

## Consolidated Financial Statements for the First Three Quarters of the Fiscal Year Ending September 30, 2024 [Japan GAAP]

August 6, 2024

Company name: Sanyo Trading Co., Ltd. Listed on: Tokyo Stock Exchange Prime Market  
 Stock exchange code: 3176 URL <https://www.sanyo-trading.co.jp/>  
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 Start of distribution of dividends (scheduled): –  
 Supplementary documents of quarterly financial results: Yes  
 Investors' meeting: No

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

## 1. Consolidated Results for the First Three Quarters of the Fiscal Year Ending September 30, 2024 (October 1, 2023 to June 30, 2024)

## (1) Consolidated Operating Results (First Nine 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	%
Three quarters ended June 30, 2024	95,946	6.4	5,877	13.1	7,293	30.2	4,722	27.5
June 30, 2023	90,188	13.8	5,195	23.5	5,601	10.3	3,705	2.8

(Note) Comprehensive income:

Three quarters ended June 30, 2024: 5,961 million yen (34.7% increase)

Three quarters ended June 30, 2023: 4,426 million yen (4.0% decrease)

	Profit per share (basic)	Profit per share (diluted)
	Yen	Yen
Three quarters ended June 30, 2024	164.07	163.18
June 30, 2023	128.90	128.09

## (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2024	77,032	48,266	62.5
September 30, 2023	68,537	43,890	63.4

(Reference) Total equity:

As of June 30, 2024:

48,171 million yen

As of September 30, 2023:

43,442 million yen

## 2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	4Q-end	Annual
	Yen	Yen	Yen	Yen	Yen
FYE September 2023	–	21.00	–	22.00	43.00
FYE September 2024	–	22.00	–		
FYE September 2024 (estimate)				23.00	45.00

(Note) Revisions to the latest dividends forecast: No

## 3. Forecast of Consolidated Results for the Fiscal Year Ending September 30, 2024 (October 1, 2023 to September 30, 2024)

(% = 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	126,000	4.5	6,800	4.2	7,500	5.8	4,900	2.4	170.22

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

\* Notes

(1) Material changes in the scope of consolidation during the first nine-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 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 June 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 June 30, 2024: 215,028 shares

As of September 30, 2023: 236,385 shares

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

First 3Qs, FYE ending Sep. 2024: 28,784,607 shares

First 3Qs, FYE ended Sep. 2023: 28,744,444 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 nine months (October 1, 2023 to June 30, 2024) of the consolidated fiscal year under review, the Japanese economy rallied at a mild pace, however, recently the recovery appears to have stalled. The world economy rebounded, although the economies of some regions were weak. Looking at separate regions where the Group operates, we anticipate that the U.S. economy will continue to grow. However, it is necessary to pay attention to downside risks due to a possible cessation of decline in the inflation rate. The Chinese economy remained at a standstill although supply increased with the help of a governmental policy. Other Asian economies are generally seeing a moderate recovery.

Under such conditions, consolidated results for the first nine months under review were net sales of ¥95,946 million (up 6.4% year on year), operating profit of ¥5,877 million (up 13.1% year on year), ordinary profit of ¥7,293 million (up 30.2% year on year), and profit attributable to owners of the parent of ¥4,722 million (up 27.5% year on year).

Results for each business segment are described below.

#### (i) Chemicals

Sales of rubber-related products tumbled year on year although demand for raw materials remained on a recovery trend amid strong automobile production in Japan. In contrast, profit was solid after revision to sales prices of imported goods and sales growth of high value-added secondary materials.

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

In life science-related merchandise, sales and profit were both strong, reflecting brisk sales of electrical materials, surfactants and other mainstay products as well as continued buoyant performance of the new business with drilling fluid additives and chemicals.

As a result, the Chemicals segment recorded net sales of ¥30,642 million (up 4.7% year on year) and operating profit of ¥2,043 million (up 22.5% year on year).

#### (ii) Machinery & Industrial Products

Sales of merchandise related to industrial products were buoyant amid the strong production of affiliated Japanese auto manufacturers. However, changes in the competitive environment affected profit.

The performance of green technology merchandise (formerly called merchandise related to machinery and the environment) improved, following solid progress in the delivery of the main units of feed processing machines and in sales of related wearing parts. In wood biomass-related business, sales and profit dropped. While a large order was gained, no project for main units was recorded.

Both sales and profit decreased in merchandise related to scientific equipment due to a decrease in orders received as a result of rises in sales prices, which were primarily attributable to price hikes by manufacturers, and the weaker yen.

In merchandise related to resource development handled by Cosmos Shoji Co., Ltd., a strong performance was seen in ocean development and in oil- and gas-related equipment. Sales of equipment related to geothermal heat rallied after the end of the slow period. Regarding the main functional feed raw materials handled by YPTECH Co., Ltd., profit tumbled due to weak demand for mainstay products. Sales of biotech products handled by Scrum Inc. were bullish, mainly in the field of genetic analysis.

As a result, the Machinery & Industrial Products segment recorded net sales of ¥37,803 million (up 8.7% year on year) and operating profit of ¥3,620 million (up 1.4% 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. Results at SANYO TRADING (SHANGHAI) CO., LTD. declined due to the economic slowdown. At Sanyo Trading Asia Co., Ltd. (Thailand), automobile-related merchandise sold well. At Sun Phoenix Mexico, S.A. de C.V., automobile merchandise and rubber-related merchandise performed well. At Sanyo Trading India Private Limited, automobile merchandise sold well. At Sanyo Trading (Viet Nam) Co., Ltd., results were strong after the launch of the new business with drilling fluid additives and chemicals. PT. Sanyo Trading Indonesia achieved healthy performance with temporary demand growth for rubber-related products.

As a result, the Overseas Subsidiaries segment recorded net sales of ¥26,353 million (up 4.1% year on year) and

operating profit of ¥1,461 million (up 46.8% year on year).

## (2) Explanation of Financial Position

### (Assets)

Current assets increased ¥7,180 million from the end of the previous fiscal year to ¥64,469 million, chiefly reflecting rises in cash and deposits, trade receivables and inventories mainly due to the expansion of sales activities.

Non-current assets increased ¥1,314 million from the end of the previous fiscal year to ¥12,563 million. The main factors for this include an increase in software in progress in association with the next-generation core system being developed and a rise in the market prices of investment securities.

Total assets at the end of the first nine months of the fiscal year under review stood at ¥77,032 million (an increase of ¥8,495 million from the end of the previous fiscal year).

### (Liabilities)

Current liabilities increased ¥3,906 million from the end of the previous fiscal year to ¥26,567 million, mainly reflecting increases in trade payables and in advances received.

Non-current liabilities increased ¥213 million from the end of the previous fiscal year to ¥2,198 million, primarily due to a hike in deferred tax liabilities despite a decrease in long-term borrowings.

Liabilities at the end of the first nine months of the fiscal year under review came to ¥28,766 million (an increase of ¥4,119 million from the end of the previous fiscal year).

### (Net assets)

Shareholders' equity increased, mainly as a result of recording of profit attributable to owners of parent. Accumulated other comprehensive income increased, attributable mainly to valuation difference on available-for-sale securities generated from a rise in the market value of investment securities.

Net assets at the end of the first nine months of the fiscal year under review stood at ¥48,266 million (an increase of ¥4,376 million from the end of the previous fiscal year).

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

The consolidated results forecasts for the fiscal year ending September 30, 2024 are unchanged from those announced on May 9, 2024.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Fiscal 2023 (As of September 30, 2023)	First three quarters of fiscal 2024 (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	7,031,285	8,683,005
Notes and accounts receivable - trade, and contract assets	22,249,273	23,550,739
Electronically recorded monetary claims - operating	2,545,123	2,935,116
Merchandise and finished goods	23,148,611	24,559,648
Work in process	66,829	107,686
Raw materials and supplies	214,155	287,613
Other	2,124,073	4,404,860
Allowance for doubtful accounts	(90,360)	(59,090)
Total current assets	57,288,989	64,469,580
Non-current assets		
Property, plant and equipment	3,238,052	3,174,993
Intangible assets		
Goodwill	1,600,965	1,478,677
Other	253,121	564,683
Total intangible assets	1,854,087	2,043,361
Investments and other assets		
Investment securities	4,274,302	5,159,740
Other	1,915,702	2,222,834
Allowance for doubtful accounts	(33,724)	(37,511)
Total investments and other assets	6,156,280	7,345,063
Total non-current assets	11,248,420	12,563,418
Total assets	68,537,410	77,032,998

(Thousand yen)

	Fiscal 2023 (As of September 30, 2023)	First three quarters of fiscal 2024 (As of June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,838,354	12,398,018
Short-term borrowings	5,350,394	5,806,318
Current portion of long-term borrowings	30,936	—
Income taxes payable	1,602,878	966,180
Provisions	888,445	752,088
Other	2,950,346	6,645,012
Total current liabilities	22,661,356	26,567,619
Non-current liabilities		
Long-term borrowings	333,755	150,000
Provisions	70,292	72,705
Retirement benefit liability	926,658	942,941
Other	654,633	1,032,759
Total non-current liabilities	1,985,339	2,198,406
Total liabilities	24,646,695	28,766,025
Net assets		
Shareholders' equity		
Share capital	1,006,587	1,006,587
Capital surplus	413,388	447,263
Retained earnings	39,040,908	42,497,135
Treasury shares	(113,753)	(103,521)
Total shareholders' equity	40,347,130	43,847,465
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,535,036	2,126,270
Foreign currency translation adjustment	1,560,372	2,197,806
Total accumulated other comprehensive income	3,095,408	4,324,076
Share acquisition rights	96,238	91,956
Non-controlling interests	351,935	3,473
Total net assets	43,890,714	48,266,972
Total liabilities and net assets	68,537,410	77,032,998

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly consolidated statement of income  
(First nine months)

(Thousand yen)

	First nine months of fiscal year ended September 30, 2023 (from October 1, 2022 to June 30, 2023)	First nine months of fiscal year ending September 30, 2024 (from October 1, 2023 to June 30, 2024)
Net sales	90,188,574	95,946,953
Cost of sales	74,981,208	79,250,001
Gross profit	15,207,365	16,696,952
Selling, general and administrative expenses	10,012,144	10,819,220
Operating profit	5,195,221	5,877,731
Non-operating income		
Interest income	12,835	48,078
Dividend income	89,025	107,568
Foreign exchange gains	266,851	1,110,954
Other	149,044	258,819
Total non-operating income	517,756	1,525,420
Non-operating expenses		
Interest expenses	78,815	52,365
Other	32,465	57,681
Total non-operating expenses	111,281	110,047
Ordinary profit	5,601,696	7,293,104
Extraordinary income		
Gain on sale of investment securities	220,064	—
Total extraordinary income	220,064	—
Profit before income taxes	5,821,760	7,293,104
Total income taxes	2,099,263	2,561,840
Profit	3,722,497	4,731,264
Profit attributable to non-controlling interests	17,307	8,628
Profit attributable to owners of parent	3,705,189	4,722,635



Quarterly consolidated statement of comprehensive income  
(First nine months)

(Thousand yen)

	First nine months of fiscal year ended September 30, 2023 (from October 1, 2022 to June 30, 2023)	First nine months of fiscal year ending September 30, 2024 (from October 1, 2023 to June 30, 2024)
Profit	3,722,497	4,731,264
Other comprehensive income		
Valuation difference on available-for-sale securities	533,131	592,513
Foreign currency translation adjustment	170,376	637,456
Total other comprehensive income	703,508	1,229,969
Comprehensive income	4,426,005	5,961,234
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,408,583	5,951,318
Comprehensive income attributable to non-controlling interests	17,421	9,916

(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 earnings before income taxes in the consolidated fiscal year including the first nine months under review, and multiplying earnings before income taxes by said estimated effective tax rate.

(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 nine 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 first three quarters of the previous fiscal year of ¥1,244 million, ¥141 million, ¥34 million, ¥34 million, and ¥26 million, respectively, from the respective figures before the retroactive application. Profit per share has declined 0.93 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.

(Segment information, etc.)

[Segment information]

I. First nine months of fiscal year ended September 30, 2023 (from October 1, 2022, to June 30, 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)
	Chemicals	Machinery & Industrial Products	Overseas Subsidiaries	Total				
Net sales								
Sales to external customers	29,279,456	34,766,774	25,314,037	89,360,268	734,690	90,094,959	93,614	90,188,574
Intersegment internal sales and transfers	3,538,660	759,188	1,721,313	6,019,162	170,930	6,190,093	(6,190,093)	—
Total	32,818,116	35,525,963	27,035,351	95,379,431	905,621	96,285,052	(6,096,478)	90,188,574
Segment profit (loss)	1,667,909	3,570,336	995,312	6,233,558	(225,569)	6,007,988	(812,767)	5,195,221

(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 ¥93,614 thousand is a foreign currency translation adjustment in relation to management accounting.
- (2) An adjustment of segment profit (loss) of -¥812,767 thousand includes selling, general and administrative expenses that are not allocated to reportable segments of -¥769,515 thousand, a foreign currency translation adjustment of -¥250,688 thousand in relation to management accounting and a - ¥207,436 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 quarter, 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 second quarter of the fiscal year, 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 ¥26,106 thousand in the Machinery & Industrial Products segment.

## II. First nine months of fiscal year ending September 30, 2024 (from October 1, 2023, to June 30, 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)
	Chemicals	Machinery & Industrial Products	Overseas Subsidiaries	Total				
Net sales								
Sales to external customers	30,642,627	37,803,507	26,353,509	94,799,643	955,897	95,755,541	191,411	95,946,953
Intersegment internal sales and transfers	4,179,082	1,824,793	1,384,013	7,387,889	467,660	7,855,550	(7,855,550)	—
Total	34,821,710	39,628,300	27,737,522	102,187,533	1,423,558	103,611,092	(7,664,138)	95,946,953
Segment profit (loss)	2,043,330	3,620,801	1,461,266	7,125,398	(77,405)	7,047,993	(1,170,261)	5,877,731

(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 ¥191,411 thousand is a foreign currency translation adjustment in relation to management accounting.
- (2) An adjustment of segment profit (loss) of -¥1,170,261 thousand includes selling, general and administrative expenses that are not allocated to reportable segments of -¥919,818 thousand, a foreign currency translation adjustment of -¥273,260 thousand in relation to management accounting and ¥22,817 thousand in 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 second quarter of the fiscal year, 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 the previous fiscal year. The payment resulted in the recording of goodwill of ¥350,260 thousand in the Machinery & Industrial Products segment.

### 3. 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 first nine months of the previous fiscal year are those after the retroactive application of the change.

(Business combinations)

Transactions involving entities under common control

Acquisition of shares in subsidiary

1. Outline of the business combination

(1) Name of the company involved in the business combination and its business

Name of the company Chem-Inter Corporation

Business Import, export and sale of industrial chemical products and electronic materials

(2) Date of business combination

April 26, 2024 (Date of share acquisition)

April 1, 2024 (deemed acquisition date)

(3) Legal form of business combination

Acquisition of shares from non-controlling interests

(4) Name of the company after business combination

No change

(5) Other matters related to the outline of the transaction

The Company acquired all of the shares owned by non-controlling interests.

After this acquisition of additional shares of the company, it became a wholly owned subsidiary of the Company.

2. Outline of accounting treatment applied

In accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 of January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidelines No. 10 of January 16, 2019), the transaction was treated as a transaction with non-controlling interests, which is considered a common control transaction, etc.

3. Matters related to the acquisition of additional shares of a subsidiary company

Price of acquisition Cash

Cost of acquisition 330,000 thousand yen

4. Matters related to changes in the equity in the Company pertaining to transactions with non-controlling interests

(1) Major reasons for changes in capital surplus

Acquisition of shares in subsidiary

(2) Amount of increase in capital surplus after transactions with non-controlling interests

22,649 thousand yen