

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2022 (Based on Japanese GAAP)

December 27, 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: January 13, 2023
 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 nine months ended November 30, 2022 (from March 1, 2022 to November 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	%
Nine months ended November 30, 2022	41,937	–	1,028	–	1,163	–	985	–
Nine months ended November 30, 2021	27,449	2.1	(1,186)	–	(978)	–	(1,020)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2022	81.11		77.98	
Nine months ended November 30, 2021	(84.20)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2022	54,798	36,028	65.5
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	–	0.00	–	–	–
Year ending February 28, 2023 (Forecast)	–	–	–	54.00	54.00

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
Full year	57,500	–	1,900	–	2,000	–	1,550	–	128.49

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 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 November 30, 2022	499,278 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)

Nine months ended November 30, 2022	12,144,692 shares	Nine months ended November 30, 2021	12,124,292 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	18,767	17,148
Notes and accounts receivable - trade	2,659	5,238
Merchandise and finished goods	7,819	9,093
Other	1,384	2,047
Allowance for doubtful accounts	(6)	(11)
Total current assets	30,626	33,516
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,443	3,488
Land	4,136	4,136
Other, net	1,081	1,079
Total property, plant and equipment	8,662	8,705
Intangible assets		
Trademark right	3,323	3,033
Other	626	653
Total intangible assets	3,949	3,686
Investments and other assets		
Investment securities	4,802	6,415
Leasehold and guarantee deposits	1,284	1,188
Retirement benefit asset	2,284	16
Other	28	1,276
Allowance for doubtful accounts	(8)	(6)
Total investments and other assets	8,390	8,890
Total non-current assets	21,003	21,282
Total assets	51,629	54,798

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,176	5,719
Current portion of convertible bond-type bonds with share acquisition rights	—	553
Short-term borrowings	3,000	3,000
Current portion of long-term borrowings	2,800	—
Accrued expenses	1,615	2,337
Accrued consumption taxes	462	153
Income taxes payable	138	143
Provision for bonuses	212	187
Provision for sales returns	10	—
Other	1,827	547
Total current liabilities	14,242	12,641
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	553	—
Long-term borrowings	1,000	3,800
Long-term accounts payable - other	74	66
Deferred tax liabilities	899	1,407
Deferred tax liabilities for land revaluation	540	540
Retirement benefit liability	164	196
Other	233	116
Total non-current liabilities	3,465	6,127
Total liabilities	17,708	18,769
Net assets		
Shareholders' equity		
Share capital	15,002	15,002
Capital surplus	9,658	9,631
Retained earnings	6,769	7,760
Treasury shares	(994)	(989)
Total shareholders' equity	30,435	31,404
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,031	3,164
Deferred gains or losses on hedges	3	—
Revaluation reserve for land	1,199	1,199
Foreign currency translation adjustment	93	116
Total accumulated other comprehensive income	3,328	4,481
Non-controlling interests	156	142
Total net assets	33,920	36,028
Total liabilities and net assets	51,629	54,798

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Net sales	27,449	41,937
Cost of sales	13,834	15,779
Gross profit	13,615	26,157
Selling, general and administrative expenses	14,801	25,129
Operating profit (loss)	(1,186)	1,028
Non-operating income		
Interest income	0	0
Dividend income	76	90
Foreign exchange gains	43	66
Subsidy income	188	46
Other	32	26
Total non-operating income	341	229
Non-operating expenses		
Interest expenses	61	72
Share of loss of entities accounted for using equity method	71	20
Other	0	0
Total non-operating expenses	133	93
Ordinary profit (loss)	(978)	1,163
Extraordinary income		
Gain on sale of golf membership	6	—
Subsidy income	249	67
Total extraordinary income	256	67
Extraordinary losses		
Loss on sale of non-current assets	—	0
Loss on retirement of non-current assets	4	33
Impairment losses	49	28
Loss on sale of golf club membership	5	—
Loss on liquidation of subsidiaries and associates	—	117
Extraordinary loss due to closing and other	209	—
Total extraordinary losses	270	179
Profit (loss) before income taxes	(992)	1,051
Income taxes - current	28	69
Income taxes - deferred	(0)	9
Total income taxes	28	79
Profit (loss)	(1,020)	972
Loss attributable to non-controlling interests	—	(13)
Profit (loss) attributable to owners of parent	(1,020)	985

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Profit (loss)	(1,020)	972
Other comprehensive income		
Valuation difference on available-for-sale securities	291	1,133
Deferred gains or losses on hedges	0	(3)
Foreign currency translation adjustment	(40)	23
Remeasurements of defined benefit plans, net of tax	(73)	—
Total other comprehensive income	177	1,152
Comprehensive income	(843)	2,124
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(843)	2,137
Comprehensive income attributable to non-controlling interests	—	(13)