, 2025 (from October 1, 2024 to March 31, 2025)

(Thousand yen)

	Reportable segments					Other (Note 1)	Adjustment	Total
	Fine Chemicals	Industrial Products	Sustainability	Life Science	Total			
Japan	15,180,362	12,931,089	6,307,919	10,882,721	45,302,092	559,815	–	45,861,907
North America	382,203	1,956,218	–	7,500,248	9,838,670	–	–	9,838,670
China	1,981,612	1,495,902	–	437,480	3,914,995	–	–	3,914,995
ASEAN	2,674,893	1,431,628	5,400	533,191	4,645,114	–	–	4,645,114
Others (India, Europe and elsewhere)	1,522,144	1,596,631	34,225	672,144	3,825,146	1,053	–	3,826,199
Revenue from contracts with customers	21,741,216	19,411,471	6,347,545	20,025,785	67,526,019	560,868	–	68,086,888
Other revenue	–	–	–	–	–	42,857	–	42,857
Sales to external customers	21,741,216	19,411,471	6,347,545	20,025,785	67,526,019	603,726	–	68,129,745

(Notes) 1. The category “Other” consists of business segments not included in the reportable segments. Among them, “Revenue from contracts with customers” is mostly related to information system and “Other revenue” is relevant primarily to real estate leasing.

2. Revenue from contracts with customers is classified by country or region based on the locations of customers.

3. Until the previous fiscal year, the Company had disclosed the results by classifying the countries and regions into Japan, U.S., China, and Other. As described in Notice Regarding Changes to Reportable Segments, a timely disclosure dated September 10, 2024, the classification has been changed to “Japan,” “North America,” “China,” and “Other (India, Europe, etc.)” Results for the first six months of the previous fiscal year were disclosed by using the changed classification of countries and regions.