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August 7, 2023

Consolidated Financial Results for the Three Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: Showa Sangyo Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 2004
 URL: <https://www.showa-sangyo.co.jp/>
 Representative: Hideyuki Tsukagoshi, President and CEO
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 Scheduled date to file quarterly securities report: August 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(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	%
Three months ended								
June 30, 2023	89,799	11.3	3,313	82.5	4,042	85.4	2,783	95.2
June 30, 2022	80,688	17.1	1,815	74.1	2,181	61.8	1,426	73.3

Note: Comprehensive income For the three months ended June 30, 2023: ¥4,707 million [139.1%]
 For the three months ended June 30, 2022: ¥1,969 million [107.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2023	83.23	–
June 30, 2022	42.70	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2023	250,046	119,866	46.6
March 31, 2023	247,770	116,362	45.6

Reference: Equity
 As of June 30, 2023: ¥116,469 million
 As of March 31, 2023: ¥112,997 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, 2023	–	30.00	–	35.00	65.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		30.00	–	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, 2024 (from April 1, 2023 to March 31, 2024)

(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	360,000	7.4	7,500	79.2	8,600	31.8	5,500	(29.3)	164.45

Note: Revisions to the earnings forecasts most recently announced: None

* **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 June 30, 2023	33,985,420 shares
As of March 31, 2023	33,985,420 shares

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

As of June 30, 2023	539,654 shares
As of March 31, 2023	539,290 shares

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

Three months ended June 30, 2023	33,445,940 shares
Three months ended June 30, 2022	33,404,796 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 three months ended June 30, 2023, (3) Explanation of consolidated financial forecasts and other forward-looking statements” on page 3 of the attached materials (in Japanese only).

Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	6,225	7,420
Notes and accounts receivable - trade	55,305	56,720
Merchandise and finished goods	16,668	17,522
Work in process	3,378	3,212
Raw materials and supplies	38,700	33,340
Other	3,331	3,403
Allowance for doubtful accounts	(125)	(91)
Total current assets	123,484	121,528
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,297	32,013
Machinery, equipment and vehicles, net	24,632	24,893
Land	21,771	21,771
Other, net	4,308	4,831
Total property, plant and equipment	83,010	83,509
Intangible assets		
Goodwill	1,120	1,084
Customer-related intangible assets	1,994	1,930
Other	1,364	1,339
Total intangible assets	4,479	4,354
Investments and other assets		
Investment securities	33,158	37,054
Retirement benefit asset	270	291
Other	3,472	3,420
Allowance for doubtful accounts	(106)	(113)
Total investments and other assets	36,795	40,653
Total non-current assets	124,286	128,518
Total assets	247,770	250,046
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,427	29,474
Short-term borrowings	16,477	22,124
Commercial papers	24,000	21,000
Income taxes payable	2,129	629
Provision for bonuses	1,894	1,012
Other	17,555	17,948
Total current liabilities	94,484	92,189
Non-current liabilities		
Bonds payable	18,000	18,000
Long-term borrowings	1,853	1,831
Provision for retirement benefits for directors (and other officers)	31	26
Retirement benefit liability	9,194	9,203
Other	7,842	8,928
Total non-current liabilities	36,922	37,990
Total liabilities	131,407	130,180

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	14,293	14,293
Capital surplus	7,866	7,866
Retained earnings	82,751	84,364
Treasury shares	(1,148)	(1,149)
Total shareholders' equity	103,762	105,374
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,592	10,170
Deferred gains or losses on hedges	(8)	229
Foreign currency translation adjustment	487	525
Remeasurements of defined benefit plans	162	170
Total accumulated other comprehensive income	9,234	11,094
Non-controlling interests	3,365	3,397
Total net assets	116,362	119,866
Total liabilities and net assets	247,770	250,046

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	80,688	89,799
Cost of sales	68,484	75,912
Gross profit	12,203	13,886
Selling, general and administrative expenses	10,387	10,573
Operating profit	1,815	3,313
Non-operating income		
Interest income	0	1
Dividend income	285	435
Foreign exchange gains	–	41
Share of profit of entities accounted for using equity method	162	100
Other	177	216
Total non-operating income	626	794
Non-operating expenses		
Interest expenses	54	51
Compensation for damage	2	4
Foreign exchange losses	189	–
Other	13	9
Total non-operating expenses	260	65
Ordinary profit	2,181	4,042
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	–	0
Gain on revision of retirement benefit plan	45	–
National subsidies	–	35
Total extraordinary income	46	36
Extraordinary losses		
Loss on abandonment of non-current assets	60	87
Loss on sale of non-current assets	2	0
Harbors quay dredging cost	35	–
Total extraordinary losses	98	87
Profit before income taxes	2,129	3,992
Income taxes - current	379	762
Income taxes - deferred	296	401
Total income taxes	675	1,164
Profit	1,453	2,828
Profit attributable to non-controlling interests	27	44
Profit attributable to owners of parent	1,426	2,783

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	1,453	2,828
Other comprehensive income		
Valuation difference on available-for-sale securities	195	1,509
Deferred gains or losses on hedges	204	237
Remeasurements of defined benefit plans, net of tax	56	8
Share of other comprehensive income of entities accounted for using equity method	59	124
Total other comprehensive income	515	1,879
Comprehensive income	1,969	4,707
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,926	4,644
Comprehensive income attributable to non-controlling interests	43	63