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February 9, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 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: February 13, 2024
 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 nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended								
December 31, 2023	265,555	4.9	11,319	148.1	14,137	115.0	10,362	156.3
December 31, 2022	253,146	17.6	4,562	3.3	6,574	23.8	4,043	23.2

Note: Comprehensive income For the nine months ended December 31, 2023: ¥13,444 million [158.0%]
 For the nine months ended December 31, 2022: ¥5,210 million [31.8%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	309.76	–
December 31, 2022	120.95	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	262,915	127,648	47.2
March 31, 2023	247,770	116,362	45.6

Reference: Equity
 As of December 31, 2023: ¥124,065 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)				50.00	80.00

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) and Revision to Dividends Forecast (Dividend Increase)” (in Japanese only) published today (February 9, 2024).

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	340,000	1.5	13,000	210.7	16,000	145.2	12,000	54.3	358.73

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) and Revision to Dividends Forecast (Dividend Increase)” (in Japanese only) published today (February 9, 2024).

* **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 December 31, 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 December 31, 2023	541,998 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)

Nine months ended December 31, 2023	33,454,574 shares
Nine months ended December 31, 2022	33,431,671 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 nine months ended December 31, 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	6,225	7,796
Notes and accounts receivable - trade	55,305	65,566
Merchandise and finished goods	16,668	15,605
Work in process	3,378	2,733
Raw materials and supplies	38,700	32,320
Other	3,331	4,680
Allowance for doubtful accounts	(125)	(112)
Total current assets	123,484	128,590
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,297	32,077
Machinery, equipment and vehicles, net	24,632	26,708
Land	21,771	21,771
Other, net	4,308	5,285
Total property, plant and equipment	83,010	85,843
Intangible assets		
Goodwill	1,120	1,012
Customer-related intangible assets	1,994	1,801
Other	1,364	1,381
Total intangible assets	4,479	4,195
Investments and other assets		
Investment securities	33,158	40,502
Retirement benefit asset	270	334
Other	3,472	3,563
Allowance for doubtful accounts	(106)	(114)
Total investments and other assets	36,795	44,286
Total non-current assets	124,286	134,325
Total assets	247,770	262,915
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,427	30,451
Short-term borrowings	16,477	14,577
Commercial papers	24,000	18,000
Income taxes payable	2,129	2,289
Provision for bonuses	1,894	1,724
Other	17,555	24,284
Total current liabilities	94,484	91,326
Non-current liabilities		
Bonds payable	18,000	18,000
Long-term borrowings	1,853	7,300
Provision for retirement benefits for directors (and other officers)	31	29
Retirement benefit liability	9,194	9,366
Other	7,842	9,244
Total non-current liabilities	36,922	43,940
Total liabilities	131,407	135,267

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	14,293	14,293
Capital surplus	7,866	7,876
Retained earnings	82,751	90,939
Treasury shares	(1,148)	(1,109)
Total shareholders' equity	103,762	111,999
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,592	11,332
Deferred gains or losses on hedges	(8)	(172)
Foreign currency translation adjustment	487	719
Remeasurements of defined benefit plans	162	186
Total accumulated other comprehensive income	9,234	12,066
Non-controlling interests	3,365	3,582
Total net assets	116,362	127,648
Total liabilities and net assets	247,770	262,915

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

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	253,146	265,555
Cost of sales	217,640	221,526
Gross profit	35,505	44,028
Selling, general and administrative expenses	30,943	32,709
Operating profit	4,562	11,319
Non-operating income		
Interest income	1	2
Dividend income	553	724
Share of profit of entities accounted for using equity method	582	1,796
Insurance claim income	743	135
Other	466	492
Total non-operating income	2,347	3,151
Non-operating expenses		
Interest expenses	160	151
Compensation for damage	82	9
Foreign exchange losses	55	110
Other	36	61
Total non-operating expenses	334	333
Ordinary profit	6,574	14,137
Extraordinary income		
Gain on sale of non-current assets	2	1
Gain on sale of investment securities	–	671
Gain on revision of retirement benefit plan	45	–
National subsidies	–	35
Total extraordinary income	48	708
Extraordinary losses		
Loss on abandonment of non-current assets	261	332
Loss on sale of non-current assets	2	0
Impairment losses	407	–
Harbors quay dredging cost	62	–
Other	12	62
Total extraordinary losses	747	395
Profit before income taxes	5,876	14,450
Income taxes - current	1,200	3,642
Income taxes - deferred	498	267
Total income taxes	1,698	3,909
Profit	4,177	10,540
Profit attributable to non-controlling interests	134	177
Profit attributable to owners of parent	4,043	10,362

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	4,177	10,540
Other comprehensive income		
Valuation difference on available-for-sale securities	1,166	2,682
Deferred gains or losses on hedges	(454)	(167)
Remeasurements of defined benefit plans, net of tax	95	24
Share of other comprehensive income of entities accounted for using equity method	224	363
Total other comprehensive income	1,032	2,903
Comprehensive income	5,210	13,444
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,044	13,194
Comprehensive income attributable to non-controlling interests	166	249