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November 8, 2024

## Consolidated Financial Results for the Six Months Ended September 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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 Scheduled date to file semi-annual securities report: November 11, 2024  
 Scheduled date to commence dividend payments: December 5, 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 six months ended September 30, 2024 (from April 1, 2024 to September 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2024	168,582	(4.0)	6,867	(6.6)	8,262	(3.5)	7,586	32.4
September 30, 2023	175,582	7.4	7,352	217.2	8,558	158.4	5,730	194.2

Note: Comprehensive income For the six months ended September 30, 2024: ¥6,736 million [(25.8)%]  
 For the six months ended September 30, 2023: ¥9,083 million [165.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	232.06	-
September 30, 2023	171.31	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	258,337	134,935	50.8
March 31, 2024	262,238	133,253	49.4

Reference: Equity  
 As of September 30, 2024: ¥131,296 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	–	40.00			
Fiscal year ending March 31, 2025 (Forecast)			–	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)	337.59

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. Semi-annual consolidated financial statements, (4) Notes on semi-annual consolidated financial statements (Changes in the scope of consolidation or scope of application of the equity method)” on page 10 of the attached materials (in Japanese only).

(2) Adoption of accounting treatment specific to the preparation of semi-annual 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. Semi-annual consolidated financial statements, (4) Notes on semi-annual consolidated financial statements (Notes on changes in accounting policies)” on page 10 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 September 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 September 30, 2024	522,148 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)

Six months ended September 30, 2024	32,692,992 shares
Six months ended September 30, 2023	33,453,473 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

\* 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 4 of the attached materials (in Japanese only).

## Semi-annual consolidated financial statements

### (1) Semi-annual consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	8,140	9,551
Notes and accounts receivable - trade	61,498	52,762
Merchandise and finished goods	16,155	16,694
Work in process	2,635	3,684
Raw materials and supplies	29,926	32,892
Other	4,516	4,343
Allowance for doubtful accounts	(111)	(64)
Total current assets	122,760	119,864
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,366	31,426
Machinery, equipment and vehicles, net	28,424	27,330
Land	21,732	21,725
Other, net	3,958	5,542
Total property, plant and equipment	86,481	86,024
Intangible assets		
Goodwill	976	903
Customer-related intangible assets	1,737	1,608
Other	1,393	1,324
Total intangible assets	4,106	3,837
Investments and other assets		
Investment securities	44,042	44,138
Retirement benefit asset	1,260	1,309
Other	3,849	3,409
Allowance for doubtful accounts	(262)	(246)
Total investments and other assets	48,889	48,610
Total non-current assets	139,477	138,472
Total assets	262,238	258,337
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	26,330	23,918
Short-term borrowings	13,051	12,867
Commercial papers	14,000	18,000
Income taxes payable	3,223	3,147
Provision for bonuses	2,424	2,338
Other	24,269	17,877
Total current liabilities	83,299	78,149
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	16
Retirement benefit liability	9,279	9,342
Other	10,082	9,593
Total non-current liabilities	45,685	45,252
Total liabilities	128,985	123,401

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	14,293	14,293
Capital surplus	7,876	5,256
Retained earnings	92,934	98,505
Treasury shares	(1,173)	(1,549)
Total shareholders' equity	113,931	116,507
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,735	13,104
Deferred gains or losses on hedges	293	(206)
Foreign currency translation adjustment	697	951
Remeasurements of defined benefit plans	952	939
Total accumulated other comprehensive income	15,679	14,789
Non-controlling interests	3,642	3,638
Total net assets	133,253	134,935
Total liabilities and net assets	262,238	258,337

**(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income**

**Semi-annual consolidated statement of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	175,582	168,582
Cost of sales	147,075	138,911
Gross profit	28,507	29,671
Selling, general and administrative expenses	21,154	22,803
Operating profit	7,352	6,867
Non-operating income		
Interest income	2	1
Dividend income	492	408
Share of profit of entities accounted for using equity method	383	890
Foreign exchange gains	32	58
Other	440	306
Total non-operating income	1,350	1,666
Non-operating expenses		
Interest expenses	100	135
Compensation for damage	4	65
Other	40	70
Total non-operating expenses	145	271
Ordinary profit	8,558	8,262
Extraordinary income		
Gain on sale of non-current assets	1	2,629
Gain on sale of investment securities	7	319
National subsidies	35	-
Total extraordinary income	44	2,949
Extraordinary losses		
Loss on abandonment of non-current assets	282	227
Loss on sale of non-current assets	0	0
Other	60	1
Total extraordinary losses	343	230
Profit before income taxes	8,259	10,981
Income taxes - current	2,453	2,972
Income taxes - deferred	(31)	367
Total income taxes	2,421	3,340
Profit	5,837	7,641
Profit attributable to non-controlling interests	106	54
Profit attributable to owners of parent	5,730	7,586

**Semi-annual consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	5,837	7,641
Other comprehensive income		
Valuation difference on available-for-sale securities	2,582	(521)
Deferred gains or losses on hedges	257	(501)
Foreign currency translation adjustment	–	(12)
Remeasurements of defined benefit plans, net of tax	16	(13)
Share of other comprehensive income of entities accounted for using equity method	390	143
Total other comprehensive income	3,246	(904)
Comprehensive income	9,083	6,736
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,945	6,696
Comprehensive income attributable to non-controlling interests	138	39

**(3) Semi-annual consolidated statement of cash flows**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,259	10,981
Depreciation	4,869	5,152
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	280	(2,401)
Decrease (increase) in trade receivables	(5,600)	8,735
Decrease (increase) in inventories	692	(4,551)
Increase (decrease) in trade payables	2,933	(2,412)
Increase (decrease) in accrued consumption taxes	685	(1,792)
Other, net	(115)	(3,569)
Subtotal	12,006	10,142
Interest and dividends received	727	695
Interest paid	(98)	(133)
Income taxes paid	(2,138)	(3,051)
Income taxes refund	6	55
Net cash provided by (used in) operating activities	10,503	7,707
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1)	(1)
Purchase of investment securities	(26)	(276)
Proceeds from sale and redemption of investment securities	7	351
Purchase of shares of subsidiaries and associates	(1,711)	–
Purchase of property, plant and equipment	(4,908)	(7,417)
Proceeds from sale of property, plant and equipment	2	2,978
Payments for retirement of property, plant and equipment	(97)	(127)
Payments for asset retirement obligations	(0)	(107)
Investments and loan advances	(68)	(179)
Proceeds from divestments and collection of loans receivable	20	18
Other, net	81	(46)
Net cash provided by (used in) investing activities	(6,702)	(4,808)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings and commercial papers	(1,540)	3,860
Proceeds from long-term borrowings	2,000	–
Repayments of long-term borrowings	(1,080)	(43)
Repayments of lease liabilities	(123)	(158)
Dividends paid	(1,170)	(1,673)
Purchase of treasury shares	(2)	(3,403)
Other, net	(51)	(45)
Net cash provided by (used in) financing activities	(1,969)	(1,465)
Effect of exchange rate change on cash and cash equivalents	–	(24)
Net increase (decrease) in cash and cash equivalents	1,831	1,409
Cash and cash equivalents at beginning of period	6,221	8,136
Cash and cash equivalents at end of period	8,052	9,546