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May 13, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 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 of annual general meeting of shareholders: June 25, 2024
 Scheduled date to commence dividend payments: June 26, 2024
 Scheduled date to file annual securities report: June 25, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(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	%
Fiscal year ended								
March 31, 2024	346,358	3.4	13,146	214.2	16,558	153.8	12,358	58.9
March 31, 2023	335,053	16.5	4,184	(24.8)	6,525	(0.8)	7,776	94.1

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥19,112 million [104.6%]
 For the fiscal year ended March 31, 2023: ¥9,339 million [89.6%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	369.44	–	10.2	6.5	3.8
March 31, 2023	232.59	–	7.1	2.7	1.2

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2024: ¥2,159 million
 For the fiscal year ended March 31, 2023: ¥681 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	262,238	133,253	49.4	3,875.58
March 31, 2023	247,770	116,362	45.6	3,378.49

Reference: Equity
 As of March 31, 2024: ¥129,610 million
 As of March 31, 2023: ¥112,997 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	23,751	(12,401)	(9,435)	8,136
March 31, 2023	(2,930)	(6,155)	6,136	6,221

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	30.00	–	35.00	65.00	2,174	27.9	2.0
Fiscal year ended March 31, 2024	–	30.00	–	50.00	80.00	2,677	21.7	2.2
Fiscal year ending March 31, 2025 (Forecast)	–	40.00	–	40.00	80.00		24.3	

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
Fiscal year ending March 31, 2025	346,000	(0.1)	12,000	(8.7)	13,000	(21.5)	11,000	(11.0)	328.92

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2024	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 March 31, 2024	542,511 shares
As of March 31, 2023	539,290 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	33,451,733 shares
Fiscal year ended March 31, 2023	33,435,305 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	223,135	2.2	7,523	702.1	9,904	146.2	7,559	12.9
March 31, 2023	218,339	22.6	938	(61.7)	4,022	20.3	6,693	193.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	225.90	—
March 31, 2023	200.18	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	191,891	94,952	49.5	2,837.04
March 31, 2023	189,196	84,886	44.9	2,537.64

Reference: Equity

As of March 31, 2024: ¥94,952 million
As of March 31, 2023: ¥84,886 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

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, (4) Future outlook” on page 4 of the attached materials (in Japanese only).

Consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	6,225	8,140
Notes receivable - trade	2,368	2,838
Accounts receivable - trade	52,936	58,659
Merchandise and finished goods	16,668	16,155
Work in process	3,378	2,635
Raw materials and supplies	38,700	29,926
Other	3,331	4,516
Allowance for doubtful accounts	(125)	(111)
Total current assets	123,484	122,760
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,297	32,366
Machinery, equipment and vehicles, net	24,632	28,424
Land	21,771	21,732
Leased assets, net	855	424
Construction in progress	2,170	2,032
Other, net	1,282	1,501
Total property, plant and equipment	83,010	86,481
Intangible assets		
Goodwill	1,120	976
Customer-related intangible assets	1,994	1,737
Other	1,364	1,393
Total intangible assets	4,479	4,106
Investments and other assets		
Investment securities	33,158	44,042
Long-term loans receivable	263	233
Bad debts	77	84
Retirement benefit asset	270	1,260
Other	3,132	3,532
Allowance for doubtful accounts	(106)	(262)
Total investments and other assets	36,795	48,889
Total non-current assets	124,286	139,477
Total assets	247,770	262,238

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,427	26,330
Short-term borrowings	16,477	13,051
Commercial papers	24,000	14,000
Lease liabilities	716	210
Accounts payable - other	11,262	12,576
Income taxes payable	2,129	3,223
Provision for bonuses	1,894	2,424
Notes payable - facilities	271	186
Electronically recorded obligations - facilities	1,594	4,559
Other	3,709	6,736
Total current liabilities	94,484	83,299
Non-current liabilities		
Bonds payable	18,000	18,000
Long-term borrowings	1,853	8,300
Lease liabilities	346	436
Deferred tax liabilities	3,303	5,539
Provision for retirement benefits for directors (and other officers)	31	24
Retirement benefit liability	9,194	9,279
Asset retirement obligations	461	362
Other	3,730	3,743
Total non-current liabilities	36,922	45,685
Total liabilities	131,407	128,985
Net assets		
Shareholders' equity		
Share capital	14,293	14,293
Capital surplus	7,866	7,876
Retained earnings	82,751	92,934
Treasury shares	(1,148)	(1,173)
Total shareholders' equity	103,762	113,931
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,592	13,735
Deferred gains or losses on hedges	(8)	293
Foreign currency translation adjustment	487	697
Remeasurements of defined benefit plans	162	952
Total accumulated other comprehensive income	9,234	15,679
Non-controlling interests	3,365	3,642
Total net assets	116,362	133,253
Total liabilities and net assets	247,770	262,238

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	335,053	346,358
Cost of sales	289,511	289,478
Gross profit	45,542	56,879
Selling, general and administrative expenses	41,357	43,733
Operating profit	4,184	13,146
Non-operating income		
Interest income	2	4
Dividend income	575	735
Share of profit of entities accounted for using equity method	681	2,159
Foreign exchange gains	91	177
Rental income from real estate (company house and others)	126	133
Insurance claim income	768	151
Other	498	507
Total non-operating income	2,743	3,869
Non-operating expenses		
Interest expenses	214	207
Compensation for damage	120	31
Commission expenses	36	49
Provision of allowance for doubtful accounts	–	149
Other	31	19
Total non-operating expenses	403	457
Ordinary profit	6,525	16,558
Extraordinary income		
Gain on sale of non-current assets	5,247	148
Gain on sale of investment securities	–	671
Gain on revision of retirement benefit plan	45	–
National subsidies	54	40
Total extraordinary income	5,347	860
Extraordinary losses		
Loss on abandonment of non-current assets	397	487
Loss on sale of non-current assets	2	0
Loss on tax purpose reduction entry of non-current assets	54	5
Impairment losses	407	–
Harbors quay dredging cost	62	–
Loss on valuation of investments in capital	–	181
Other	39	87
Total extraordinary losses	964	762
Profit before income taxes	10,908	16,657
Income taxes - current	2,947	4,477
Income taxes - deferred	78	(399)
Total income taxes	3,026	4,078
Profit	7,882	12,578
Profit attributable to non-controlling interests	105	220
Profit attributable to owners of parent	7,776	12,358

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	7,882	12,578
Other comprehensive income		
Valuation difference on available-for-sale securities	1,313	4,904
Deferred gains or losses on hedges	(226)	302
Remeasurements of defined benefit plans, net of tax	242	790
Share of other comprehensive income of entities accounted for using equity method	128	536
Total other comprehensive income	1,456	6,533
Comprehensive income	9,339	19,112
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,172	18,803
Comprehensive income attributable to non-controlling interests	167	308

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,293	7,768	76,980	(1,184)	97,858
Changes during period					
Dividends of surplus			(2,006)		(2,006)
Profit attributable to owners of parent			7,776		7,776
Purchase of treasury shares				(4)	(4)
Restricted share-based remuneration		6		40	47
Purchase of shares of consolidated subsidiaries		90			90
Net changes in items other than shareholders' equity					—
Total changes during period	—	97	5,770	36	5,904
Balance at end of period	14,293	7,866	82,751	(1,148)	103,762

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,336	217	364	(80)	7,839	3,392	109,089
Changes during period							
Dividends of surplus					—		(2,006)
Profit attributable to owners of parent					—		7,776
Purchase of treasury shares					—		(4)
Restricted share-based remuneration					—		47
Purchase of shares of consolidated subsidiaries					—		90
Net changes in items other than shareholders' equity	1,255	(225)	123	242	1,395	(26)	1,368
Total changes during period	1,255	(225)	123	242	1,395	(26)	7,272
Balance at end of period	8,592	(8)	487	162	9,234	3,365	116,362

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,293	7,866	82,751	(1,148)	103,762
Changes during period					
Dividends of surplus			(2,174)		(2,174)
Profit attributable to owners of parent			12,358		12,358
Purchase of treasury shares				(67)	(67)
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Restricted share-based remuneration		10		42	52
Net changes in items other than shareholders' equity					-
Total changes during period	-	10	10,183	(25)	10,168
Balance at end of period	14,293	7,876	92,934	(1,173)	113,931

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,592	(8)	487	162	9,234	3,365	116,362
Changes during period							
Dividends of surplus					-		(2,174)
Profit attributable to owners of parent					-		12,358
Purchase of treasury shares					-		(67)
Change in treasury shares arising from change in equity in entities accounted for using equity method					-		(0)
Restricted share-based remuneration					-		52
Net changes in items other than shareholders' equity	5,142	301	209	790	6,444	276	6,721
Total changes during period	5,142	301	209	790	6,444	276	16,890
Balance at end of period	13,735	293	697	952	15,679	3,642	133,253

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	10,908	16,657
Depreciation	9,906	10,214
Impairment losses	407	–
Increase (decrease) in retirement benefit liability	(56)	85
Decrease (increase) in retirement benefit asset	(111)	(990)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(1)	(7)
Increase (decrease) in allowance for doubtful accounts	54	143
Interest and dividend income	(577)	(739)
Interest expenses	214	207
Share of loss (profit) of entities accounted for using equity method	(681)	(2,159)
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	(4,847)	339
Loss (gain) on sale and valuation of investment securities	–	(669)
Insurance claim income	(768)	(151)
Decrease (increase) in trade receivables	(5,805)	(6,200)
Decrease (increase) in inventories	(12,013)	10,047
Increase (decrease) in trade payables	(1,109)	(6,096)
Increase (decrease) in accrued consumption taxes	347	1,886
Other, net	912	3,814
Subtotal	(3,219)	26,380
Interest and dividends received	854	972
Interest paid	(217)	(211)
Proceeds from insurance income	768	131
Income taxes paid	(1,637)	(3,527)
Income taxes refund	520	6
Net cash provided by (used in) operating activities	(2,930)	23,751

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(2)	(2)
Proceeds from withdrawal of time deposits	2	2
Purchase of investment securities	(1,260)	(53)
Proceeds from sale and redemption of investment securities	–	871
Purchase of shares of subsidiaries and associates	–	(1,711)
Purchase of property, plant and equipment	(9,899)	(10,815)
Proceeds from sale of property, plant and equipment	6,151	203
Payments for retirement of property, plant and equipment	(217)	(298)
Payments for asset retirement obligations	(16)	(3)
Investments and loan advances	(976)	(483)
Proceeds from divestments and collection of loans receivable	22	40
Other, net	40	(150)
Net cash provided by (used in) investing activities	(6,155)	(12,401)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	9,019	(10,540)
Proceeds from long-term borrowings	300	6,500
Repayments of long-term borrowings	(803)	(2,940)
Repayments of lease liabilities	(243)	(208)
Dividends paid	(2,006)	(2,174)
Dividends paid to non-controlling interests	(32)	(31)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(70)	–
Purchase of treasury shares	(4)	(5)
Other, net	(21)	(33)
Net cash provided by (used in) financing activities	6,136	(9,435)
Net increase (decrease) in cash and cash equivalents	(2,949)	1,915
Cash and cash equivalents at beginning of period	9,170	6,221
Cash and cash equivalents at end of period	6,221	8,136