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August 5, 2022

Consolidated Financial Results for the Three Months Ended June 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
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 Scheduled date to file quarterly securities report: August 10, 2022
 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, 2022 (from April 1, 2022 to June 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	%
Three months ended								
June 30, 2022	80,688	17.1	1,815	74.1	2,181	61.8	1,426	73.3
June 30, 2021	68,875	12.7	1,042	(54.4)	1,347	(50.5)	823	(57.1)

Note: Comprehensive income For the three months ended June 30, 2022: ¥1,969 million [107.3%]
 For the three months ended June 30, 2021: ¥949 million [(65.5)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	42.70	–
June 30, 2021	25.25	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2022	236,732	110,022	45.0
March 31, 2022	231,306	109,089	45.7

Reference: Equity
 As of June 30, 2022: ¥106,620 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	–				
Fiscal year ending March 31, 2023 (Forecast)		30.00	–	30.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

Regarding the dividends forecast, please refer to “Notice Concerning Full-Year Earnings Forecasts (Consolidated/Non-consolidated) and Dividends Forecast,” (in Japanese only) published today (August 5, 2022).

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	7,300	31.2	8,200	24.7	4,600	14.8	137.70

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

Regarding the consolidated earnings forecasts, please refer to “Notice Concerning Full-Year Earnings Forecasts (Consolidated/Non-consolidated) and Dividends Forecast,” (in Japanese only) published today (August 5, 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 11 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 June 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 June 30, 2022	556,851 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)

Three months ended June 30, 2022	33,404,796 shares
Three months ended June 30, 2021	32,604,259 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, 2022, (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, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	9,174	8,041
Notes and accounts receivable - trade	49,500	52,112
Merchandise and finished goods	13,541	14,505
Work in process	2,372	3,590
Raw materials and supplies	30,813	29,602
Other	3,918	4,881
Allowance for doubtful accounts	(69)	(58)
Total current assets	109,251	112,677
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,536	34,089
Machinery, equipment and vehicles, net	24,154	26,310
Land	21,787	21,772
Other, net	7,437	3,026
Total property, plant and equipment	84,915	85,198
Intangible assets		
Goodwill	1,265	1,229
Customer-related assets	2,252	2,187
Other	1,096	1,205
Total intangible assets	4,613	4,622
Investments and other assets		
Investment securities	29,504	30,943
Retirement benefit asset	159	176
Other	2,969	3,221
Allowance for doubtful accounts	(107)	(107)
Total investments and other assets	32,525	34,234
Total non-current assets	122,054	124,055
Total assets	231,306	236,732
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,536	30,709
Short-term borrowings	16,322	18,006
Commercial papers	13,000	19,000
Income taxes payable	687	329
Provision for bonuses	1,850	967
Other	17,282	18,886
Total current liabilities	82,679	87,900
Non-current liabilities		
Bonds payable	18,000	18,000
Long-term borrowings	4,494	3,448
Provision for retirement benefits for directors (and other officers)	33	34
Retirement benefit liability	9,250	9,148
Other	7,758	8,177
Total non-current liabilities	39,536	38,809
Total liabilities	122,216	126,709

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	14,293	14,293
Capital surplus	7,768	7,768
Retained earnings	76,980	77,404
Treasury shares	(1,184)	(1,185)
Total shareholders' equity	97,858	98,281
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,336	7,489
Deferred gains or losses on hedges	217	412
Foreign currency translation adjustment	364	459
Remeasurements of defined benefit plans	(80)	(23)
Total accumulated other comprehensive income	7,839	8,338
Non-controlling interests	3,392	3,402
Total net assets	109,089	110,022
Total liabilities and net assets	231,306	236,732

(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, 2021	Three months ended June 30, 2022
Net sales	68,875	80,688
Cost of sales	57,522	68,484
Gross profit	11,353	12,203
Selling, general and administrative expenses	10,310	10,387
Operating profit	1,042	1,815
Non-operating income		
Interest income	1	0
Dividend income	266	285
Share of profit of entities accounted for using equity method	71	162
Other	176	177
Total non-operating income	515	626
Non-operating expenses		
Interest expenses	62	54
Compensation for damage	2	2
Foreign exchange losses	117	189
Other	27	13
Total non-operating expenses	210	260
Ordinary profit	1,347	2,181
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	7	–
Gain on revision of retirement benefit plan	–	45
Total extraordinary income	7	46
Extraordinary losses		
Loss on abandonment of non-current assets	63	60
Loss on sale of non-current assets	0	2
Harbors quay dredging cost	–	35
Other	7	–
Total extraordinary losses	70	98
Profit before income taxes	1,284	2,129
Income taxes - current	247	379
Income taxes - deferred	191	296
Total income taxes	438	675
Profit	845	1,453
Profit attributable to non-controlling interests	22	27
Profit attributable to owners of parent	823	1,426

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	845	1,453
Other comprehensive income		
Valuation difference on available-for-sale securities	(56)	195
Deferred gains or losses on hedges	(48)	204
Remeasurements of defined benefit plans, net of tax	31	56
Share of other comprehensive income of entities accounted for using equity method	178	59
Total other comprehensive income	103	515
Comprehensive income	949	1,969
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	939	1,926
Comprehensive income attributable to non-controlling interests	9	43