

Translation

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

November 7, 2023

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 to file Quarterly Securities Report: November 8, 2023  
 Scheduled date to commence dividend payments: December 1, 2023  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(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	135,511	0.6	2,839	2.2	3,123	(3.1)	2,786	30.3
Six months ended September 30, 2022	134,713	23.6	2,777	15.8	3,223	22.6	2,138	23.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	132.02		129.01	
Six months ended September 30, 2022	101.31		98.79	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	172,220	60,744	35.0
As of March 31, 2023	163,743	56,102	34.0

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	–	29.00	–	38.00	67.00
Year ending March 31, 2024	–	32.00			
Year ending March 31, 2024 (Forecast)			–	33.00	65.00

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	277,000	0.7	6,200	1.0	6,500	(3.3)	5,097	(17.7)	241.70

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	21,799,050 shares	As of March 31, 2023	21,799,050 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	664,243 shares	As of March 31, 2023	725,891 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, 2023	21,108,379 shares	Six months ended September 30, 2022	21,111,069 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	3,346	4,284
Notes receivable - trade	7,610	7,922
Electronically recorded monetary claims - operating	25,445	28,730
Accounts receivable - trade	56,134	56,824
Merchandise and finished goods	30,349	28,820
Other	5,465	4,812
Allowance for doubtful accounts	(237)	(209)
Total current assets	128,114	131,186
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,295	5,119
Land	10,149	12,822
Other, net	2,234	2,572
Total property, plant and equipment	17,679	20,513
Intangible assets	177	177
Investments and other assets		
Investment securities	15,722	18,406
Deferred tax assets	76	77
Retirement benefit asset	798	771
Other	1,602	1,528
Allowance for doubtful accounts	(423)	(434)
Allowance for investment loss	(5)	(5)
Total investments and other assets	17,771	20,343
Total non-current assets	35,628	41,033
Total assets	163,743	172,220

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	53,234	56,661
Electronically recorded obligations - operating	12,080	13,780
Short-term borrowings	20,253	19,039
Income taxes payable	1,456	1,123
Contract liabilities	492	683
Provision for bonuses	1,669	1,525
Other	2,739	2,526
Total current liabilities	91,927	95,339
Non-current liabilities		
Long-term borrowings	12,546	12,000
Deferred tax liabilities	2,603	3,580
Retirement benefit liability	154	163
Provision for retirement benefits for directors (and other officers)	72	55
Other	336	334
Total non-current liabilities	15,713	16,135
<b>Total liabilities</b>	<b>107,641</b>	<b>111,475</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,321	1,321
Capital surplus	838	818
Retained earnings	46,915	48,903
Treasury shares	(760)	(696)
Total shareholders' equity	48,315	50,348
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,312	8,398
Deferred gains or losses on hedges	(6)	(1)
Foreign currency translation adjustment	1,101	1,617
Total accumulated other comprehensive income	7,408	10,014
Share acquisition rights	367	369
Non-controlling interests	11	12
<b>Total net assets</b>	<b>56,102</b>	<b>60,744</b>
<b>Total liabilities and net assets</b>	<b>163,743</b>	<b>172,220</b>

## 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	134,713	135,511
Cost of sales	124,246	125,245
Gross profit	10,467	10,265
Selling, general and administrative expenses	7,689	7,425
Operating profit	2,777	2,839
Non-operating income		
Interest income	2	3
Dividend income	281	320
Rental income	74	63
Purchase discounts	28	20
Share of profit of entities accounted for using equity method	16	20
Subsidies for employment adjustment	6	0
Foreign exchange gains	184	23
Other	34	30
Total non-operating income	630	482
Non-operating expenses		
Interest expenses	125	132
Loss on sale of trade receivables	6	13
Rental expenses	27	24
Other	25	27
Total non-operating expenses	183	198
Ordinary profit	3,223	3,123
Extraordinary income		
Gain on sale of non-current assets	0	2
Gain on sale of investment securities	62	881
Total extraordinary income	62	884
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	0
Loss on sale of investment securities	–	3
Loss on valuation of shares of subsidiaries and associates	–	26
Provision of allowance for investment loss	10	–
Total extraordinary losses	11	31
Profit before income taxes	3,275	3,977
Income taxes - current	1,061	1,121
Income taxes - deferred	74	67
Total income taxes	1,135	1,189
Profit	2,139	2,787
Profit attributable to non-controlling interests	1	1
Profit attributable to owners of parent	2,138	2,786

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,139	2,787
Other comprehensive income		
Valuation difference on available-for-sale securities	(869)	2,085
Deferred gains or losses on hedges	(9)	5
Foreign currency translation adjustment	587	509
Share of other comprehensive income of entities accounted for using equity method	3	6
Total other comprehensive income	(288)	2,606
Comprehensive income	1,851	5,394
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,849	5,392
Comprehensive income attributable to non-controlling interests	1	1

## 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 before income taxes	3,275	3,977
Depreciation	479	506
Increase (decrease) in allowance for doubtful accounts	370	(16)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2	(16)
Decrease (increase) in retirement benefit asset	(74)	26
Increase (decrease) in retirement benefit liability	11	8
Interest and dividend income	(284)	(324)
Interest expenses	125	132
Share of loss (profit) of entities accounted for using equity method	(16)	(20)
Loss (gain) on sale of investment securities	(62)	(878)
Loss (gain) on sale and retirement of non-current assets	0	(1)
Decrease (increase) in trade receivables	(6,092)	(3,663)
Decrease (increase) in inventories	(2,042)	1,819
Increase (decrease) in trade payables	1,332	4,727
Other, net	2,393	587
Subtotal	(580)	6,863
Interest and dividends received	284	321
Interest paid	(118)	(130)
Income taxes paid	(1,432)	(1,427)
Net cash provided by (used in) operating activities	(1,847)	5,626
Cash flows from investing activities		
Purchase of property, plant and equipment	(450)	(3,318)
Proceeds from sale of property, plant and equipment	220	2
Purchase of intangible assets	(57)	(24)
Purchase of investment securities	(11)	(13)
Proceeds from sale of investment securities	62	1,195
Loan advances	(15)	(12)
Proceeds from collection of loans receivable	94	73
Other, net	57	66
Net cash provided by (used in) investing activities	(100)	(2,030)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,205)	(530)
Proceeds from long-term borrowings	5,800	1,000
Repayments of long-term borrowings	(1,566)	(2,433)
Purchase of treasury shares	(0)	(0)
Dividends paid	(709)	(800)
Other, net	(5)	0
Net cash provided by (used in) financing activities	1,312	(2,764)
Effect of exchange rate change on cash and cash equivalents	177	107
Net increase (decrease) in cash and cash equivalents	(456)	938
Cash and cash equivalents at beginning of period	2,875	3,286
Cash and cash equivalents at end of period	2,418	4,224