

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2022 (Based on Japanese GAAP)

June 30, 2022

Company name: SANYO SHOKAI LTD.
 Stock exchange listing: Tokyo
 Stock code: 8011 URL <https://www.sanyo-shokai.co.jp/>
 Representative: Representative Director, President & Chief Shinji Oe
 Operating Officer
 General Manager of Accounting
 Inquiries: Department, Accounting & Finance Tatsuji Tsuchida TEL 03-6380-5346
 Headquarters
 Scheduled date to file Quarterly Securities Report: July 14, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2022 (from March 1, 2022 to May 31, 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	%
Three months ended May 31, 2022	14,355	–	502	–	593	–	559	–
Three months ended May 31, 2021	8,710	51.4	(566)	–	(524)	–	(748)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2022	46.12		44.33	
Three months ended May 31, 2021	(61.81)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2022	51,590	34,770	67.1
As of February 28, 2022	51,629	33,920	65.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2022	–	0.00	–	0.00	0.00
Year ending February 28, 2023	–	–	–	–	–
Year ending February 28, 2023 (Forecast)	–	0.00	–	40.00	40.00

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2022	24,650	–	(1,060)	–	(1,090)	–	(1,120)	–	(92.36)
Full year	56,000	–	1,200	–	1,140	–	900	–	74.22

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of May 31, 2022	12,622,934 shares	As of February 28, 2022	12,622,934 shares
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Number of treasury shares at the end of the period

As of May 31, 2022	488,943 shares	As of February 28, 2022	488,866 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2022	12,134,037 shares	Three months ended May 31, 2021	12,109,424 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	18,767	17,076
Notes and accounts receivable - trade	2,659	3,874
Merchandise and finished goods	7,819	7,408
Other	1,384	1,817
Allowance for doubtful accounts	(6)	(8)
Total current assets	30,626	30,169
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,443	3,477
Land	4,136	4,136
Other, net	1,081	1,063
Total property, plant and equipment	8,662	8,678
Intangible assets		
Trademark right	3,323	3,226
Other	626	666
Total intangible assets	3,949	3,892
Investments and other assets		
Investment securities	4,802	5,310
Leasehold and guarantee deposits	1,284	1,247
Retirement benefit asset	2,284	2,207
Other	28	92
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	8,390	8,850
Total non-current assets	21,003	21,420
Total assets	51,629	51,590

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,176	4,189
Current portion of convertible bond-type bonds with share acquisition rights	–	553
Short-term borrowings	3,000	5,000
Current portion of long-term borrowings	2,800	–
Accrued expenses	1,615	1,881
Accrued consumption taxes	462	402
Income taxes payable	138	99
Provision for bonuses	212	300
Provision for sales returns	10	–
Other	1,827	555
Total current liabilities	14,242	12,983
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	553	–
Long-term borrowings	1,000	1,800
Long-term accounts payable - other	74	71
Deferred tax liabilities	899	1,056
Deferred tax liabilities for land revaluation	540	540
Retirement benefit liability	164	187
Other	233	180
Total non-current liabilities	3,465	3,836
Total liabilities	17,708	16,820
Net assets		
Shareholders' equity		
Share capital	15,002	15,002
Capital surplus	9,658	9,658
Retained earnings	6,769	7,334
Treasury shares	(994)	(994)
Total shareholders' equity	30,435	31,001
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,031	2,389
Deferred gains or losses on hedges	3	–
Revaluation reserve for land	1,199	1,199
Foreign currency translation adjustment	93	27
Total accumulated other comprehensive income	3,328	3,617
Non-controlling interests	156	151
Total net assets	33,920	34,770
Total liabilities and net assets	51,629	51,590

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Net sales	8,710	14,355
Cost of sales	4,342	5,361
Gross profit	4,367	8,994
Selling, general and administrative expenses	4,934	8,491
Operating profit (loss)	(566)	502
Non-operating income		
Interest income	0	0
Dividend income	–	0
Foreign exchange gains	17	73
Subsidy income	60	44
Other	17	5
Total non-operating income	94	123
Non-operating expenses		
Interest expenses	20	24
Share of loss of entities accounted for using equity method	32	8
Other	0	0
Total non-operating expenses	53	32
Ordinary profit (loss)	(524)	593
Extraordinary income		
Subsidy income	–	56
Total extraordinary income	–	56
Extraordinary losses		
Loss on retirement of non-current assets	4	33
Impairment losses	–	8
Extraordinary loss due to closing and other	209	–
Total extraordinary losses	214	42
Profit (loss) before income taxes	(738)	608
Income taxes - current	9	53
Income taxes - deferred	(0)	(0)
Total income taxes	9	53
Profit (loss)	(748)	555
Loss attributable to non-controlling interests	–	(4)
Profit (loss) attributable to owners of parent	(748)	559

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Profit (loss)	(748)	555
Other comprehensive income		
Valuation difference on available-for-sale securities	198	358
Deferred gains or losses on hedges	–	(3)
Foreign currency translation adjustment	(14)	(65)
Remeasurements of defined benefit plans, net of tax	(24)	–
Total other comprehensive income	159	288
Comprehensive income	(589)	843
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(589)	847
Comprehensive income attributable to non-controlling interests	–	(4)