Translation

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

October 30, 2023

Company name: SUN-WA TECHNOS CORPORATION

Stock exchange listing: Tokyo

Stock code: 8137 URL https://www.sunwa.co.jp/

Representative: President and Representative Director Akihiro matsuo

Executive Officer and General Manager

Inquiries: Takamichi Matoba TEL 03-5202-4011

Administration Headquarters

Scheduled date to file Quarterly Securities Report: November 10, 2023
Scheduled date to commence dividend payments: December 1, 2023

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for analysts)

(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 pr | ofit | 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 | 88,867 | 5.3 | 3,442 | 4.3 | 3,700 | 3.5 | 3,075 | 21.7 |
| Six months ended September 30, 2022 | 84,356 | 18.8 | 3,299 | 56.5 | 3,575 | 62.9 | 2,528 | 63.0 |

| | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2023 | 201.75 | = |
| Six months ended September 30, 2022 | 163.50 | - |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2023 | 105,671 | 46,188 | 43.7 |
| As of March 31, 2023 | 106,581 | 44,484 | 41.7 |

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 March 31, 2023 | _ | 20.00 | _ | 70.00 | 90.00 | | |
| Year ending March 31, 2024 | _ | 45.00 | | | | | |
| Year ending March 31, 2024 (Forecast) | | | | 45.00 | 90.00 | | |

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 pr | ofit | Ordinary pro | ofit | Profit attributa owners of pa | | Earnings per sha | re |
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Ye | n |
| Full year | 166,500 | (8.0) | 5,510 | (27.8) | 5,860 | (23.6) | 4,570 | (16.8) | 299.7 | 74 |

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: Yes

(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:

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

| Total number of issued shares at the end of the period (increding fleasary shares) | | | | | | | |
|---|-------------------|-------------------------------------|-------------------|--|--|--|--|
| As of September 30, 2023 | 16,044,000 shares | As of March 31, 2023 | 16,044,000 shares | | | | |
| Number of treasury shares at the end of the period | | | | | | | |
| As of September 30, 2023 | 932,391 shares | As of March 31, 2023 | 562,331 shares | | | | |
| Average number of shares during the period (cumulative from the beginning of the fiscal year) | | | | | | | |
| Six months ended September 30, 2023 | 15,246,437 shares | Six months ended September 30, 2022 | 15,462,672 shares | | | | |

Quarterly consolidated financial statements Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Assets | - , | 1, |
| Current assets | | |
| Cash and deposits | 14,145 | 15,040 |
| Notes and accounts receivable - trade, and contract assets | 48,455 | 46,290 |
| Electronically recorded monetary claims - operating | 10,467 | 10,784 |
| Merchandise | 17,488 | 19,188 |
| Work in process | 3 | 20 |
| Other | 3,871 | 3,076 |
| Allowance for doubtful accounts | (167) | (163) |
| Total current assets | 94,263 | 94,239 |
| Non-current assets | | |
| Property, plant and equipment | 2,272 | 2,170 |
| Intangible assets | 221 | 196 |
| Investments and other assets | 9,824 | 9,066 |
| Total non-current assets | 12,318 | 11,432 |
| Total assets | 106,581 | 105,671 |
| Liabilities | · | ,,,,,, |
| Current liabilities | | |
| Notes and accounts payable - trade | 25,988 | 22,755 |
| Electronically recorded obligations - operating | 19,347 | 18,108 |
| Short-term borrowings | 9,557 | 9,368 |
| Income taxes payable | 1,378 | 1,174 |
| Provisions | = | 29 |
| Other | 3,598 | 3,043 |
| Total current liabilities | 59,870 | 54,481 |
| Non-current liabilities | · | · |
| Long-term borrowings | _ | 3,000 |
| Long-term accounts payable - other | 52 | 51 |
| Provision for retirement benefits for directors (and other | | |
| officers) | 124 | 131 |
| Retirement benefit liability | 775 | 781 |
| Other | 1,274 | 1,037 |
| Total non-current liabilities | 2,227 | 5,001 |
| Total liabilities | 62,097 | 59,483 |
| Net assets | | · |
| Shareholders' equity | | |
| Share capital | 3,727 | 3,727 |
| Capital surplus | 3,544 | 3,587 |
| Retained earnings | 31,742 | 33,735 |
| Treasury shares | (812) | (1,679) |
| Total shareholders' equity | 38,202 | 39,369 |
| Accumulated other comprehensive income | | · |
| Valuation difference on available-for-sale securities | 4,319 | 3,874 |
| Foreign currency translation adjustment | 1,962 | 2,944 |
| Total accumulated other comprehensive income | 6,282 | 6,819 |
| Total net assets | 44,484 | 46,188 |
| Total liabilities and net assets | 106,581 | 105,671 |
| Total manifeles and not assets | 100,381 | 103,071 |

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

Consolidated statements of income (cumulative)

| | | (Millions of yen) |
|---|--------------------|--------------------|
| | Six months ended | Six months ended |
| | September 30, 2022 | September 30, 2023 |
| Net sales | 84,356 | 88,867 |
| Cost of sales | 73,623 | 77,688 |
| Gross profit | 10,733 | 11,179 |
| Selling, general and administrative expenses | 7,433 | 7,736 |
| Operating profit | 3,299 | 3,442 |
| Non-operating income | | |
| Interest income | 7 | 4 |
| Dividend income | 81 | 89 |
| Purchase discounts | 18 | 19 |
| Rental income from buildings | 69 | 74 |
| Foreign exchange gains | 84 | 106 |
| Other | 95 | 89 |
| Total non-operating income | 357 | 385 |
| Non-operating expenses | | |
| Interest expenses | 47 | 94 |
| Loss on sale of trade receivables | 23 | 15 |
| Other | 10 | 17 |
| Total non-operating expenses | 81 | 127 |
| Ordinary profit | 3,575 | 3,700 |
| Extraordinary income | | |
| Gain on sale of non-current assets | _ | 8 |
| Gain on sale of investment securities | 12 | 557 |
| Gain on sale of shares of subsidiaries and associates | 21 | = |
| Total extraordinary income | 34 | 566 |
| Profit before income taxes | 3,610 | 4,266 |
| Income taxes | 1,081 | 1,190 |
| Profit | 2,528 | 3,075 |
| Profit attributable to owners of parent | 2,528 | 3,075 |
| _ | | |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | (Willions of yell) |
|--------------------|---|
| Six months ended | Six months ended |
| September 30, 2022 | September 30, 2023 |
| 2,528 | 3,075 |
| | |
| (474) | (444) |
| 1,662 | 981 |
| 1,187 | 536 |
| 3,715 | 3,612 |
| | |
| 3,715 | 3,612 |
| | |
| _ | - |
| | September 30, 2022 2,528 (474) 1,662 1,187 3,715 |

Consolidated statements of cash flows

(Millions of yen)

| Cash flows from operating activities September 30, 2022 September 30, 2023 Profit before income taxes 3,610 4 Depreciation 182 1 Increase (decrease) in allowance for doubtful accounts (0) 1 Interest and dividend income (89) 1 Interest expenses 47 4 Foreign exchange losses (gains) 106 1 Loss (gain) on sale of investment securities (12) 1 Decrease (increase) in trade receivables (647) 2 Decrease (increase) in inventories (3,515) (0 Increase (decrease) in trade payables (995) (5 Other, net 1,732 1 Subtotal 419 1 Interest paid (54) 1 Increase (decrease) in vertice (897) (1 Cash flows from investing activities (897) (1 Purchase of provided by (used in) operating activities (897) (1 Cash flows from sale of property, plant and equipment - - - | | Six months ended | Six months ended |
|--|---|---------------------------------------|------------------|
| Cash flows from operating activities | | | |
| Profit before income taxes 3,610 4 | Cash flows from operating activities | 1, | 1, |
| Depreciation 182 | | 3,610 | 4,266 |
| Increase (decrease) in allowance for doubtful accounts (0) Interest and dividend income (89) Interest expenses 47 Foreign exchange losses (gains) 106 Loss (gain) on sale of investment securities (12) Decrease (increase) in trade receivables (647) 2 Decrease (increase) in inventories (3,515) (1) Increase (decrease) in trade payables (995) (5 Other, net 1,732 Subtotal 419 Interest and dividends received 89 Interest paid (54) Income taxes paid (1,351) (1) Net cash provided by (used in) operating activities (897) Cash flows from investing activities (52) Purchase of property, plant and equipment - Purchase of investment securities (228) Proceeds from sale of property, plant and equipment - Purchase of investment securities (228) Proceeds from sale of investment securities (234) Cash flows from financing activities (234) Cash | | · · · · · · · · · · · · · · · · · · · | 173 |
| Interest and dividend income | • | (0) | 0 |
| Foreign exchange losses (gains) 106 | | (89) | (94) |
| Loss (gain) on sale of investment securities | Interest expenses | 47 | 94 |
| Decrease (increase) in trade receivables | Foreign exchange losses (gains) | 106 | 33 |
| Decrease (increase) in inventories | Loss (gain) on sale of investment securities | (12) | (557) |
| Increase (decrease) in trade payables | Decrease (increase) in trade receivables | (647) | 2,880 |
| Other, net 1,732 Subtotal 419 Interest and dividends received 89 Interest paid (54) Income taxes paid (1,351) (1 Net cash provided by (used in) operating activities (897) Cash flows from investing activities Purchase of property, plant and equipment (52) Proceeds from sale of property, plant and equipment (228) Proceeds from sale of investment securities (228) Proceeds from sale of investment securities (228) Proceeds from sale of investment securities (234) Cash flows from financing activities Net cash provided by (used in) investing activities Cash flows from financing activities Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings (2,400) Repayments of long-term borrowings (2,400) Repayments of lease liabilities (59) Purchase of treasury shares (0) (1) Dividends paid (308) (1) Net cash provided by (used in) financing activities (2,137) Effect of exchange rate change on cash and cash equivalents | Decrease (increase) in inventories | (3,515) | (1,154) |
| Subtotal 419 Interest and dividends received 89 Interest paid (54) Income taxes paid (1,351) (1 Net cash provided by (used in) operating activities (897) Cash flows from investing activities Purchase of property, plant and equipment (52) Proceeds from sale of property, plant and equipment (228) Proceeds from sale of investment securities (228) Proceeds from sale of investment securities (15) Other, net 30 Net cash provided by (used in) investing activities (234) Cash flows from financing activities Net increase (decrease) in short-term borrowings 4,906 Proceeds from long-term borrowings (2,400) Repayments of loag-term borrowings (2,400) Repayments of lease liabilities (59) Purchase of treasury shares (0) (1) Dividends paid (308) (1) Net cash provided by (used in) financing activities (2,137) Effect of exchange rate change on cash and cash equivalents | Increase (decrease) in trade payables | (995) | (5,442) |
| Interest and dividends received Interest paid Income taxes paid (54) Income taxes paid (1,351) (1 Net cash provided by (used in) operating activities Purchase of property, plant and equipment Purchase of property, plant and equipment Purchase of investment securities Purchase of investment securities (228) Proceeds from sale of investment securities Other, net Other, net Other, net Net cash provided by (used in) investing activities Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities Other, net Other, n | Other, net | 1,732 | 367 |
| Interest paid (54) Income taxes paid (1,351) (1 Net cash provided by (used in) operating activities (897) Cash flows from investing activities Purchase of property, plant and equipment (52) Proceeds from sale of property, plant and equipment (228) Proceeds from sale of investment securities (228) Proceeds from sale of investment securities (228) Proceeds from sale of investment securities (234) Cash flows from financing activities Net cash provided by (used in) investing activities Net increase (decrease) in short-term borrowings Net increase (decrease) in short-term borrowings Repayments of long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities (59) Purchase of treasury shares (0) (10 Dividends paid (308) (10 Net cash provided by (used in) financing activities (2,137) Effect of exchange rate change on cash and cash equivalents | Subtotal | 419 | 568 |
| Income taxes paid (1,351) (1 Net cash provided by (used in) operating activities (897) Cash flows from investing activities Purchase of property, plant and equipment (52) Proceeds from sale of property, plant and equipment (228) Proceeds from sale of investment securities (228) Proceeds from sale of investment securities (30) Other, net (30) Net cash provided by (used in) investing activities (234) Cash flows from financing activities Net increase (decrease) in short-term borrowings (2,400) Repayments of long-term borrowings (2,400) Repayments of lease liabilities (59) Purchase of treasury shares (0) (1) Dividends paid (308) (1) Net cash provided by (used in) financing activities (308) Effect of exchange rate change on cash and cash equivalents (949) | Interest and dividends received | 89 | 73 |
| Net cash provided by (used in) operating activities Purchase of property, plant and equipment Purchase of investment securities Purchase of investment securities Proceeds from sale of investment securities Proceeds from functing activities Ret ash provided by (used in) investing activities Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities Purchase of treasury shares Proceeds from long-term borrowings Purchase of treasury shares Proceeds from long-term borrowings Proceeds from long-te | Interest paid | (54) | (96) |
| Cash flows from investing activities Purchase of property, plant and equipment Purchase of investment securities Purchase of investment securities Proceeds from sale of investment securities Proceeds from financing activities Put increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities Purchase of treasury shares Proceeds from long-term borrowings Purchase of treasury shares Put land sale liabilities Put land sale liabilities Purchase of treasury shares Put land sale liabilities Purchase of treasury shares Put land sale liabilities Put land s | Income taxes paid | (1,351) | (1,413) |
| Purchase of property, plant and equipment Proceeds from sale of property, plant and equipment Purchase of investment securities Proceeds from sale of investment securities Other, net Net cash provided by (used in) investing activities Cash flows from financing activities Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities (59) Purchase of treasury shares (0) Dividends paid Net cash provided by (used in) financing activities Effect of exchange rate change on cash and cash equivalents | Net cash provided by (used in) operating activities | (897) | (868) |
| Proceeds from sale of property, plant and equipment Purchase of investment securities Proceeds from sale of investment securities Proceeds from sale of investment securities Proceeds from sale of investment securities Other, net 30 Net cash provided by (used in) investing activities Cash flows from financing activities Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities Purchase of treasury shares Obvidends paid Net cash provided by (used in) financing activities Effect of exchange rate change on cash and cash equivalents | Cash flows from investing activities | | |
| Purchase of investment securities Proceeds from sale of investment securities Other, net Other, net Net cash provided by (used in) investing activities Cash flows from financing activities Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities Other, net Substitute of the control of | Purchase of property, plant and equipment | (52) | (64) |
| Proceeds from sale of investment securities Other, net Other, net 30 Net cash provided by (used in) investing activities (234) Cash flows from financing activities Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities (2,400) Repayments of treasury shares (0) Dividends paid Net cash provided by (used in) financing activities Effect of exchange rate change on cash and cash equivalents | Proceeds from sale of property, plant and equipment | _ | 150 |
| Other, net 30 Net cash provided by (used in) investing activities (234) Cash flows from financing activities Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings (2,400) Repayments of lease liabilities (59) Purchase of treasury shares (0) Dividends paid Net cash provided by (used in) financing activities Effect of exchange rate change on cash and cash equivalents | Purchase of investment securities | (228) | (8) |
| Net cash provided by (used in) investing activities Cash flows from financing activities Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities Purchase of treasury shares Oividends paid Net cash provided by (used in) financing activities Effect of exchange rate change on cash and cash equivalents (234) (4906 (2,400) (59) (0) (10) (11) (234) (234) | Proceeds from sale of investment securities | 15 | 707 |
| Cash flows from financing activities Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities (59) Purchase of treasury shares (0) Dividends paid Net cash provided by (used in) financing activities Effect of exchange rate change on cash and cash equivalents 949 | Other, net | 30 | (35) |
| Net increase (decrease) in short-term borrowings Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities Purchase of treasury shares Oividends paid Net cash provided by (used in) financing activities Effect of exchange rate change on cash and cash equivalents 4,906 (2,400) (59) (0) (1) (308) (1) (308) | Net cash provided by (used in) investing activities | (234) | 749 |
| Proceeds from long-term borrowings Repayments of long-term borrowings Repayments of lease liabilities (59) Purchase of treasury shares (0) Dividends paid Net cash provided by (used in) financing activities Effect of exchange rate change on cash and cash equivalents 949 | Cash flows from financing activities | | |
| Repayments of long-term borrowings (2,400) Repayments of lease liabilities (59) Purchase of treasury shares (0) (1 Dividends paid (308) (1 Net cash provided by (used in) financing activities 2,137 Effect of exchange rate change on cash and cash equivalents 949 | Net increase (decrease) in short-term borrowings | 4,906 | (325) |
| Repayments of lease liabilities (59) Purchase of treasury shares (0) (1) Dividends paid (308) (1) Net cash provided by (used in) financing activities 2,137 Effect of exchange rate change on cash and cash equivalents 949 | Proceeds from long-term borrowings | _ | 3,000 |
| Purchase of treasury shares (0) (1) Dividends paid (308) (1) Net cash provided by (used in) financing activities 2,137 Effect of exchange rate change on cash and cash equivalents 949 | Repayments of long-term borrowings | (2,400) | _ |
| Dividends paid (308) Net cash provided by (used in) financing activities 2,137 Effect of exchange rate change on cash and cash equivalents 949 | Repayments of lease liabilities | (59) | (63) |
| Net cash provided by (used in) financing activities 2,137 Effect of exchange rate change on cash and cash equivalents 949 | Purchase of treasury shares | (0) | (1,000) |
| Effect of exchange rate change on cash and cash equivalents 949 | Dividends paid | (308) | (1,083) |
| | Net cash provided by (used in) financing activities | 2,137 | 527 |
| Nat increase (decrease) in each and each equivalents | Effect of exchange rate change on cash and cash equivalents | 949 | 486 |
| Net increase (decrease) in cash and cash equivalents | Net increase (decrease) in cash and cash equivalents | 1,955 | 894 |
| Cash and cash equivalents at beginning of period 13,565 | Cash and cash equivalents at beginning of period | 13,565 | 13,661 |
| Cash and cash equivalents at end of period 15,521 14 | Cash and cash equivalents at end of period | 15,521 | 14,556 |