November 10, 2023

Consolidated Financial Results for the Six Months Ended September 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	
Inquiries:	Kiyoshi Shirai, General Manager of Finance & A	Accounting Dept.
Telephone:	+81-3-3257-2036	
Scheduled date to f	ile quarterly securities report:	November 13, 2023
Scheduled date to c	ommence dividend payments:	December 6, 2023
Preparation of supp	lementary material on quarterly financial results:	Yes
Holding of quarterl	y 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, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(1) Consolidated operating results (cumulative)						(Percentages indicate year-on-year changes.)			
Net sales	5	Operating profit		Ordinary profit		Profit attributable to owners of parent			
Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		
175,582	7.4	7,352	217.2	8,558	158.4	5,730	194.2		
163,410	16.8	2,317	(3.7)	3,312	13.1	1,947	8.0		
	Net sales Millions of yen 175,582	Net sales Millions of yen % 175,582 7.4	Net salesOperating pMillions of yen%175,5827.47,352	Net salesOperating profitMillions of yen%175,5827.47,352217.2	Net salesOperating profitOrdinary prMillions of yen%Millions of yen%175,5827.47,352217.28,558	Net salesOperating profitOrdinary profitMillions of yen%Millions of yen%175,5827.47,352217.28,558	Net salesOperating profitOrdinary profitProfit attributa owners of paMillions of yen%Millions of yen%Millions of yen175,5827.47,352217.28,558158.45,730		

Note: Comprehensive income For the six months ended September 30, 2023: For the six months ended September 30, 2022:

¥9,083 million [165.9%] ¥3,415 million [6.8%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	171.31	-
September 30, 2022	58.28	_

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	262,487	124,293	46.0
March 31, 2023	247,770	116,362	45.6

Reference: Equity

As of September 30, 2023: ¥120,821 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	_	30.00						
Fiscal year ending March 31, 2024 (Forecast)			_	40.00	70.00			

Note: Revisions to the forecast of cash dividends most recently announced: Yes Regarding the revision to the forecast of cash dividends, please refer to "Notice Concerning Revision to Full-Year Earnings Forecasts (Consolidated/Non-consolidated) and Revision to Dividends Forecast (Dividend Increase)" (in Japanese only) published today (November 10, 2023).

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

_								(Percentages 1	ndicate y	year-on-year changes.)
		Net sale	s	Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
		Millions of	%	Millions of	%	Millions of	%	Millions of	%	Yen
		yen		yen		yen		yen		
	Full year	340,000	1.5	10,000	139.0	12,000	83.9	9,000	15.7	268.98

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

Regarding the revision to the consolidated earnings forecasts, please refer to "Notice Concerning Revision to Full-Year Earnings Forecasts (Consolidated/Non-consolidated) and Revision to Dividends Forecast (Dividend Increase)" (in Japanese only) published today (November 10, 2023).

* 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, 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 September 30, 2023	520,529 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)

Six months ended September 30, 2023	33,453,473 shares
Six months ended September 30, 2022	33,423,996 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, 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

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	6,225	8,057
Notes and accounts receivable - trade	55,305	60,898
Merchandise and finished goods	16,668	15,657
Work in process	3,378	2,922
Raw materials and supplies	38,700	39,473
Other	3,331	4,214
Allowance for doubtful accounts	(125)	(93
Total current assets	123,484	131,131
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,297	31,693
Machinery, equipment and vehicles, net	24,632	25,958
Land	21,771	21,771
Other, net	4,308	5,031
Total property, plant and equipment	83,010	84,455
Intangible assets	,	,
Goodwill	1,120	1,048
Customer-related intangible assets	1,994	1,866
Other	1,364	1,230
Total intangible assets	4,479	4,145
Investments and other assets	.,	.,
Investments and other assets	33,158	39,043
Retirement benefit asset	270	313
Other	3,472	3,512
Allowance for doubtful accounts	(106)	(113
Total investments and other assets	36,795	42,755
Total non-current assets	124,286	131,356
Total assets		
	247,770	262,487
iabilities		
Current liabilities	22,427	25.24
Notes and accounts payable - trade	32,427	35,360
Short-term borrowings	16,477	14,901
Commercial papers Income taxes payable	24,000	23,000
	2,129	2,461
Provision for bonuses Other	1,894	1,920
	17,555	20,391
Total current liabilities	94,484	98,036
Non-current liabilities	10.000	10.000
Bonds payable	18,000	18,000
Long-term borrowings	1,853	3,809
Provision for retirement benefits for directors (and other officers)	31	27
Retirement benefit liability	9,194	9,363
Other	7,842	8,956
Total non-current liabilities	36,922	40,157
Total liabilities	131,407	138,193

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	14,293	14,293
Capital surplus	7,866	7,876
Retained earnings	82,751	87,311
Treasury shares	(1,148)	(1,108)
Total shareholders' equity	103,762	108,372
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,592	11,286
Deferred gains or losses on hedges	(8)	249
Foreign currency translation adjustment	487	734
Remeasurements of defined benefit plans	162	178
Total accumulated other comprehensive income	9,234	12,448
Non-controlling interests	3,365	3,472
Total net assets	116,362	124,293
Total liabilities and net assets	247,770	262,487

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

Quarterly consolidated statement of income (cumulative)

Cost of sales 140,537 147,07 Gross profit 22,873 28,55 Selling, general and administrative expenses 20,555 21,11 Operating profit 2,317 7,33 Non-operating income 1 1 Interest income 1 366 44 Share of profit of entities accounted for using equity method 366 44 Foreign exchange gains - 1 Other 356 44 Total non-operating income 1,138 1,33 Non-operating expenses 107 10 Interest expenses 107 10 Compensation for damage 3 6 Foreign exchange losses 7 7 Other 26 6 Total non-operating expenses 144 14 Ordinary profit 3,312 8,55 Extraordinary income 2 6 Gain on sale of non-current assets 2 2 Gain on sale of non-current assets 142 23 <th></th> <th colspan="4"></th>					
Cost of sales 140,537 147,07 Gross profit 22,873 28,55 Selling, general and administrative expenses 20,555 21,11 Operating profit 2,317 7,33 Non-operating income 1 1 Interest income 1 1 Dividend income 366 44 Share of profit of entities accounted for using equity method 415 33 Foreign exchange gains - - 1 Other 356 44 138 1,33 Non-operating income 1,138 1,33 1,33 Non-operating expenses 107 10 10 Interest expenses 107 10 10 Compensation for damage 3 3 144 14 Ordian on-operating expenses 144 14 14 14 Ordian on sale of non-current assets 2 2 3 3 3 Gain on sale of non-current assets - 3 3 3 3 </th <th></th> <th></th> <th></th>					
Gross profit 22,873 28,50 Selling, general and administrative expenses 20,555 21,11 Operating profit 2,317 7,33 Non-operating income 1 1 Interest income 1 1 Dividend income 366 44 Share of profit of entities accounted for using equity method 366 44 Foreign exchange gains - 7 Other 356 44 Total non-operating income 1,138 1,33 Non-operating expenses 107 10 Compensation for damage 3 6 Foreign exchange losses 7 0 Other 26 4 Other 26 4 Otal non-operating expenses 144 14 Ordiary profit 3,312 8,55 Extraordinary income - - - Gain on sale of non-current assets 2 - - National subsidies - - - -<	Net sales	163,410	175,582		
Selling, general and administrative expenses20,55521,11Operating profit2,3177,33Non-operating income1Interest income1Dividend income36649Share of profit of entities accounted for using equity method41533Foreign exchange gainsOther35644Total non-operating income1,1381,33Non-operating expenses10710Compensation for damage3-Foreign exchange losses70Other2644Other2644Other2644Other2644Other3,3128,55Extraordinary incomeGain on sale of non-current assets22Gain on sale of investment securitiesTotal extraordinary income4747Cuss on abandonment of non-current assets14222Loss on abandonment of non-current assets2142Loss on ale of non-current assets22Impairment losses396396Harbors quay dredging cost620Other	Cost of sales	140,537	147,075		
Operating profit2,3177,33Non-operating income1Interest income1Dividend income36649Share of profit of entities accounted for using equity method41533Foreign exchange gainsOther35644Total non-operating income1,1381,33Non-operating expenses10710Interest expenses10710Compensation for damage3-Foreign exchange losses7-Other26-Total non-operating expenses14414Other3,3128,55Extraordinary profit3,3128,55Extraordinary incomeGain on sale of non-current assets2-Gain on sale of non-current assets2-Loss on abandonment of non-current assets14229Loss on sale of non-current assets2-Loss on sale of non-current assets2-	Gross profit	22,873	28,507		
Non-operating income1Interest income1Dividend income36644Share of profit of entities accounted for using equity method41533Foreign exchange gains-55Other35644Total non-operating income1,1381,33Non-operating expenses10710Interest expenses10710Compensation for damage35Foreign exchange losses70Other2644Other2644Other2644Other3,3128,52Extraordinary income-3Gain on sale of non-current assets247Otal extraordinary income-3Gain on sale of non-current assets247Loss on abandonment of non-current assets14224Loss on abandonment of non-current assets247Hors quay dredging cost6247	Selling, general and administrative expenses	20,555	21,154		
Non-operating income1Interest income36644Dividend income36644Share of profit of entities accounted for using equity method41533Foreign exchange gains-55Other35644Total non-operating income1,1381,33Non-operating expenses10710Interest expenses10710Compensation for damage35Foreign exchange losses70Other2644Other2644Other2644Other3,3128,52Extraordinary income-35Gain on sale of non-current assets245National subsidies-35Total extraordinary income4744Loss on abandonment of non-current assets14224Loss on abandonment of non-current assets247Mational subsidies-36Harbors quay dredging cost6247Other-62		2,317	7,352		
Interest income1Dividend income36644Dividend income36644Share of profit of entities accounted for using equity method41533Foreign exchange gains–Other35644Total non-operating income1,1381,33Non-operating expenses10710Interest expenses10710Compensation for damage3-Other26-Other26-Total non-operating expenses114414Ordinary profit3,3128,53Extraordinary incomeGain on sale of non-current assets2-Gain on sale of investment securities–-Gain on sale of non-current assets2-Total extraordinary incomeGain on sale of non-current assets2-National subsidies–Total extraordinary income47-Loss on abandonment of non-current assets14222Loss on sale of non-current assets2-Loss on sale of non-current assets2-Harbors quay dredging cost62-OtherOtherOtherOtherOtherOtherOtherOther<					
Share of profit of entities accounted for using equity method41533Foreign exchange gains–1Other35644Total non-operating income1,1381,33Non-operating expenses10710Interest expenses10710Compensation for damage31Foreign exchange losses710Other264Other264Other264Other264Other264Total non-operating expenses144Ordinary profit3,3128,55Extraordinary income–2Gain on sale of non-current assets24National subsidies–2Total extraordinary income474Extraordinary losses14223Loss on sale of non-current assets14223Loss on sale of non-current assets21Impairment losses3961Harbors quay dredging cost626Other–6		1	2		
method41335Foreign exchange gains–1Other35644Total non-operating income1,1381,33Non-operating expenses10710Interest expenses10710Compensation for damage31Foreign exchange losses710Other2644Other2644Other2644Ordinary profit3,3128,55Extraordinary income–3Gain on sale of non-current assets247Otal extraordinary income–3Total extraordinary income4747Extraordinary losses14223Loss on abandonment of non-current assets14224Loss on sale of non-current assets2142Impairment losses3964244Other–6244Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other–64Other– <td>Dividend income</td> <td>366</td> <td>492</td>	Dividend income	366	492		
Other35644Total non-operating income1,1381,33Non-operating expenses10710Interest expenses10710Compensation for damage3107Foreign exchange losses710Other264Other264Other3,3128,55Extraordinary income26Gain on sale of non-current assets26Gain on revision of retirement benefit plan451National subsidies-31Total extraordinary income4747Extraordinary losses14220Loss on abandonment of non-current assets226Impairment losses396396Harbors quay dredging cost6262Other-62		415	383		
Total non-operating income1,1381,33Non-operating expenses10710Interest expenses10710Compensation for damage3107Other2626Total non-operating expenses14414Ordinary profit3,3128,55Extraordinary income22Gain on sale of non-current assets22Gain on revision of retirement benefit plan4545National subsidies-3Total extraordinary income4724Loss on abandonment of non-current assets14228Loss on sale of non-current assets247Harbors quay dredging cost6262Other-62	Foreign exchange gains	_	32		
Non-operating expenses107107Interest expenses107107Compensation for damage3107Other264Total non-operating expenses14414Ordinary profit3,3128,55Extraordinary income2107Gain on sale of non-current assets2107Gain on revision of retirement benefit plan45107National subsidies-2107Total extraordinary income47747Extraordinary income47747Interest expenses14228Joss on abandonment of non-current assets14228Loss on sale of non-current assets2107Impairment losses396396Harbors quay dredging cost6262Other-62		356	440		
Interest expenses107107Compensation for damage3Foreign exchange losses7Other26Total non-operating expenses144Ordinary profit3,312Extraordinary income2Gain on sale of non-current assets2Gain on revision of retirement benefit plan45National subsidies-Total extraordinary income47Extraordinary income2Gain on sale of non-current assets2Interest extraordinary income47Extraordinary income47Extraordinary income34Interest extraordinary income47Extraordinary income62Other62Other-Other-Other-Other-Other-Other-Other-Other-Other-Other-Other-Other-Other-Other-	Total non-operating income	1,138	1,350		
Interest expenses107107Compensation for damage3Foreign exchange losses7Other26Total non-operating expenses144Ordinary profit3,312Extraordinary income2Gain on sale of non-current assets2Gain on revision of retirement benefit plan45National subsidies-Total extraordinary income47Extraordinary income2Gain on sale of non-current assets2Interest extraordinary income47Extraordinary income47Extraordinary income34Interest extraordinary income47Extraordinary income62Other62Other-Other-Other-Other-Other-Other-Other-Other-Other-Other-Other-Other-Other-Other-	Non-operating expenses				
Foreign exchange losses7Other26Total non-operating expenses144Ordinary profit3,312Ordinary profit3,312Extraordinary income2Gain on sale of non-current assets2Gain on sale of investment securities-Gain on revision of retirement benefit plan45National subsidies-Total extraordinary losses142Loss on abandonment of non-current assets2Impairment losses396Harbors quay dredging cost62Other-		107	100		
Other26Total non-operating expenses14414Ordinary profit3,3128,55Extraordinary income26Gain on sale of non-current assets26Gain on sale of investment securities-6Gain on revision of retirement benefit plan456National subsidies-3Total extraordinary income474Extraordinary losses14225Loss on abandonment of non-current assets14225Impairment losses396396Harbors quay dredging cost6262Other-6	Compensation for damage	3	4		
Total non-operating expenses14414Ordinary profit3,3128,55Extraordinary income26Gain on sale of non-current assets26Gain on sale of investment securities-6Gain on revision of retirement benefit plan456National subsidies-6Total extraordinary income476Extraordinary losses14228Loss on abandonment of non-current assets14228Loss on sale of non-current assets26Impairment losses396626Other-66	Foreign exchange losses	7	_		
Ordinary profit3,3128,52Extraordinary income2Gain on sale of non-current assets2Gain on sale of investment securities-Gain on revision of retirement benefit plan45National subsidies-Total extraordinary income47Extraordinary losses142Loss on abandonment of non-current assets142Loss on sale of non-current assets2Impairment losses396Harbors quay dredging cost62Other-	Other	26	40		
Extraordinary incomeGain on sale of non-current assets2Gain on sale of investment securities–Gain on revision of retirement benefit plan45National subsidies–Total extraordinary income47Extraordinary losses142Loss on abandonment of non-current assets142Loss on sale of non-current assets2Impairment losses396Harbors quay dredging cost62Other–	Total non-operating expenses	144	145		
Gain on sale of non-current assets2Gain on sale of investment securities–Gain on revision of retirement benefit plan45National subsidies–Total extraordinary income47Extraordinary losses142Loss on abandonment of non-current assets142Loss on sale of non-current assets2Impairment losses396Harbors quay dredging cost62Other–	Ordinary profit	3,312	8,558		
Gain on sale of investment securities–Gain on revision of retirement benefit plan45National subsidies–Total extraordinary income47Extraordinary losses142Loss on abandonment of non-current assets142Loss on sale of non-current assets2Impairment losses396Harbors quay dredging cost62Other–	Extraordinary income				
Gain on revision of retirement benefit plan45National subsidies–Total extraordinary income47Extraordinary losses142Loss on abandonment of non-current assets142Loss on sale of non-current assets2Impairment losses396Harbors quay dredging cost62Other–	-	2	1		
National subsidies–2Total extraordinary income4747Extraordinary losses14228Loss on abandonment of non-current assets14228Loss on sale of non-current assets2142Impairment losses39647Harbors quay dredging cost6262Other–62	Gain on sale of investment securities	_	7		
Total extraordinary income47Extraordinary lossesLoss on abandonment of non-current assets14228Loss on sale of non-current assets2142Impairment losses3966262Other-6262	Gain on revision of retirement benefit plan	45	_		
Extraordinary losses14228Loss on abandonment of non-current assets14228Loss on sale of non-current assets21Impairment losses396396Harbors quay dredging cost6262Other-62	National subsidies	_	35		
Loss on abandonment of non-current assets14228Loss on sale of non-current assets2Impairment losses396Harbors quay dredging cost62Other-	Total extraordinary income	47	44		
Loss on sale of non-current assets2Impairment losses396Harbors quay dredging cost62Other-	Extraordinary losses				
Impairment losses396Harbors quay dredging cost62Other-	Loss on abandonment of non-current assets	142	282		
Harbors quay dredging cost 62 Other – 62	Loss on sale of non-current assets	2	0		
Other – O	Impairment losses	396	-		
	Harbors quay dredging cost	62	_		
	Other	—	60		
Total extraordinary losses 604 34	Total extraordinary losses	604	343		
Profit before income taxes 2,755 8,2	Profit before income taxes	2,755	8,259		
Income taxes - current 1,022 2,45	Income taxes - current	1,022	2,453		
Income taxes - deferred (289)	Income taxes - deferred	(289)	(31)		
Total income taxes7332,42	Total income taxes	733	2,421		
Profit 2,021 5,83	Profit	2,021	5,837		
	Profit attributable to non-controlling interests		106		
	-	1,947	5,730		

Quarterly consolidated statement of comprehensive income (cumulative)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,021	5,837
Other comprehensive income		
Valuation difference on available-for-sale securities	834	2,582
Deferred gains or losses on hedges	224	257
Remeasurements of defined benefit plans, net of tax	75	16
Share of other comprehensive income of entities accounted for using equity method	259	390
Total other comprehensive income	1,394	3,246
Comprehensive income	3,415	9,083
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,303	8,945
Comprehensive income attributable to non-controlling interests	112	138

(Millions of yen)

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(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,755	8,259
Depreciation	4,826	4,869
Impairment losses	396	-
Decrease (increase) in trade receivables	(4,160)	(5,600)
Decrease (increase) in inventories	(14,600)	692
Increase (decrease) in trade payables	4,542	2,933
Other, net	(699)	851
Subtotal	(6,938)	12,006
Interest and dividends received	652	727
Interest paid	(104)	(98)
Income taxes paid	(902)	(2,138)
Income taxes refund	520	6
Net cash provided by (used in) operating activities	(6,773)	10,503
Cash flows from investing activities		,
Payments into time deposits	(1)	(1)
Purchase of investment securities	(1,225)	(26
Proceeds from sale and redemption of investment	(-,)	
securities	—	7
Purchase of shares of subsidiaries and associates	_	(1,711)
Purchase of property, plant and equipment	(5,782)	(4,908
Proceeds from sale of property, plant and equipment	36	2
Payments for retirement of property, plant and		
equipment	(13)	(97)
Payments for asset retirement obligations	(16)	(0)
Investments and loan advances	(663)	(68)
Proceeds from divestments and collection of loans		
receivable	10	20
Other, net	-	81
Net cash provided by (used in) investing activities	(7,656)	(6,702)
Cash flows from financing activities		(1).1,
Increase (decrease) in short-term borrowings and		
commercial papers	15,000	(1,540)
Proceeds from long-term borrowings	300	2,000
Repayments of long-term borrowings	(513)	(1,080)
Repayments of lease liabilities	(135)	(123)
Dividends paid	(1,003)	(1,170)
Purchase of shares of subsidiaries not resulting in		
change in scope of consolidation	(18)	-
Purchase of treasury shares	(1)	(2)
Other, net	(32)	(51)
Net cash provided by (used in) financing activities	13,595	(1,969)
Net increase (decrease) in cash and cash equivalents	(834)	1,831
Cash and cash equivalents at beginning of period	9,170	6,221
	7,170	8,052