

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 14, 2023

Company name: SAN-AI OBBLI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8097 URL <https://www.san-ai-obbli.com/>
 Representative: Representative Director, President Hiroshi Hayata
 General Manager, General Accounting
 Inquiries: Department Eiichi Nonaka TEL 03-6880-3100
 Scheduled date to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: December 5, 2023
 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 six months ended September 30, 2023 (from April 1, 2023 to September 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	%
Six months ended September 30, 2023	318,066	3.2	8,666	30.1	9,121	28.5	5,640	23.4
Six months ended September 30, 2022	308,342	15.6	6,661	43.1	7,096	36.2	4,569	43.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	85.04		-	
Six months ended September 30, 2022	66.52		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	207,652	120,270	55.1
As of March 31, 2023	201,244	117,424	55.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	-	19.00	-	36.00	55.00
Year ending March 31, 2024	-	30.00			
Year ending March 31, 2024 (Forecast)			-	30.00	60.00

3. Forecast of consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	660,000	1.9	15,000	(1.4)	16,000	(0.2)	10,000	(8.3)	149.33

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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: No
- 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 September 30, 2023	68,000,000 shares	As of March 31, 2023	68,000,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	2,431,528 shares	As of March 31, 2023	1,034,703 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	66,318,999 shares	Six months ended September 30, 2022	68,686,762 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	47,017	46,699
Notes and accounts receivable - trade, and contract assets	43,144	43,663
Securities	–	100
Merchandise and finished goods	7,542	8,720
Work in process	85	120
Raw materials and supplies	146	137
Other	919	1,993
Allowance for doubtful accounts	(475)	(478)
Total current assets	98,380	100,958
Non-current assets		
Property, plant and equipment		
Buildings and structures	69,516	70,831
Accumulated depreciation	(49,704)	(50,478)
Buildings and structures, net	19,812	20,352
Machinery, equipment and vehicles	34,671	36,655
Accumulated depreciation	(27,695)	(28,299)
Machinery, equipment and vehicles, net	6,976	8,355
Land	18,420	18,792
Other	11,512	10,612
Accumulated depreciation	(5,199)	(5,498)
Other, net	6,312	5,114
Total property, plant and equipment	51,522	52,614
Intangible assets		
Goodwill	1,683	1,808
Customer-related intangible assets	1,093	1,048
Other	3,419	3,923
Total intangible assets	6,197	6,780
Investments and other assets		
Investment securities	17,140	19,194
Retirement benefit asset	1,991	2,226
Guarantee deposits	24,865	24,858
Other	1,242	1,113
Allowance for doubtful accounts	(96)	(95)
Total investments and other assets	45,143	47,297
Total non-current assets	102,863	106,693
Total assets	201,244	207,652

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	44,908	47,235
Short-term borrowings	300	300
Current portion of long-term borrowings	2,346	1,443
Income taxes payable	3,530	2,533
Provision for bonuses	2,041	1,825
Provision for bonuses for directors (and other officers)	89	39
Provision for warranties for completed construction	0	0
Other	14,234	17,913
Total current liabilities	67,453	71,291
Non-current liabilities		
Long-term borrowings	2,115	1,392
Provision for retirement benefits for directors (and other officers)	208	179
Provision for special repairs	217	228
Retirement benefit liability	117	116
Asset retirement obligations	609	611
Other	13,098	13,560
Total non-current liabilities	16,366	16,089
Total liabilities	83,819	87,381
Net assets		
Shareholders' equity		
Share capital	10,127	10,127
Capital surplus	2,531	2,533
Retained earnings	97,862	101,092
Treasury shares	(1,280)	(3,477)
Total shareholders' equity	109,241	110,274
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,338	5,830
Revaluation reserve for land	(612)	(613)
Remeasurements of defined benefit plans	(1,228)	(1,090)
Total accumulated other comprehensive income	2,496	4,127
Non-controlling interests	5,686	5,868
Total net assets	117,424	120,270
Total liabilities and net assets	201,244	207,652

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales		
Net sales of goods	306,991	316,965
Net sales of completed construction contracts	1,350	1,101
Total net sales	308,342	318,066
Cost of sales		
Cost of goods sold	279,437	286,398
Cost of sales of completed construction contracts	1,171	952
Total cost of sales	280,609	287,350
Gross profit	27,733	30,716
Selling, general and administrative expenses	21,071	22,049
Operating profit	6,661	8,666
Non-operating income		
Interest income	21	26
Dividend income	244	254
Purchase discounts	112	110
Light oil delivery tax grant	80	82
Reversal of allowance for doubtful accounts	–	0
Other	166	134
Total non-operating income	624	609
Non-operating expenses		
Interest expenses	47	45
Sales discounts	83	87
Other	58	22
Total non-operating expenses	188	154
Ordinary profit	7,096	9,121
Extraordinary income		
Gain on sale of non-current assets	20	38
Gain on sale of investment securities	85	–
Total extraordinary income	106	38
Extraordinary losses		
Loss on sale and retirement of non-current assets	23	137
Impairment losses	0	4
Total extraordinary losses	24	142
Profit before income taxes	7,179	9,017
Income taxes - current	2,117	2,787
Income taxes - deferred	129	183
Total income taxes	2,247	2,970
Profit	4,931	6,046
Profit attributable to non-controlling interests	362	406
Profit attributable to owners of parent	4,569	5,640

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	4,931	6,046
Other comprehensive income		
Valuation difference on available-for-sale securities	448	1,484
Remeasurements of defined benefit plans, net of tax	(35)	138
Total other comprehensive income	412	1,623
Comprehensive income	5,343	7,670
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,975	7,270
Comprehensive income attributable to non-controlling interests	368	399

Consolidated statements 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	7,179	9,017
Depreciation	2,582	2,671
Amortization of goodwill	176	207
Increase (decrease) in allowance for doubtful accounts	0	1
Increase (decrease) in provision for bonuses	(161)	(215)
Increase (decrease) in provision for bonuses for directors (and other officers)	(37)	(50)
Increase (decrease) in retirement benefit asset or liability	(70)	(35)
Interest and dividend income	(377)	(392)
Interest expenses	130	132
Loss (gain) on sale and retirement of property, plant and equipment	1	92
Impairment losses	0	4
Loss (gain) on sale of investment securities	(85)	–
Decrease (increase) in trade receivables	8,628	(519)
Decrease (increase) in inventories	(819)	(1,204)
Decrease (increase) in other current assets	(940)	(1,073)
Increase (decrease) in trade payables	(8,093)	2,327
Increase (decrease) in other current liabilities	(6)	3,563
Other, net	(3)	33
Subtotal	8,102	14,560
Interest and dividends received	366	373
Interest paid	(144)	(146)
Income taxes paid	(2,781)	(3,748)
Net cash provided by (used in) operating activities	5,542	11,038
Cash flows from investing activities		
Purchase of investment securities	(163)	(312)
Proceeds from sale of investment securities	742	–
Purchase of property, plant and equipment	(2,142)	(3,412)
Proceeds from sale of property, plant and equipment	62	206
Purchase of intangible assets	(1,279)	(988)
Other, net	0	(88)
Net cash provided by (used in) investing activities	(2,779)	(4,595)
Cash flows from financing activities		
Repayments of long-term borrowings	(573)	(1,626)
Purchase of treasury shares	(351)	(2,208)
Dividends paid to non-controlling interests	(213)	(217)
Dividends paid	(1,787)	(2,410)
Other, net	(291)	(297)
Net cash provided by (used in) financing activities	(3,216)	(6,760)
Net increase (decrease) in cash and cash equivalents	(453)	(318)
Cash and cash equivalents at beginning of period	37,996	46,747
Cash and cash equivalents at end of period	37,543	46,429