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## Consolidated Financial Results for the Six Months Ended November 30, 2024 [Japanese GAAP]



January 14, 2025

Company name: SATORI ELECTRIC CO., LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 7420  
 URL: <https://www.satori.co.jp/english/>  
 Representative: Hiroyuki Satori, Representative Director, President  
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 Phone: +81-3-3451-1040  
 Scheduled date of filing semi-annual securities report: January 14, 2025  
 Scheduled date of commencing dividend payments: February 14, 2025  
 Preparation of supplementary material on financial results: Available  
 Holding of financial results briefing: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Six Months Ended November 30, 2024 (June 1, 2024 to November 30, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
November 30, 2024	77,800	4.9	2,087	(22.1)	1,664	(14.5)	1,145	(10.3)
November 30, 2023	74,148	(1.5)	2,679	3.5	1,947	(7.0)	1,277	(19.8)

(Note) Comprehensive income: Six months ended November 30, 2024: ¥707 million [(70.0)%]  
 Six months ended November 30, 2023: ¥2,359 million [(23.2)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
November 30, 2024	79.90	—
November 30, 2023	87.32	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2024	82,562	34,816	40.6
As of May 31, 2024	83,494	34,856	40.1

(Reference) Equity: As of November 30, 2024: ¥33,556 million  
 As of May 31, 2024: ¥33,440 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2024	–	30.00	–	50.00	80.00
Fiscal year ending May 31, 2025	–	40.00			
Fiscal year ending May 31, 2025 (Forecast)			–	46.00	86.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2025 (June 1, 2024 to May 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	154,000	4.0	4,300	(9.6)	3,500	(4.2)	2,500	15.9	174.36

(Note) Revision to the financial results forecast announced most recently: No

### \* Notes:

- (1) Significant changes in the scope of consolidation during the period: No  
 Newly included: – (Company name)  
 Excluded: – (Company name)
- (2) Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements:  
 No
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
 (Note) For details, please refer to “(4) Notes to Semi-annual Consolidated Financial Statements, (Changes in accounting policies)” in “2. Semi-annual Consolidated Financial Statements and Primary Notes” on page 9 of the Attachments.

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

November 30, 2024: 17,946,826 shares

May 31, 2024: 17,946,826 shares

2) Total number of treasury shares at the end of the period:

November 30, 2024: 3,596,135 shares

May 31, 2024: 3,622,815 shares

3) Average number of shares during the period:

Six months ended November 30, 2024: 14,332,585 shares

Six months ended November 30, 2023: 14,628,588 shares

(Note) The total number of treasury shares at the end of the period includes the Company's shares held by a trust in connection with the stock compensation plan (510,500 shares as of November 30, 2024, 505,100 shares as of May 31, 2024). The Company's shares held by the trust have been included in the treasury shares deducted in calculation of the average number of shares during the period (514,829 shares for the six months ended November 30, 2024, 505,100 shares for the six months ended November 30, 2023).

\* These semi-annual consolidated financial results are outside the scope of review by certified public accountants or audit firms.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions of financial results forecast and notes on using financial results forecast, please refer to "(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" in "1. Overview of Business Results, etc." on page 3 of the Attachments.

The Company plans to hold a financial results briefing session for securities analysts and institutional investors on January 16, 2025. The video of the financial results briefing session and explanatory materials used in the session will be available on the Company's website promptly following the briefing session.

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## 1. Overview of Business Results, etc.

### (1) Overview of Business Results for the Period Under Review

The Japanese economy during the six months ended November 30, 2024 was affected by the slowdown of the Chinese economy and the outlook remained unclear, despite signs of recovery driven by the recovery of personal consumption resulting from wage hikes and the increase in demand from inbound tourists.

Amid this environment, regarding the financial results for the six months ended November 30, 2024, net sales amounted to ¥77,800 million (an increase of 4.9% year on year), mainly attributed to the positive factors including the increased sales of electronic components for the automotive applications market in India and Japan as well as the effects of yen depreciation, despite the decreased sales in the Procurement Management Division. Regarding profits, operating profit amounted to ¥2,087 million (a decrease of 22.1% year on year) mainly attributed to the impacts of exchange rates, human capital investment, and stock compensation costs for officers. Meanwhile, actual operating profit, excluding these impacts, increased. Ordinary profit amounted to ¥1,664 million (a decrease of 14.5% year on year). Profit attributable to owners of parent amounted to ¥1,145 million (a decrease of 10.3% year on year).

The financial results of the segments are as follows.

#### 1) Industrial Infrastructure business

Net sales amounted to ¥13,778 million (a decrease of 5.5% year on year), due to decreased demand for control devices for semiconductor manufacturing equipment and other factors. Segment profit amounted to ¥602 million (a decrease of 16.1% year on year), driven by decreased sales and the impacts of human capital investment.

#### 2) Enterprise business

Net sales amounted to ¥21,773 million (a decrease of 16.5% year on year) due to decreased sales in the Procurement Management Division, and the impact of exchange rates. Segment profit amounted to ¥507 million (a decrease of 62.2% year on year), influenced by the aforementioned factors and human capital investment.

#### 3) Mobility business

Net sales amounted to ¥20,380 million (an increase of 37.4% year on year), driven by the strong performance of SM Electronic Technologies Pvt. Ltd. as well as strong sales of semiconductors for the automotive applications market in Japan. Segment profit amounted to ¥819 million (a decrease of 10.2% year on year), due to increased goodwill amortization and other factors.

#### 4) Global business

Net sales amounted to ¥25,566 million (an increase of 15.5% year on year), and segment profit amounted to ¥565 million (an increase of 103.8% year on year). This is mainly attributable to increased sales of unit products for office equipment and electronic components for personal computers and servers.

## (2) Overview of Financial Position for the Period Under Review

### 1) Assets, liabilities, and net assets

#### (Assets)

Total assets at the end of the six months ended November 30, 2024 were ¥82,562 million, a decrease of ¥932 million compared with ¥83,494 million at the end of the previous fiscal year. This is mainly attributable to a decrease of ¥1,968 million in merchandise and finished goods.

#### (Liabilities)

Liabilities at the end of the six months ended November 30, 2024 were ¥47,745 million, a decrease of ¥892 million compared with ¥48,637 million at the end of the previous fiscal year. This is mainly attributable to a decrease of ¥2,165 million in other under current liabilities, despite an increase of ¥1,652 million in notes and accounts payable – trade.

#### (Net assets)

Net assets at the end of the six months ended November 30, 2024 were ¥34,816 million, an decrease of ¥39 million compared with ¥34,856 million at the end of the previous fiscal year. This is mainly attributable to a decrease of ¥327 million in valuation difference on available-for-sale securities, and a decline of ¥124 million in foreign currency translation adjustment, despite an increase of ¥403 million in retained earnings. Equity ratio changed to 40.6% from 40.1% at the end of the previous fiscal year.

### 2) Cash flows

Cash and cash equivalents (hereinafter referred to as “capital”) at the end of the six months ended November 30, 2024 increased by ¥201 million compared with the end of the previous fiscal year to ¥9,445 million.

#### (Cash flows from operating activities)

Capital provided by operating activities during the six months ended November 30, 2024 amounted to ¥1,489 million (a decrease of 14.3% year on year).

This is mainly attributable to an increase in capital due to a decrease in inventories.

#### (Cash flows from investing activities)

Capital used in investing activities during the six months ended November 30, 2024 amounted to ¥51 million (a decrease of 50.7% year on year).

#### (Cash flows from financing activities)

Capital used in financing activities during the six months ended November 30, 2024 amounted to ¥1,082 million (a decrease of 70.3% year on year).

This is mainly attributable to a decrease in capital due to dividends paid.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There is no revision to the full-year consolidated financial results forecast for the fiscal year ending May 31, 2025 as stated in the Consolidated Financial Results for the Fiscal Year Ended May 31, 2024 (announced on July 12, 2024). The Company will promptly make timely disclosure should it become necessary going forward.

## 2. Semi-annual Consolidated Financial Statements and Primary Notes

### (1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of May 31, 2024	As of November 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	9,246	9,445
Notes and accounts receivable - trade	41,442	42,227
Merchandise and finished goods	16,034	14,066
Work in process	300	363
Raw materials and supplies	489	19
Other	5,270	6,897
Allowance for doubtful accounts	(91)	(79)
Total current assets	72,692	72,939
Non-current assets		
Property, plant and equipment	3,071	2,716
Intangible assets		
Goodwill	2,398	2,109
Other	230	228
Total intangible assets	2,629	2,338
Investments and other assets		
Other	5,739	5,183
Allowance for doubtful accounts	(639)	(615)
Total investments and other assets	5,100	4,567
Total non-current assets	10,801	9,622
Total assets	83,494	82,562
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	18,458	20,111
Short-term borrowings	15,103	14,660
Current portion of long-term borrowings	1,008	1,000
Income taxes payable	793	392
Provision for bonuses	-	512
Provisions	-	143
Other	8,106	5,941
Total current liabilities	43,470	42,762
Non-current liabilities		
Bonds payable	1,400	1,400
Long-term borrowings	1,815	1,819
Provision for share awards for directors (and other officers)	-	104
Retirement benefit liability	1,467	1,424
Other	484	233
Total non-current liabilities	5,166	4,982
Total liabilities	48,637	47,745

(Million yen)

	As of May 31, 2024	As of November 30, 2024
Net assets		
Shareholders' equity		
Share capital	2,611	2,611
Capital surplus	3,447	3,606
Retained earnings	27,288	27,692
Treasury shares	(4,940)	(4,930)
Total shareholders' equity	28,407	28,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,795	1,468
Deferred gains or losses on hedges	(23)	(27)
Revaluation reserve for land	22	22
Foreign currency translation adjustment	3,239	3,114
Total accumulated other comprehensive income	5,033	4,577
Non-controlling interests	1,415	1,259
Total net assets	34,856	34,816
Total liabilities and net assets	83,494	82,562



(2) Semi-annual Consolidated Statements of Operations and Comprehensive Income  
Semi-annual Consolidated Statements of Operations

(Million yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Net sales	74,148	77,800
Cost of sales	66,201	69,971
Gross profit	7,946	7,829
Selling, general and administrative expenses	5,267	5,742
Operating profit	2,679	2,087
Non-operating income		
Interest income	52	31
Dividend income	56	46
Compensation income	80	7
Other	36	63
Total non-operating income	225	149
Non-operating expenses		
Interest expenses	268	238
Loss on sale of receivables	329	215
Foreign exchange losses	278	97
Other	81	19
Total non-operating expenses	957	571
Ordinary profit	1,947	1,664
Extraordinary income		
Gain on sale of non-current assets	1	–
Gain on sale of businesses	–	1
Total extraordinary income	1	1
Extraordinary losses		
Impairment losses	–	19
Total extraordinary losses	–	19
Profit before income taxes	1,949	1,646
Income taxes - current	518	374
Income taxes - deferred	79	63
Total income taxes	597	437
Profit	1,351	1,208
Profit attributable to non-controlling interests	73	63
Profit attributable to owners of parent	1,277	1,145

Semi-annual Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Profit	1,351	1,208
Other comprehensive income		
Valuation difference on available-for-sale securities	117	(327)
Deferred gains or losses on hedges	60	(4)
Foreign currency translation adjustment	830	(168)
Total other comprehensive income	1,008	(501)
Comprehensive income	2,359	707
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,243	688
Comprehensive income attributable to non-controlling interests	116	18

## (3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,949	1,646
Depreciation	290	250
Increase (decrease) in allowance for doubtful accounts	(3)	(6)
Increase (decrease) in retirement benefit liability	33	42
Interest and dividend income	(109)	(78)
Interest expenses	268	238
Decrease (increase) in trade receivables	(329)	(1,305)
Decrease (increase) in inventories	2,780	378
Increase (decrease) in trade payables	(1,608)	2,281
Increase (decrease) in accrued consumption taxes	1,351	313
Increase (decrease) in deposits received	(1,954)	(1,117)
Impairment losses	–	19
Loss (gain) on sale of property, plant and equipment	(1)	–
Increase (decrease) in provision for share awards for directors (and other officers)	–	104
Other, net	(171)	(359)
<b>Subtotal</b>	<b>2,496</b>	<b>2,408</b>
Interest and dividends received	109	78
Interest paid	(272)	(237)
Income taxes refund (paid)	(594)	(759)
<b>Net cash provided by (used in) operating activities</b>	<b>1,739</b>	<b>1,489</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(26)	(27)
Purchase of property, plant and equipment	(70)	(57)
Proceeds from sale of property, plant and equipment	22	–
Purchase of intangible assets	(81)	(38)
Proceeds from sale of businesses	–	100
Other, net	51	(27)
<b>Net cash provided by (used in) investing activities</b>	<b>(103)</b>	<b>(51)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	341	(189)
Proceeds from long-term borrowings	5	5
Purchase of treasury shares	(3,178)	(67)
Proceeds from disposal of treasury shares	–	67
Dividends paid	(745)	(774)
Other, net	(75)	(124)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,652)</b>	<b>(1,082)</b>
Effect of exchange rate change on cash and cash equivalents	298	(154)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,718)</b>	<b>201</b>
Cash and cash equivalents at beginning of period	10,023	9,243
<b>Cash and cash equivalents at end of period</b>	<b>8,305</b>	<b>9,445</b>

#### (4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in case of significant changes in shareholders' equity)

There is no relevant information.

(Changes in accounting policies)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. from the beginning of the six months ended November 30, 2024.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Guidance 2022"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries, etc. resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Guidance 2022 has been applied from the beginning of the six months ended November 30, 2024. This change in accounting policies is applied retrospectively, and the semi-annual consolidated financial statements and consolidated financial statements for the previous fiscal year are those after retrospective application. This change in accounting policies has no impact on the semi-annual consolidated financial statements and consolidated financial statements for the previous fiscal year.

(Segment information, etc.)

I. For the six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)

1. Information on net sales and profit or loss by reportable segment and information on the disaggregation of revenue

(Million yen)

	Reportable segment					Reconciliation (Note) 1	Amount recorded in Semi-annual Consolidated Statements of Operations (Note) 2
	Industrial Infra- structure business	Enterprise business	Mobility business	Global business	Total		
Net sales							
Revenue from contracts with customers	14,365	23,214	14,449	22,119	74,148	–	74,148
Net sales to outside customers	14,365	23,214	14,449	22,119	74,148	–	74,148
Inter-segment net sales or transfers	209	2,876	388	21	3,495	(3,495)	–
Total	14,574	26,090	14,838	22,140	77,644	(3,495)	74,148
Segment profit	718	1,342	911	277	3,249	(569)	2,679

(Notes) 1. The reconciliation of segment profit in an amount of ¥(569) million includes the elimination of inter-segment transactions.

2. Segment profit is reconciled with operating profit in the Semi-annual Consolidated Statements of Operations.

2. Information about impairment losses on non-current assets by reportable segment

There is no relevant information.

II. For the six months ended November 30, 2024 (from June 1, 2024 to November 30, 2024)

1. Information on net sales and profit or loss by reportable segment and information on the disaggregation of revenue

(Million yen)

	Reportable segment					Reconciliation (Note) 1	Amount recorded in Semi-annual Consolidated Statements of Operations (Note) 2
	Industrial Infra- structure business	Enterprise business	Mobility business	Global business	Total		
Net sales							
Revenue from contracts with customers	13,630	18,535	20,106	25,528	77,800	–	77,800
Net sales to outside customers	13,630	18,535	20,106	25,528	77,800	–	77,800
Inter-segment net sales or transfers	147	3,237	274	38	3,697	(3,697)	–
Total	13,778	21,773	20,380	25,566	81,498	(3,697)	77,800
Segment profit	602	507	819	565	2,494	(407)	2,087

(Notes) 1. The reconciliation of segment profit in an amount of ¥(407) million includes the elimination of inter-segment transactions.

2. Segment profit is reconciled with operating profit in the Semi-annual Consolidated Statements of Operations.

2. Information about impairment losses on non-current assets by reportable segment

Regarding corporate assets that do not belong to any reportable segment, the Company wrote off the carrying amount of land to its recoverable amount and recorded the difference as impairment losses. The impairment losses amounted to ¥19 million.

(Significant subsequent events)

(Transactions under common control, etc.)

The Company has acquired additional shares of SM Electronic Technologies Pvt. Ltd. (hereinafter referred to as “SM Electronic”), a consolidated subsidiary.

1. Summary of transaction

(1) Name and business of combined company

Name: SM Electronic (consolidated subsidiary of the Company)

Business description: Wholesale of electronic components

(2) Date of business combination

October 1, 2024 (deemed acquisition date)

(3) Legal form of business combination

Acquisition of shares from non-controlling interests

(4) Company name after business combination

There was no change to the company name.

(5) Other matters related to the summary of transaction

The Company acquired additional shares representing 25% of the voting rights, which has resulted in the Company holding 75.1% of the voting rights of SM Electronic. The acquisition of additional shares aims to improve the Group’s corporate value by conquering the growing Indian market and expanding business, as well as to further strengthen governance over the entire Group.

2. Summary of accounting treatment implemented

Based on the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019), the transaction has been treated as a transaction with non-controlling interests under transactions under common control, etc.

3. Matters stated after additional acquisition of subsidiary shares

Acquisition costs of the acquired company and breakdown thereof

<u>Consideration for acquisition</u>	<u>Cash</u>	<u>¥1,085 million</u>
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Acquisition cost		¥1,085 million
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4. Matters related to change in ownership interest of the Company due to the transaction with non-controlling interests

(1) Main factors for change in capital surplus

Additional acquisition of subsidiary shares

(2) Amount of capital surplus increased due to the transaction with non-controlling interests

¥632 million

### 3. Others

#### (1) Information by Product and Service Line

For the six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)

(Million yen)

	Semiconductors	General electronic components	Electric equipment	Products	Total
Net sales to outside customers	28,315	30,453	13,499	1,880	74,148

For the six months ended November 30, 2024 (from June 1, 2024 to November 30, 2024)

(Million yen)

	Semiconductors	General electronic components	Electric equipment	Products	Total
Net sales to outside customers	28,357	32,257	14,734	2,451	77,800

#### (2) Net Sales by Region

For the six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)

(Million yen)

Japan	Overseas						Total
	China	India	Thailand	Other Asia	Other	Subtotal	
32,837	18,127	6,768	5,716	7,588	3,109	41,310	74,148

(Notes) 1. Net sales are distributed to each country or region based on the actual destinations of the products.

2. In the table above, the region “China” includes Hong Kong.

For the six months ended November 30, 2024 (from June 1, 2024 to November 30, 2024)

(Million yen)

Japan	Overseas						Total
	China	India	Thailand	Other Asia	Other	Subtotal	
29,195	17,693	11,946	8,223	8,063	2,678	48,605	77,800

(Notes) 1. Net sales are distributed to each country or region based on the actual destinations of the products.

2. In the table above, the region “China” includes Hong Kong.