

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 6, 2024

Company name: SATOSHOJI CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 8065 URL <https://www.satoshoji.co.jp>
 Representative: Representative Director, President Tetsuo Nozawa
 Inquiries: General Manager of Financial Dept. Akihito Okeda TEL 03-5218-5312
 Scheduled date to file Semi-annual Securities Report: November 7, 2024
 Scheduled date to commence dividend payments: November 29, 2024
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

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	139,794	3.2	2,775	(2.3)	3,045	(2.5)	2,826	1.4
Six months ended September 30, 2023	135,511	0.6	2,839	2.2	3,123	(3.1)	2,786	30.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	134.18		131.69	
Six months ended September 30, 2023	132.02		129.01	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	172,740	65,690	37.8
As of March 31, 2024	172,870	65,202	37.5

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, 2024	—	32.00	—	41.00	73.00
Year ending March 31, 2025	—	34.00			
Year ending March 31, 2025 (Forecast)			—	34.00	68.00

3. Forecast of consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	285,000	4.0	6,550	1.1	6,850	(6.1)	5,350	(17.4)	253.94

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Application of special accounting methods for preparing semi-annual 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, 2024	21,799,050 shares	As of March 31, 2024	21,799,050 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	670,079 shares	As of March 31, 2024	764,743 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, 2024	21,068,046 shares	Six months ended September 30, 2023	21,108,379 shares
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Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	3,175	4,343
Notes receivable - trade	6,298	4,629
Electronically recorded monetary claims - operating	31,395	28,867
Accounts receivable - trade	53,720	55,486
Merchandise and finished goods	28,956	30,417
Other	4,933	5,216
Allowance for doubtful accounts	(212)	(322)
Total current assets	128,267	128,639
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,115	5,818
Land	13,001	14,348
Other, net	2,544	3,969
Total property, plant and equipment	21,661	24,136
Intangible assets	186	305
Investments and other assets		
Investment securities	20,498	17,193
Deferred tax assets	90	89
Retirement benefit asset	1,079	1,032
Other	1,157	1,431
Allowance for doubtful accounts	(71)	(87)
Total investments and other assets	22,755	19,659
Total non-current assets	44,602	44,100
Total assets	172,870	172,740

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	55,178	51,843
Electronically recorded obligations - operating	13,127	10,874
Short-term borrowings	18,165	27,087
Income taxes payable	1,147	1,134
Contract liabilities	451	731
Provision for bonuses	1,489	1,509
Other	2,570	2,258
Total current liabilities	92,128	95,439
Non-current liabilities		
Long-term borrowings	10,657	7,426
Deferred tax liabilities	4,311	3,650
Retirement benefit liability	172	207
Provision for retirement benefits for directors (and other officers)	58	57
Other	338	268
Total non-current liabilities	15,538	11,610
Total liabilities	107,667	107,049
Net assets		
Shareholders' equity		
Share capital	1,321	1,321
Capital surplus	818	732
Retained earnings	51,919	53,904
Treasury shares	(872)	(806)
Total shareholders' equity	53,186	55,151
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,920	8,229
Deferred gains or losses on hedges	0	(3)
Foreign currency translation adjustment	1,711	2,003
Total accumulated other comprehensive income	11,632	10,229
Share acquisition rights	369	293
Non-controlling interests	14	15
Total net assets	65,202	65,690
Total liabilities and net assets	172,870	172,740

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, 2023	Six months ended September 30, 2024
Net sales	135,511	139,794
Cost of sales	125,245	129,192
Gross profit	10,265	10,601
Selling, general and administrative expenses	7,425	7,826
Operating profit	2,839	2,775
Non-operating income		
Interest income	3	14
Dividend income	320	358
Rental income	63	52
Purchase discounts	20	20
Share of profit of entities accounted for using equity method	20	28
Foreign exchange gains	23	—
Other	30	55
Total non-operating income	482	529
Non-operating expenses		
Interest expenses	132	157
Loss on sale of trade receivables	13	1
Rental expenses	24	34
Foreign exchange losses	—	10
Other	27	55
Total non-operating expenses	198	259
Ordinary profit	3,123	3,045
Extraordinary income		
Gain on sale of non-current assets	2	477
Gain on sale of investment securities	881	525
Total extraordinary income	884	1,003
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	5
Loss on valuation of investment securities	—	3
Loss on sale of investment securities	3	6
Loss on sale of shares of subsidiaries	—	68
Loss on valuation of shares of subsidiaries and associates	26	—
Total extraordinary losses	31	83
Profit before income taxes	3,977	3,965
Income taxes - current	1,121	1,069
Income taxes - deferred	67	67
Total income taxes	1,189	1,137
Profit	2,787	2,827
Profit attributable to non-controlling interests	1	1
Profit attributable to owners of parent	2,786	2,826

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	2,787	2,827
Other comprehensive income		
Valuation difference on available-for-sale securities	2,085	(1,691)
Deferred gains or losses on hedges	5	(3)
Foreign currency translation adjustment	509	279
Share of other comprehensive income of entities accounted for using equity method	6	12
Total other comprehensive income	2,606	(1,402)
Comprehensive income	5,394	1,424
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,392	1,422
Comprehensive income attributable to non-controlling interests	1	2

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	3,977	3,965
Depreciation	506	514
Increase (decrease) in allowance for doubtful accounts	(16)	28
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(16)	(0)
Decrease (increase) in retirement benefit asset	26	47
Increase (decrease) in retirement benefit liability	8	5
Interest and dividend income	(324)	(373)
Interest expenses	132	157
Share of loss (profit) of entities accounted for using equity method	(20)	(28)
Loss (gain) on sale of investment securities	(878)	(518)
Loss (gain) on sale of shares of subsidiaries and associates	—	68
Loss (gain) on sale and retirement of non-current assets	(1)	(472)
Decrease (increase) in trade receivables	(3,663)	3,795
Decrease (increase) in inventories	1,819	(570)
Increase (decrease) in trade payables	4,727	(6,725)
Other, net	587	(552)
Subtotal	6,863	(659)
Interest and dividends received	321	372
Interest paid	(130)	(160)
Income taxes paid	(1,427)	(1,055)
Net cash provided by (used in) operating activities	5,626	(1,503)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,318)	(3,118)
Proceeds from sale of property, plant and equipment	2	585
Purchase of intangible assets	(24)	(7)
Purchase of investment securities	(13)	(111)
Proceeds from sale of investment securities	1,195	738
Loan advances	(12)	(151)
Proceeds from collection of loans receivable	73	159
Purchase of shares of subsidiaries and associates	—	(444)
Purchase of shares of subsidiaries	—	(34)
Proceeds from sale of shares of subsidiaries	—	42
Other, net	66	33
Net cash provided by (used in) investing activities	(2,030)	(2,309)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(530)	6,746
Proceeds from long-term borrowings	1,000	—
Repayments of long-term borrowings	(2,433)	(1,361)
Purchase of treasury shares	(0)	(123)
Dividends paid	(800)	(861)
Other, net	0	236
Net cash provided by (used in) financing activities	(2,764)	4,636
Effect of exchange rate change on cash and cash equivalents	107	28
Net increase (decrease) in cash and cash equivalents	938	852
Cash and cash equivalents at beginning of period	3,286	3,115
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	315
Cash and cash equivalents at end of period	4,224	4,283