

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 9, 2022

Company name: SATOSHOJI CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 8065 URL <http://www.satoshoji.co.jp>
 Representative: Representative Director, President Tetsuo Nozawa
 Inquiries: General Manager of Financial Dept. Yasuhiro Kii TEL 03-5218-5312
 Scheduled date of ordinary general meeting of shareholders: June 17, 2022
 Scheduled date to file Securities Report: June 17, 2022
 Scheduled date to commence dividend payments: June 20, 2022
 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 year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

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	%
Year ended March 31, 2022	236,162	–	5,734	105.1	6,263	87.0	4,016	44.2
Year ended March 31, 2021	175,464	(14.9)	2,796	(14.7)	3,348	(13.0)	2,785	(2.3)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	189.52	184.94	8.2	4.7	2.4
Year ended March 31, 2021	129.65	126.79	6.2	2.9	1.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	152,090	50,933	33.2	2,399.63
As of March 31, 2021	115,916	47,635	40.8	2,200.84

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	(12,554)	(1,510)	14,418	2,875
Year ended March 31, 2021	7,503	(685)	(6,349)	2,367

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	20.00	–	23.00	43.00	923	33.2	2.0
Year ended March 31, 2022	–	24.00	–	34.00	58.00	1,223	30.6	2.5
Year ending March 31, 2023 (Forecast)	–	29.00	–	30.00	59.00		29.8	

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
Six months ending September 30, 2022	130,000	19.3	2,600	8.4	2,800	6.5	2,000	15.7	94.38
Full year	265,000	12.2	5,500	(4.1)	5,900	(5.8)	4,200	4.6	198.19

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2022	21,799,050 shares	As of March 31, 2021	21,799,050 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	733,085 shares	As of March 31, 2021	312,131 shares
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Average number of shares during the period

Year ended March 31, 2022	21,191,361 shares	Year ended March 31, 2021	21,484,439 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	2,427	2,935
Notes and accounts receivable - trade	48,270	–
Notes receivable - trade	–	9,104
Electronically recorded monetary claims - operating	14,464	20,628
Accounts receivable - trade	–	50,647
Contract assets	–	253
Merchandise and finished goods	15,978	28,167
Other	1,680	6,326
Allowance for doubtful accounts	(109)	(211)
Total current assets	82,711	117,853
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,031	15,085
Accumulated depreciation	(8,911)	(9,413)
Buildings and structures, net	6,120	5,671
Machinery, equipment and vehicles	7,725	7,847
Accumulated depreciation	(6,079)	(6,317)
Machinery, equipment and vehicles, net	1,645	1,530
Land	8,855	8,860
Construction in progress	3	0
Other	840	863
Accumulated depreciation	(638)	(672)
Other, net	202	191
Total property, plant and equipment	16,828	16,254
Intangible assets	180	162
Investments and other assets		
Investment securities	14,426	15,862
Deferred tax assets	64	77
Retirement benefit asset	419	633
Other	1,377	1,392
Allowance for doubtful accounts	(75)	(130)
Allowance for investment loss	(15)	(14)
Total investments and other assets	16,196	17,820
Total non-current assets	33,204	34,237
Total assets	115,916	152,090

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	36,870	50,303
Electronically recorded obligations - operating	8,333	10,432
Short-term borrowings	6,730	21,981
Income taxes payable	774	1,467
Contract liabilities	–	210
Provision for bonuses	1,140	1,679
Other	2,661	2,020
Total current liabilities	56,511	88,095
Non-current liabilities		
Long-term borrowings	8,818	9,999
Deferred tax liabilities	2,399	2,509
Retirement benefit liability	119	135
Provision for retirement benefits for directors (and other officers)	61	66
Other	370	349
Total non-current liabilities	11,769	13,061
Total liabilities	68,281	101,157
Net assets		
Shareholders' equity		
Share capital	1,321	1,321
Capital surplus	867	862
Retained earnings	39,234	42,072
Treasury shares	(262)	(740)
Total shareholders' equity	41,159	43,516
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,782	6,325
Deferred gains or losses on hedges	7	8
Foreign currency translation adjustment	335	700
Remeasurements of defined benefit plans	4	–
Total accumulated other comprehensive income	6,129	7,034
Share acquisition rights	338	374
Non-controlling interests	7	8
Total net assets	47,635	50,933
Total liabilities and net assets	115,916	152,090

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	175,464	236,162
Cost of sales	161,092	216,456
Gross profit	14,372	19,705
Selling, general and administrative expenses	11,576	13,971
Operating profit	2,796	5,734
Non-operating income		
Interest income	5	6
Dividend income	289	384
Rental income	149	152
Purchase discounts	43	67
Share of profit of entities accounted for using equity method	3	35
Subsidies for employment adjustment	180	7
Foreign exchange gains	16	31
Other	98	129
Total non-operating income	787	813
Non-operating expenses		
Interest expenses	136	166
Loss on sale of trade receivables	2	3
Rental expenses	56	65
Other	38	49
Total non-operating expenses	234	284
Ordinary profit	3,348	6,263
Extraordinary income		
Gain on sale of non-current assets	343	3
Gain on sale of investment securities	567	8
Subsidy income	10	–
Other	24	8
Total extraordinary income	945	20
Extraordinary losses		
Loss on retirement of non-current assets	2	6
Loss on sale of non-current assets	0	0
Impairment losses	164	–
Loss on sale of investment securities	–	294
Loss on valuation of investment securities	65	20
Loss on valuation of shares of subsidiaries	18	–
Provision of allowance for investment loss	–	7
Other	6	7
Total extraordinary losses	258	335
Profit before income taxes	4,036	5,948
Income taxes - current	1,257	2,085
Income taxes - deferred	(7)	(154)
Total income taxes	1,250	1,930
Profit	2,786	4,017
Profit attributable to non-controlling interests	0	1
Profit attributable to owners of parent	2,785	4,016

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	2,786	4,017
Other comprehensive income		
Valuation difference on available-for-sale securities	2,342	550
Deferred gains or losses on hedges	6	1
Foreign currency translation adjustment	144	359
Share of other comprehensive income of entities accounted for using equity method	20	(2)
Remeasurements of defined benefit plans, net of tax	–	(4)
Total other comprehensive income	2,514	905
Comprehensive income	5,300	4,922
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,299	4,920
Comprehensive income attributable to non-controlling interests	1	1

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,321	868	37,372	(272)	39,290
Changes during period					
Dividends of surplus			(923)		(923)
Profit attributable to owners of parent			2,785		2,785
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(1)		9	8
Other					–
Net changes in items other than shareholders' equity					
Total changes during period	–	(1)	1,861	9	1,869
Balance at end of period	1,321	867	39,234	(262)	41,159

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,427	0	191	(3)	3,615	296	5	43,207
Changes during period								
Dividends of surplus								(923)
Profit attributable to owners of parent								2,785
Purchase of treasury shares								(0)
Disposal of treasury shares								8
Other								–
Net changes in items other than shareholders' equity	2,354	6	144	7	2,514	42	1	2,557
Total changes during period	2,354	6	144	7	2,514	42	1	4,427
Balance at end of period	5,782	7	335	4	6,129	338	7	47,635

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,321	867	39,234	(262)	41,159
Cumulative effects of changes in accounting policies			(26)		(26)
Restated balance	1,321	867	39,208	(262)	41,133
Changes during period					
Dividends of surplus			(1,002)		(1,002)
Profit attributable to owners of parent			4,016		4,016
Purchase of treasury shares				(499)	(499)
Disposal of treasury shares		(4)		21	17
Change in scope of consolidation			(148)		(148)
Other					–
Net changes in items other than shareholders' equity					
Total changes during period	–	(4)	2,864	(477)	2,382
Balance at end of period	1,321	862	42,072	(740)	43,516

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	5,782	7	335	4	6,129	338	7	47,635
Cumulative effects of changes in accounting policies								(26)
Restated balance	5,782	7	335	4	6,129	338	7	47,608
Changes during period								
Dividends of surplus								(1,002)
Profit attributable to owners of parent								4,016
Purchase of treasury shares								(499)
Disposal of treasury shares								17
Change in scope of consolidation								(148)
Other								–
Net changes in items other than shareholders' equity	542	1	364	(4)	904	35	1	942
Total changes during period	542	1	364	(4)	904	35	1	3,324
Balance at end of period	6,325	8	700	–	7,034	374	8	50,933

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	4,036	5,948
Depreciation	1,051	1,023
Increase (decrease) in allowance for doubtful accounts	(78)	156
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(11)	4
Decrease (increase) in retirement benefit asset	(269)	(214)
Increase (decrease) in retirement benefit liability	8	15
Interest and dividend income	(295)	(391)
Interest expenses	136	166
Share of loss (profit) of entities accounted for using equity method	(3)	(35)
Subsidy income	(10)	–
Loss (gain) on sale of investment securities	(567)	285
Loss (gain) on sale and retirement of property, plant and equipment	(340)	2
Decrease (increase) in trade receivables	(2,255)	(16,661)
Decrease (increase) in inventories	3,236	(11,844)
Increase (decrease) in trade payables	2,860	14,894
Other, net	853	(4,721)
Subtotal	8,350	(11,369)
Interest and dividends received	306	402
Subsidies received	10	–
Interest paid	(138)	(161)
Income taxes paid	(1,026)	(1,425)
Net cash provided by (used in) operating activities	7,503	(12,554)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,566)	(366)
Proceeds from sale of property, plant and equipment	446	6
Purchase of intangible assets	(39)	(51)
Purchase of investment securities	(118)	(48)
Proceeds from sale of investment securities	682	112
Purchase of shares of subsidiaries and associates	–	(219)
Proceeds from sale of shares of subsidiaries and associates	–	230
Purchase of shares of subsidiaries	–	(1,186)
Loan advances	(265)	(187)
Proceeds from collection of loans receivable	40	125
Other, net	134	75
Net cash provided by (used in) investing activities	(685)	(1,510)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,559)	14,584
Proceeds from long-term borrowings	1,200	4,900
Repayments of long-term borrowings	(2,982)	(3,556)
Purchase of treasury shares	(0)	(499)
Dividends paid	(920)	(1,004)
Other, net	(86)	(5)
Net cash provided by (used in) financing activities	(6,349)	14,418

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Effect of exchange rate change on cash and cash equivalents	(16)	63
Net increase (decrease) in cash and cash equivalents	450	416
Cash and cash equivalents at beginning of period	1,906	2,367
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	10	91
Cash and cash equivalents at end of period	2,367	2,875