

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

October 28, 2022

Company name: SUN-WA TECHNOS CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 8137 URL <https://www.sunwa.co.jp/>
 Representative: Chairman, President and Representative Director Hiroyuki Tanaka
 Executive Officer and General Manager Katsuya Tamaki
 Administration Headquarters TEL 03-5202-4011
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	84,356	18.8	3,299	56.5	3,575	62.9	2,528	63.0
Six months ended September 30, 2021	70,978	14.8	2,108	134.2	2,195	115.0	1,551	119.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	163.50	—
Six months ended September 30, 2021	98.23	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	99,251	41,480	41.8
As of March 31, 2022	93,078	38,023	40.9

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 March 31, 2022	—	17.00	—	20.00	37.00
Year ending March 31, 2023	—	20.00	—	—	—
Year ending March 31, 2023 (Forecast)	—	—	—	20.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	174,000	12.7	6,500	35.3	6,650	28.0	4,650	30.0	300.72

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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: Yes
- Changes in accounting policies due to other reasons: Yes
- 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 September 30, 2022	16,044,000 shares	As of March 31, 2022	16,044,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	562,307 shares	As of March 31, 2022	600,439 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	15,462,672 shares	Six months ended September 30, 2021	15,791,675 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	14,049	16,005
Notes and accounts receivable - trade, and contract assets	43,146	45,030
Electronically recorded monetary claims - operating	8,851	9,445
Merchandise	12,006	16,405
Work in process	0	6
Other	4,310	2,166
Allowance for doubtful accounts	(155)	(162)
Total current assets	82,209	88,896
Non-current assets		
Property, plant and equipment	2,230	2,237
Intangible assets	226	251
Investments and other assets	8,411	7,865
Total non-current assets	10,868	10,354
Total assets	93,078	99,251
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,472	22,881
Electronically recorded obligations - operating	17,204	18,674
Short-term borrowings	5,405	10,545
Current portion of long-term borrowings	2,400	—
Income taxes payable	1,244	991
Provisions	—	49
Other	3,070	2,672
Total current liabilities	52,797	55,814
Non-current liabilities		
Long-term accounts payable - other	177	52
Provision for retirement benefits for directors (and other officers)	114	119
Retirement benefit liability	955	976
Other	1,010	807
Total non-current liabilities	2,257	1,956
Total liabilities	55,054	57,770
Net assets		
Shareholders' equity		
Share capital	3,727	3,727
Capital surplus	3,549	3,544
Retained earnings	26,867	29,086
Treasury shares	(867)	(812)
Total shareholders' equity	33,277	35,546
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,721	3,246
Foreign currency translation adjustment	1,024	2,687
Total accumulated other comprehensive income	4,746	5,934
Total net assets	38,023	41,480
Total liabilities and net assets	93,078	99,251

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	70,978	84,356
Cost of sales	62,229	73,623
Gross profit	8,749	10,733
Selling, general and administrative expenses	6,640	7,433
Operating profit	2,108	3,299
Non-operating income		
Interest income	8	7
Dividend income	51	81
Purchase discounts	20	18
Rental income from buildings	67	69
Foreign exchange gains	—	84
Other	53	95
Total non-operating income	201	357
Non-operating expenses		
Interest expenses	22	47
Loss on sale of trade receivables	20	23
Foreign exchange losses	64	—
Other	8	10
Total non-operating expenses	115	81
Ordinary profit	2,195	3,575
Extraordinary income		
Gain on sale of investment securities	—	12
Gain on sale of shares of subsidiaries and associates	—	21
Total extraordinary income	—	34
Profit before income taxes	2,195	3,610
Income taxes	643	1,081
Profit	1,551	2,528
Profit attributable to owners of parent	1,551	2,528

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,551	2,528
Other comprehensive income		
Valuation difference on available-for-sale securities	129	(474)
Foreign currency translation adjustment	620	1,662
Total other comprehensive income	749	1,187
Comprehensive income	2,300	3,715
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,300	3,715
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,195	3,610
Depreciation	152	182
Increase (decrease) in allowance for doubtful accounts	(9)	(0)
Interest and dividend income	(60)	(89)
Interest expenses	22	47
Foreign exchange losses (gains)	(5)	106
Loss (gain) on sale of investment securities	–	(12)
Decrease (increase) in trade receivables	(1,496)	(647)
Decrease (increase) in inventories	(2,910)	(3,515)
Increase (decrease) in trade payables	5,604	(995)
Other, net	408	1,732
Subtotal	3,900	419
Interest and dividends received	60	89
Interest paid	(22)	(54)
Income taxes paid	(475)	(1,351)
Net cash provided by (used in) operating activities	3,462	(897)
Cash flows from investing activities		
Purchase of property, plant and equipment	(31)	(52)
Purchase of investment securities	(22)	(228)
Proceeds from sale of investment securities	–	15
Other, net	(36)	30
Net cash provided by (used in) investing activities	(90)	(234)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	247	4,906
Repayments of long-term borrowings	–	(2,400)
Repayments of lease liabilities	(50)	(59)
Purchase of treasury shares	(0)	(0)
Dividends paid	(268)	(308)
Net cash provided by (used in) financing activities	(71)	2,137
Effect of exchange rate change on cash and cash equivalents	278	949
Net increase (decrease) in cash and cash equivalents	3,579	1,955
Cash and cash equivalents at beginning of period	12,629	13,565
Cash and cash equivalents at end of period	16,208	15,521