

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

November 10, 2023

Company name: SUNCALL CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 5985 URL <https://www.suncall.co.jp>
 Representative: Representative Director Tadao Otani
 Director and Senior Managing Executive
 Officer,
 Inquiries: Chief Operating Officer Management and Masatoshi Kanada TEL 075-881-5280
 General Manager of Division,
 Corporate Planning & Management Division
 Scheduled date to file Quarterly Securities Report: November 10, 2023
 Scheduled date to commence dividend payments: December 8, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and 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 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, 2023	25,169	(6.1)	(1,406)	–	(834)	–	(681)	–
Six months ended September 30, 2022	26,813	14.1	471	(1.1)	882	35.6	572	25.7

Note: Comprehensive income For the six months ended September 30, 2023 ¥1,230 million [(30.5)%]
 For the six months ended September 30, 2022 ¥1,770 million [147.0%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	(22.66)		–	
Six months ended September 30, 2022	19.05		19.01	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	65,912	39,014	59.2	1,295.67
As of March 31, 2023	63,735	38,038	59.7	1,264.63

Reference: Equity As of September 30, 2023 ¥38,996 million
 As of March 31, 2023 ¥38,020 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	–	11.00	–	9.00	20.00
Year ending March 31, 2024	–	10.00			
Year ending March 31, 2024 (Forecast)			–	10.00	20.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

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 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	52,000	(2.6)	(2,600)	–	(2,100)	–	(1,600)	–	(53.18)

Note: Revisions to the forecast of financial results most recently announced: Yes

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: No
- (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: 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, 2023	34,057,923 shares	As of March 31, 2023	34,057,923 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2023	3,960,512 shares	As of March 31, 2023	3,993,335 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	30,079,831 shares	Six months ended September 30, 2022	30,032,778 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Note: The number of treasury shares includes the Company's shares remained in the trust account related to the performance-linked and share-based remuneration plan.

(Number of treasury shares	As of September 30, 2023	309,350 shares
	As of September 30, 2022	342,210 shares)

* Quarterly financial results reports are exempt from quarterly 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. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	7,707	7,181
Notes and accounts receivable - trade, and contract assets	10,941	11,652
Merchandise and finished goods	3,840	3,901
Work in process	2,983	3,302
Raw materials and supplies	3,990	4,109
Other	1,986	1,441
Total current assets	31,449	31,588
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,844	6,008
Machinery, equipment and vehicles, net	10,840	11,144
Other, net	6,316	6,504
Total property, plant and equipment	23,001	23,658
Intangible assets	344	362
Investments and other assets		
Investment securities	6,761	8,072
Other	2,179	2,230
Total investments and other assets	8,940	10,302
Total non-current assets	32,286	34,323
Total assets	63,735	65,912
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,103	6,795
Short-term borrowings	7,952	9,724
Current portion of long-term borrowings	526	368
Income taxes payable	152	171
Provision for bonuses for directors (and other officers)	–	23
Provision for bonuses	433	487
Other	5,156	4,987
Total current liabilities	21,324	22,558
Non-current liabilities		
Long-term borrowings	2,123	2,172
Retirement benefit liability	1,132	1,159
Provision for share awards	125	129
Other	990	877
Total non-current liabilities	4,372	4,338
Total liabilities	25,696	26,897

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	4,808	4,808
Capital surplus	2,833	2,833
Retained earnings	27,169	26,214
Treasury shares	(1,684)	(1,666)
Total shareholders' equity	33,126	32,189
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,761	3,632
Deferred gains or losses on hedges	10	16
Foreign currency translation adjustment	1,465	2,524
Remeasurements of defined benefit plans	656	634
Total accumulated other comprehensive income	4,894	6,807
Share acquisition rights	17	17
Total net assets	38,038	39,014
Total liabilities and net assets	63,735	65,912

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, 2022	Six months ended September 30, 2023
Net sales	26,813	25,169
Cost of sales	23,625	23,799
Gross profit	3,188	1,369
Selling, general and administrative expenses		
Transportation and storage costs	357	322
Remuneration, salaries and allowances	684	752
Provision for bonuses for directors (and other officers)	30	23
Provision for bonuses	89	88
Retirement benefit expenses	43	43
Other	1,512	1,545
Total selling, general and administrative expenses	2,717	2,776
Operating profit (loss)	471	(1,406)
Non-operating income		
Dividend income	77	73
Gain on sale of goods	91	88
Share of profit of entities accounted for using equity method	2	49
Foreign exchange gains	245	400
Other	46	82
Total non-operating income	464	693
Non-operating expenses		
Interest expenses	52	113
Other	0	8
Total non-operating expenses	53	121
Ordinary profit (loss)	882	(834)
Extraordinary income		
Gain on sale of investment securities	–	7
Insurance claim income	–	115
Profit on cancellation of leases	22	0
Other	2	1
Total extraordinary income	25	124
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on abandonment of non-current assets	10	22
compensation expenses	–	119
Other	0	–
Total extraordinary losses	10	141
Profit (loss) before income taxes	897	(851)
Income taxes - current	236	295
Income taxes - deferred	88	(464)
Total income taxes	325	(169)
Profit (loss)	572	(681)
Profit (loss) attributable to owners of parent	572	(681)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	572	(681)
Other comprehensive income		
Valuation difference on available-for-sale securities	(431)	870
Deferred gains or losses on hedges	(1)	–
Foreign currency translation adjustment	1,625	1,088
Remeasurements of defined benefit plans, net of tax	(12)	(21)
Share of other comprehensive income of entities accounted for using equity method	18	(24)
Total other comprehensive income	1,198	1,912
Comprehensive income	1,770	1,230
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,770	1,230
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	897	(851)
Depreciation	1,963	2,028
Increase (decrease) in provisions	117	81
Increase (decrease) in retirement benefit liability	(1)	25
Decrease (increase) in retirement benefit asset	28	(46)
Interest and dividend income	(83)	(108)
Interest expenses	52	113
Share of loss (profit) of entities accounted for using equity method	(2)	(49)
Loss on abandonment of non-current assets	10	22
Loss (gain) on sale of investment securities	–	(7)
Decrease (increase) in trade receivables	(907)	(442)
Decrease (increase) in inventories	(881)	106
Increase (decrease) in trade payables	1,123	(463)
Other, net	138	775
Subtotal	2,453	1,184
Interest and dividends received	83	108
Interest paid	(55)	(127)
Income taxes paid	(336)	(298)
Income taxes refund	67	1
Net cash provided by (used in) operating activities	2,213	869
Cash flows from investing activities		
Purchase of non-current assets	(1,434)	(2,537)
Proceeds from sale of non-current assets	2	1
Purchase of shares of subsidiaries and associates	(1,719)	–
Proceeds from sale of investment securities	–	15
Loan advances	(25)	(63)
Net decrease (increase) in time deposits	–	(33)
Other, net	0	0
Net cash provided by (used in) investing activities	(3,176)	(2,617)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	443	1,485
Repayments of lease liabilities	(106)	(98)
Proceeds from long-term borrowings	80	157
Repayments of long-term borrowings	(354)	(343)
Dividends paid	(333)	(273)
Proceeds from disposal of treasury shares	0	4
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(270)	932
Effect of exchange rate change on cash and cash equivalents	669	252
Net increase (decrease) in cash and cash equivalents	(563)	(563)
Cash and cash equivalents at beginning of period	7,510	7,707
Cash and cash equivalents at end of period	6,947	7,144