

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2023 (Based on Japanese GAAP)

October 6, 2023

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: October 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for the press)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2023 (from March 1, 2023 to August 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	%
Six months ended August 31, 2023	28,155	10.6	718	–	787	–	744	–
Six months ended August 31, 2022	25,464	–	(317)	–	(141)	–	(246)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2023	63.84	–
Six months ended August 31, 2022	(20.28)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2023	54,530	38,129	69.9
As of February 28, 2023	54,413	36,435	66.9

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, 2023	–	0.00	–	55.00	55.00
Year ending February 29, 2024	–	0.00	–	–	–
Year ending February 29, 2024 (Forecast)	–	–	–	88.00	88.00

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 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	61,500	5.5	3,100	38.6	3,200	31.3	2,800	29.9	240.00

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 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 August 31, 2023	12,622,934 shares	As of February 28, 2023	12,622,934 shares
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Number of treasury shares at the end of the period

As of August 31, 2023	952,044 shares	As of February 28, 2023	965,730 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2023	11,662,981 shares	Six months ended August 31, 2022	12,144,089 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	20,896	19,897
Accounts receivable - trade	3,360	2,622
Merchandise and finished goods	8,024	7,970
Other	2,449	2,502
Allowance for doubtful accounts	(5)	(4)
Total current assets	34,725	32,989
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,383	3,381
Land	4,136	4,136
Other, net	1,039	1,026
Total property, plant and equipment	8,559	8,544
Intangible assets		
Trademark right	2,512	2,354
Other	714	901
Total intangible assets	3,226	3,256
Investments and other assets		
Investment securities	5,748	8,010
Leasehold and guarantee deposits	1,081	1,058
Retirement benefit asset	3	1
Other	1,074	676
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	7,902	9,740
Total non-current assets	19,687	21,541
Total assets	54,413	54,530

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,265	4,357
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	—	800
Accrued expenses	2,110	1,853
Accrued consumption taxes	359	122
Income taxes payable	354	165
Provision for bonuses	510	519
Provision for bonuses for directors (and other officers)	20	21
Other	565	474
Total current liabilities	12,738	11,313
Non-current liabilities		
Long-term borrowings	3,800	3,000
Long-term accounts payable - other	61	59
Deferred tax liabilities	506	1,147
Deferred tax liabilities for land revaluation	540	540
Retirement benefit liability	201	225
Other	129	114
Total non-current liabilities	5,239	5,087
Total liabilities	17,978	16,400
Net assets		
Shareholders' equity		
Share capital	15,002	15,002
Capital surplus	9,631	9,631
Retained earnings	8,930	9,034
Treasury shares	(1,608)	(1,585)
Total shareholders' equity	31,955	32,081
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,132	4,694
Deferred gains or losses on hedges	13	18
Revaluation reserve for land	1,199	1,199
Foreign currency translation adjustment	119	120
Total accumulated other comprehensive income	4,465	6,033
Non-controlling interests	13	14
Total net assets	36,435	38,129
Total liabilities and net assets	54,413	54,530

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Net sales	25,464	28,155
Cost of sales	9,831	10,687
Gross profit	15,632	17,468
Selling, general and administrative expenses	15,950	16,750
Operating profit (loss)	(317)	718
Non-operating income		
Interest income	0	0
Dividend income	90	105
Share of profit of entities accounted for using equity method	—	11
Foreign exchange gains	99	—
Subsidy income	44	—
Other	11	12
Total non-operating income	246	128
Non-operating expenses		
Interest expenses	48	51
Share of loss of entities accounted for using equity method	20	—
Other	0	7
Total non-operating expenses	69	59
Ordinary profit (loss)	(141)	787
Extraordinary income		
Subsidy income	67	—
Total extraordinary income	67	—
Extraordinary losses		
Loss on retirement of non-current assets	33	—
Impairment losses	8	44
Loss on liquidation of subsidiaries and associates	117	—
Total extraordinary losses	159	44
Profit (loss) before income taxes	(234)	743
Income taxes - current	20	47
Income taxes - deferred	(0)	(49)
Total income taxes	20	(2)
Profit (loss)	(255)	745
Profit (loss) attributable to non-controlling interests	(8)	1
Profit (loss) attributable to owners of parent	(246)	744

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit (loss)	(255)	745
Other comprehensive income		
Valuation difference on available-for-sale securities	423	1,561
Deferred gains or losses on hedges	25	5
Foreign currency translation adjustment	23	0
Total other comprehensive income	472	1,567
Comprehensive income	217	2,312
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	226	2,311
Comprehensive income attributable to non-controlling interests	(8)	1