Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 5, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (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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Telephone: +81-3-3257-2036
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: None
Holding of 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, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	85,929	(4.3)	4,118	24.3	5,191	28.4	5,322	91.2
June 30, 2023	89,799	11.3	3,313	82.5	4,042	85.4	2,783	95.2

Note: Comprehensive income For the three months ended June 30, 2024: ¥6,735 million [43.1%]
For the three months ended June 30, 2023: ¥4,707 million [139.1%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	161.68	–
June 30, 2023	83.23	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	262,615	134,868	50.0
March 31, 2024	262,238	133,253	49.4

Reference: Equity
As of June 30, 2024: ¥131,236 million
As of March 31, 2024: ¥129,610 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, 2024	–	30.00	–	50.00	80.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		40.00	–	40.00	80.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	346,000	(0.1)	12,000	(8.7)	13,000	(21.5)	11,000	(11.0)	337.74

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (Showa Sangyo International Vietnam Co., Ltd.)

Note: For details, please see "2. Quarterly consolidated financial statements, (3) Notes on quarterly consolidated financial statements (Changes in the scope of consolidation or scope of application of the equity method)" on page 8 of the attached materials (in Japanese only).

(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: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please see "2. Quarterly consolidated financial statements, (3) Notes on quarterly consolidated financial statements (Notes on changes in accounting policies)" on page 9 of the attached materials (in Japanese only).

(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, 2024	32,995,420 shares
As of March 31, 2024	33,985,420 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2024	543,117 shares
As of March 31, 2024	542,511 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	32,920,356 shares
Three months ended June 30, 2023	33,445,940 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* 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. Overview of operating results and others, (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, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	8,140	7,119
Notes and accounts receivable - trade	61,498	60,687
Merchandise and finished goods	16,155	16,032
Work in process	2,635	3,277
Raw materials and supplies	29,926	30,589
Other	4,516	3,889
Allowance for doubtful accounts	(111)	(58)
Total current assets	122,760	121,536
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,366	31,766
Machinery, equipment and vehicles, net	28,424	27,860
Land	21,732	21,725
Other, net	3,958	4,833
Total property, plant and equipment	86,481	86,185
Intangible assets		
Goodwill	976	939
Customer-related intangible assets	1,737	1,673
Other	1,393	1,352
Total intangible assets	4,106	3,965
Investments and other assets		
Investment securities	44,042	46,328
Retirement benefit asset	1,260	1,285
Other	3,849	3,594
Allowance for doubtful accounts	(262)	(281)
Total investments and other assets	48,889	50,926
Total non-current assets	139,477	141,078
Total assets	262,238	262,615
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,330	29,015
Short-term borrowings	13,051	14,229
Commercial papers	14,000	14,000
Income taxes payable	3,223	1,726
Provision for bonuses	2,424	800
Other	24,269	21,407
Total current liabilities	83,299	81,179
Non-current liabilities		
Bonds payable	18,000	18,000
Long-term borrowings	8,300	8,300
Provision for retirement benefits for directors (and other officers)	24	15
Retirement benefit liability	9,279	9,223
Other	10,082	11,028
Total non-current liabilities	45,685	46,566
Total liabilities	128,985	127,746

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	14,293	14,293
Capital surplus	7,876	5,256
Retained earnings	92,934	96,239
Treasury shares	(1,173)	(1,611)
Total shareholders' equity	113,931	114,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,735	14,937
Deferred gains or losses on hedges	293	374
Foreign currency translation adjustment	697	801
Remeasurements of defined benefit plans	952	946
Total accumulated other comprehensive income	15,679	17,059
Non-controlling interests	3,642	3,632
Total net assets	133,253	134,868
Total liabilities and net assets	262,238	262,615

(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, 2023	Three months ended June 30, 2024
Net sales	89,799	85,929
Cost of sales	75,912	70,381
Gross profit	13,886	15,548
Selling, general and administrative expenses	10,573	11,429
Operating profit	3,313	4,118
Non-operating income		
Interest income	1	0
Dividend income	435	349
Foreign exchange gains	41	137
Share of profit of entities accounted for using equity method	100	507
Other	216	160
Total non-operating income	794	1,156
Non-operating expenses		
Interest expenses	51	62
Compensation for damage	4	2
Other	9	18
Total non-operating expenses	65	83
Ordinary profit	4,042	5,191
Extraordinary income		
Gain on sale of non-current assets	0	2,621
Gain on sale of investment securities	0	–
National subsidies	35	–
Total extraordinary income	36	2,621
Extraordinary losses		
Loss on abandonment of non-current assets	87	92
Loss on sale of non-current assets	0	0
Other	–	1
Total extraordinary losses	87	95
Profit before income taxes	3,992	7,717
Income taxes - current	762	1,643
Income taxes - deferred	401	719
Total income taxes	1,164	2,363
Profit	2,828	5,354
Profit attributable to non-controlling interests	44	32
Profit attributable to owners of parent	2,783	5,322

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	2,828	5,354
Other comprehensive income		
Valuation difference on available-for-sale securities	1,509	1,162
Deferred gains or losses on hedges	237	80
Remeasurements of defined benefit plans, net of tax	8	(6)
Share of other comprehensive income of entities accounted for using equity method	124	144
Total other comprehensive income	1,879	1,380
Comprehensive income	4,707	6,735
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,644	6,702
Comprehensive income attributable to non-controlling interests	63	33