

Consolidated Financial Results for the quarter ended September 30, 2022

(Consolidated financial information has been prepared in accordance with J-GAAP.)
English translation from the original Japanese-language document

November 11, 2022

Company name	: Sanoh Industrial Co., Ltd.
Stock exchange listings	: Tokyo Stock Exchange, Japan
Code number	: 6584
URL	: https://www.sanoh.com/
Representative	: Genya Takeda, Representative Director & President
Contact person	: Munetoshi Sasaki, Corporate Vice President and CFO, General Manager of Financial Headquarters Tel. 03-6879-2622
Reporting date of Quarterly Securities Report	: November 11, 2022
Payment date of Dividend	: December 1, 2022
Supplemental material for Financial Statements	: Available
Schedule for Financial Results Briefing Session	: Available

(Amounts are rounded to the nearest million yen)

1. Consolidated Results for FY2022 First Half (April 1, 2022 to September 30, 2022)

(1) Consolidated Financial Results

(% are change from previous year)

Half year ended	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the holding company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 2022	63,599	9.4	(910)	—	(411)	—	(1,746)	—
September 2021	58,119	23.8	3,416	—	3,679	—	3,226	—

(Note) Comprehensive income: FY2022 Q2: 1,063 million yen | FY2021 Q2: 5,138 million yen

Half year ended	Earnings per share	Diluted earnings per share
September 2022	Yen (48.34)	Yen —
September 2021	89.29	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As on September 30, 2022	103,429	41,631	37.3	1,069.37
As on March 31, 2022	96,437	41,682	40.1	1,069.43

(Reference) Shareholders' Equity: FY2022 Q2: 38,576 million yen | FY2021 Q2: 38,643 million yen

2. Cash Dividends

	Annual cash dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 2022	—	12.50	—	12.50	25.00
Year ended March 2023	—	12.50			
Year ended March 2023 (Forecast)				12.50	25.00

(Note) Modifications from most recent dividend forecast: —

3. Forecast of Consolidated Results for year ending March 31, 2023 (April 1, 2022 through March 31, 2023)

(% are change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	128,000	10.4	2,500	14.5	2,400	(7.1)	1,000	(0.9)	27.68

Consolidated Operating Results

	For half year ended				
	September 30, 2021		September 30, 2022		
	JPY in millions	YoY %	JPY in millions	YoY %	USD in thousands
Sales	¥58,119	23.8	¥63,599	9.4	\$439,190
Operating Income	3,416	—	(910)	—	(6,281)
Ordinary Income	3,679	—	(411)	—	(2,837)
Profit (Loss) Attributable to Owners of Parent	3,226	—	(1,746)	—	(12,058)
Net Income (Loss) per share	JPY		JPY		US\$
Basic Net Income (Loss)	¥89.29		(¥48.34)		(\$0.33)

(Note) Comprehensive income: FY2022 Q2: 1,063 million yen (Δ 79.3%) | FY2021 Q2: 5,138 million yen (—)

Segment Information

Sales	For the first half ended		
	September 30, 2021	September 30, 2022	
	JPY in millions	JPY in millions	USD in thousands
Japan	¥20,817	¥21,466	\$148,233
America	16,305	18,989	131,132
Europe	11,333	11,357	78,427
China	9,890	9,177	63,374
Asia	9,485	12,357	85,333
Adjs.	(9,711)	(9,747)	(67,310)
Consolidated	58,119	63,599	439,190

Operating Income	For the first half ended		
	September 30, 2021	September 30, 2022	
	JPY in millions	JPY in millions	USD in thousands
Japan	¥1,057	¥228	\$ 1,573
America	188	(2,172)	(14,997)
Europe	526	(140)	(970)
China	755	209	1,443
Asia	1,003	943	6,512
Adjs.	(113)	23	157
Consolidated	3,416	(910)	(6,281)

Notes:

- USD amounts are included solely for the convenience of the readers outside Japan and have been prepared at the rate USD 1.00 being equal to JPY144.81, the approximate exchange rate prevailing on September 30, 2022.
Such translation should not be construed as representations that the JPY amounts could be converted into USD amounts at that or any other rate.
- Amounts in JPY are rounded to the nearest million whereas amounts in USD are rounded to thousand.
- “Adjs.” of segment operating income for the half year ended September 30, 2022 of 23 million yen includes inventory adjustment of (57) million yen and fixed assets adjustments of 80 million yen.
“Adjs.” of segment operating income for the half year ended September 30, 2021 of (113) million yen includes inventory adjustment of (172) million yen and fixed assets adjustments of 60 million yen.

Consolidated Financial Statements

1. Consolidated Balance Sheet

(Amounts are rounded to the nearest million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	13,404	13,238
Notes and accounts receivable - trade, and contract assets	16,499	18,144
Electronically recorded monetary claims - operating	255	303
Finished goods	4,463	5,096
Work in process	5,051	6,508
Raw materials and supplies	11,954	12,765
Other	1,867	3,407
Allowance for doubtful accounts	△8	△8
Total current assets	53,485	59,453
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,204	19,359
Machinery, equipment and vehicles	74,968	83,533
Tools, furniture and fixtures	12,755	13,834
Land	2,595	2,714
Leased assets	2,125	2,449
Construction in progress	3,408	2,922
Accumulated depreciation	△74,529	△82,334
Accumulated impairment	△9,479	△10,270
Total property, plant and equipment	30,047	32,207
Intangible assets		
Leased assets	52	46
Other	356	479
Total intangible assets	408	526
Investments and other assets		
Investment securities	10,671	9,162
Long-term loans receivable	—	2
Retirement benefit asset	99	130
Deferred tax assets	1,181	1,431
Other	545	519
Total investments and other assets	12,496	11,243
Total non-current assets	42,952	43,976
Total assets	96,437	103,429

As of March 31, 2022 As of September 30, 2022

Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,685	9,579
Electronically recorded obligations - operating	4,324	4,134
Short-term borrowings	16,760	19,757
Accounts payable - other	1,652	2,268
Lease liabilities	299	352
Income taxes payable	476	582
Accrued consumption taxes	234	506
Provision for bonuses	1,151	1,237
Provision for bonuses for directors (and other officers)	22	15
Provision for product warranties	127	122
Other	3,133	5,696
Total current liabilities	36,863	44,247
Non-current liabilities		
Long-term borrowings	10,945	9,860
Lease liabilities	673	739
Deferred tax liabilities	1,928	1,969
Provision for retirement benefits for directors (and other officers)	164	163
Retirement benefit liability	3,903	4,200
Provision for loss on litigation	—	272
Other	278	347
Total non-current liabilities	17,891	17,551
Total liabilities	54,754	61,798
Net assets		
Shareholders' equity		
Share capital	3,481	3,481
Capital surplus	2,365	2,365
Retained earnings	30,382	28,181
Treasury shares	△646	△693
Total shareholders' equity	35,582	33,334
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,845	4,779
Foreign currency translation adjustment	△2,530	811
Remeasurements of defined benefit plans	△254	△349
Total accumulated other comprehensive income	3,061	5,241
Non-controlling interests	3,039	3,055
Total net assets	41,682	41,631
Total liabilities and net assets	96,437	103,429

2. Consolidated Income Statement and Consolidated Comprehensive Income Statement

Consolidated Income Statement

(Amounts are rounded to the nearest million yen)

	First half ended September 30, 2021	First half ended September 30, 2022
Net sales	58,119	63,599
Cost of sales	48,742	58,089
Gross profit	9,377	5,510
Selling, general and administrative expenses	5,962	6,419
Operating profit (loss)	3,416	△910
Non-operating income		
Interest income	27	50
Dividend income	66	70
Subsidy income	52	43
Foreign exchange gains	264	582
Other	124	198
Total non-operating income	533	944
Non-operating expenses		
Interest expenses	185	420
Other	84	26
Total non-operating expenses	269	446
Ordinary profit (loss)	3,679	△411
Extraordinary income		
Gain on sale of non-current assets	5	21
Gain on sale of investment securities	53	—
Reversal of provision for product warranties	699	—
Total extraordinary income	757	21
Extraordinary losses		
Loss on sale of non-current assets	0	5
Loss on retirement of non-current assets	16	31
Provision for loss on litigation	—	272
Total extraordinary losses	17	308
Profit (loss) before income taxes	4,419	△698
Income taxes - current	582	357
Income taxes - deferred	299	430
Total income taxes	881	787
Profit (loss)	3,538	△1,484
Profit attributable to non-controlling interests	312	262
Profit (loss) attributable to owners of parent	3,226	△1,746

3. Consolidated Comprehensive Income Statement

(Amounts are rounded to the nearest million yen)

	First half ended September 30, 2021	First half ended September 30, 2022
Profit (loss)	3,538	△1,484
Other comprehensive income		
Valuation difference on available-for-sale securities	60	△1,066
Foreign currency translation adjustment	1,514	3,708
Remeasurements of defined benefit plans, net of tax	26	△94
Total other comprehensive income	1,600	2,548
Comprehensive income	5,138	1,063
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,816	434
Comprehensive income attributable to non-controlling interests	322	629

4. Consolidated Statement of Cash Flows

(Amounts are rounded to the nearest million yen)

	First half ended September 30, 2021	First half ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	4,419	△698
Depreciation	2,468	2,836
Loss on retirement of property, plant and equipment	16	31
Loss (gain) on sale of property, plant and equipment	△5	△16
Interest and dividend income	△93	△120
Interest expenses	185	420
Loss (gain) on sale of investment securities	△53	—
Increase (decrease) in provision for product warranties	△699	—
Increase (decrease) in provision for loss on litigation	—	272
Decrease (increase) in trade receivables	3,160	544
Decrease (increase) in inventories	△2,761	571
Increase (decrease) in trade payables	△753	△1,327
Increase (decrease) in provision for bonuses	168	29
Increase (decrease) in accounts payable - other	△797	△8
Increase (decrease) in accrued expenses	△172	△304
Increase (decrease) in retirement benefit liability	△14	△142
Other, net	△544	70
Subtotal	4,526	2,157
Interest and dividends received	105	162
Interest paid	△198	△434
Income taxes paid	△924	△300
Net cash provided by (used in) operating activities	3,509	1,586
Cash flows from investing activities		
Purchase of property, plant and equipment	△2,407	△2,516
Proceeds from sale of property, plant and equipment	7	74
Purchase of investment securities	△58	△9
Proceeds from sale of investment securities	161	—
Other, net	△57	△85
Net cash provided by (used in) investing activities	△2,354	△2,535
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△179	1,687
Proceeds from long-term borrowings	150	1,300
Repayments of long-term borrowings	△2,578	△2,270
Dividends paid	△437	△455
Dividends paid to non-controlling interests	△284	△613
Repayments of lease liabilities	△154	△232
Purchase of treasury shares	3	△47
Net cash provided by (used in) financing activities	△3,477	△630
Effect of exchange rate change on cash and cash equivalents	381	1,413
Net increase (decrease) in cash and cash equivalents	△1,942	△166
Cash and cash equivalents at beginning of period	14,418	13,404
Cash and cash equivalents at end of period	12,476	13,238