

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 11, 2022

## Consolidated Financial Results for the Six Months Ended September 30, 2022 (Under Japanese GAAP)

Company name: Showa Sangyo Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 2004  
 URL: <https://www.showa-sangyo.co.jp/>  
 Representative: Kazuhiko Niitsuma, President and CEO  
 Inquiries: Hidenori Takahashi, General Manager of General Affairs Dept.  
 Telephone: +81-3-3257-2182  
 Scheduled date to file quarterly securities report: November 14, 2022  
 Scheduled date to commence dividend payments: December 6, 2022  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2022	163,410	16.8	2,317	(3.7)	3,312	13.1	1,947	8.0
September 30, 2021	139,914	12.7	2,406	(42.4)	2,929	(41.1)	1,802	(73.9)

Note: Comprehensive income For the six months ended September 30, 2022: ¥3,415 million [6.8%]  
 For the six months ended September 30, 2021: ¥3,199 million [(61.7)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	58.28	-
September 30, 2021	54.61	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	251,632	111,497	42.9
March 31, 2022	231,306	109,089	45.7

Reference: Equity  
 As of September 30, 2022: ¥108,068 million  
 As of March 31, 2022: ¥105,697 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	30.00	–	30.00	60.00
Fiscal year ending March 31, 2023	–	30.00			
Fiscal year ending March 31, 2023 (Forecast)			–	30.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	338,000	17.5	4,000	(28.1)	5,500	(16.4)	3,200	(20.1)	95.73

Note: Revisions to the earnings forecasts of most recently announced: Yes

Regarding the revision to the consolidated earnings forecasts, please refer to “Notice Concerning Revision to the Full-Year Earnings Forecasts (Consolidated/Non-consolidated),” (in Japanese only) published today (November 11, 2022).

As reference information, the Company has attached net sales and operating profit by reportable segment pertaining to the full-year consolidated earnings forecasts to “3. Supplementary Information, (1) Net sales and operating profit by reportable segment pertaining to the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2023” on page 13 of the attached materials (in Japanese only).

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	33,985,420 shares
As of March 31, 2022	33,985,420 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2022	538,287 shares
As of March 31, 2022	556,604 shares

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

Six months ended September 30, 2022	33,423,996 shares
Six months ended September 30, 2021	33,017,926 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. In no way is the Company asserting assurances or guarantees of the achievement of any future business plan targets or measures stated herein.

For matters related to the financial results forecasts, please see “1. Qualitative information regarding settlement of accounts for the six months ended September 30, 2022, (3) Explanation of consolidated financial forecasts and other forward-looking statements” on page 4 of the attached materials (in Japanese only).

## Quarterly consolidated financial statements

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	9,174	8,341
Notes and accounts receivable - trade	49,500	53,661
Merchandise and finished goods	13,541	15,914
Work in process	2,372	3,620
Raw materials and supplies	30,813	41,788
Other	3,918	4,015
Allowance for doubtful accounts	(69)	(78)
Total current assets	109,251	127,262
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,536	33,542
Machinery, equipment and vehicles, net	24,154	25,558
Land	21,787	21,772
Other, net	7,437	3,311
Total property, plant and equipment	84,915	84,184
Intangible assets		
Goodwill	1,265	1,193
Customer-related assets	2,252	2,123
Other	1,096	1,246
Total intangible assets	4,613	4,563
Investments and other assets		
Investment securities	29,504	32,334
Retirement benefit asset	159	201
Other	2,969	3,191
Allowance for doubtful accounts	(107)	(106)
Total investments and other assets	32,525	35,621
Total non-current assets	122,054	124,369
Total assets	231,306	251,632
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	33,536	38,079
Short-term borrowings	16,322	16,888
Commercial papers	13,000	28,000
Income taxes payable	687	922
Provision for bonuses	1,850	1,864
Other	17,282	15,451
Total current liabilities	82,679	101,206
Non-current liabilities		
Bonds payable	18,000	18,000
Long-term borrowings	4,494	3,713
Provision for retirement benefits for directors (and other officers)	33	29
Retirement benefit liability	9,250	9,284
Other	7,758	7,900
Total non-current liabilities	39,536	38,927
Total liabilities	122,216	140,134

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	14,293	14,293
Capital surplus	7,768	7,799
Retained earnings	76,980	77,925
Treasury shares	(1,184)	(1,145)
Total shareholders' equity	97,858	98,873
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,336	8,091
Deferred gains or losses on hedges	217	430
Foreign currency translation adjustment	364	676
Remeasurements of defined benefit plans	(80)	(4)
Total accumulated other comprehensive income	7,839	9,194
Non-controlling interests	3,392	3,429
Total net assets	109,089	111,497
Total liabilities and net assets	231,306	251,632

**(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income****Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	139,914	163,410
Cost of sales	117,110	140,537
Gross profit	22,804	22,873
Selling, general and administrative expenses	20,398	20,555
Operating profit	2,406	2,317
Non-operating income		
Interest income	2	1
Dividend income	291	366
Share of profit of entities accounted for using equity method	160	415
Other	318	356
Total non-operating income	773	1,138
Non-operating expenses		
Interest expenses	116	107
Compensation for damage	3	3
Foreign exchange losses	78	7
Other	51	26
Total non-operating expenses	250	144
Ordinary profit	2,929	3,312
Extraordinary income		
Gain on sale of non-current assets	8	2
Gain on sale of investment securities	9	–
Gain on revision of retirement benefit plan	–	45
National subsidies	100	–
Total extraordinary income	119	47
Extraordinary losses		
Loss on abandonment of non-current assets	179	142
Loss on sale of non-current assets	0	2
Loss on tax purpose reduction entry of non-current assets	100	–
Impairment losses	–	396
Harbors quay dredging cost	–	62
Other	6	–
Total extraordinary losses	286	604
Profit before income taxes	2,761	2,755
Income taxes - current	1,026	1,022
Income taxes - deferred	(122)	(289)
Total income taxes	904	733
Profit	1,857	2,021
Profit attributable to non-controlling interests	54	73
Profit attributable to owners of parent	1,802	1,947

**Quarterly consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,857	2,021
Other comprehensive income		
Valuation difference on available-for-sale securities	1,024	834
Deferred gains or losses on hedges	16	224
Remeasurements of defined benefit plans, net of tax	62	75
Share of other comprehensive income of entities accounted for using equity method	238	259
Total other comprehensive income	1,342	1,394
Comprehensive income	3,199	3,415
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,149	3,303
Comprehensive income attributable to non-controlling interests	49	112

### (3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,761	2,755
Depreciation	4,910	4,826
Impairment losses	–	396
Decrease (increase) in trade receivables	(3,618)	(4,160)
Decrease (increase) in inventories	(6,989)	(14,600)
Increase (decrease) in trade payables	598	4,542
Other, net	(739)	(699)
Subtotal	(3,076)	(6,938)
Interest and dividends received	482	652
Interest paid	(111)	(104)
Income taxes paid	(1,808)	(902)
Income taxes refund	55	520
Net cash provided by (used in) operating activities	(4,459)	(6,773)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1)	(1)
Proceeds from withdrawal of time deposits	0	–
Purchase of investment securities	(33)	(1,225)
Proceeds from sale and redemption of investment securities	16	–
Purchase of property, plant and equipment	(6,786)	(5,782)
Proceeds from sale of property, plant and equipment	43	36
Payments for retirement of property, plant and equipment	(112)	(13)
Payments for asset retirement obligations	(10)	(16)
Investments and loan advances	(399)	(663)
Proceeds from divestments and collection of loans receivable	144	10
Net cash provided by (used in) investing activities	(7,139)	(7,656)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings and commercial papers	12,400	15,000
Proceeds from long-term borrowings	–	300
Repayments of long-term borrowings	(345)	(513)
Redemption of convertible bond-type bonds with share acquisition rights	(1,175)	–
Repayments of lease liabilities	(95)	(135)
Dividends paid	(1,132)	(1,003)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1)	(18)
Purchase of treasury shares	(13)	(1)
Other, net	(15)	(32)
Net cash provided by (used in) financing activities	9,621	13,595
Net increase (decrease) in cash and cash equivalents	(1,977)	(834)
Cash and cash equivalents at beginning of period	11,160	9,170
Cash and cash equivalents at end of period	9,183	8,336