

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 9, 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 of ordinary general meeting of shareholders: June 20, 2023
 Scheduled date to file Securities Report: June 20, 2023
 Scheduled date to commence dividend payments: June 21, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	275,006	16.4	6,136	7.0	6,719	7.3	6,194	54.2
Year ended March 31, 2022	236,162	—	5,734	105.1	6,263	87.0	4,016	44.2

	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, 2023	293.34	286.41	11.7	4.3	2.2
Year ended March 31, 2022	189.52	184.94	8.2	4.7	2.4

(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, 2023	163,743	56,102	34.0	2,644.27
As of March 31, 2022	152,090	50,933	33.2	2,399.63

(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, 2023	869	175	(876)	3,286
Year ended March 31, 2022	(12,554)	(1,510)	14,418	2,875

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, 2022	—	24.00	—	34.00	58.00	1,223	30.6	2.5
Year ended March 31, 2023	—	29.00	—	38.00	67.00	1,413	22.8	2.7
Year ending March 31, 2024 (Forecast)	—	32.00	—	33.00	65.00		30.5	

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
Six months ending September 30, 2023	132,000	(2.0)	2,600	(6.4)	2,850	(11.6)	1,950	(8.8)	92.34
Full year	277,000	0.7	6,200	1.0	6,500	(3.3)	4,500	(27.4)	213.08

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	21,799,050 shares	As of March 31, 2022	21,799,050 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	725,891 shares	As of March 31, 2022	733,085 shares
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Average number of shares during the period

Year ended March 31, 2023	21,118,350 shares	Year ended March 31, 2022	21,191,361 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	2,935	3,346
Notes receivable - trade	9,104	7,610
Electronically recorded monetary claims - operating	20,628	25,445
Accounts receivable - trade	50,647	56,134
Contract assets	253	–
Merchandise and finished goods	28,167	30,349
Other	6,326	5,465
Allowance for doubtful accounts	(211)	(237)
Total current assets	117,853	128,114
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,085	15,191
Accumulated depreciation	(9,413)	(9,896)
Buildings and structures, net	5,671	5,295
Machinery, equipment and vehicles	7,847	8,135
Accumulated depreciation	(6,317)	(6,563)
Machinery, equipment and vehicles, net	1,530	1,571
Land	8,860	10,149
Construction in progress	0	399
Other	863	995
Accumulated depreciation	(672)	(731)
Other, net	191	264
Total property, plant and equipment	16,254	17,679
Intangible assets	162	177
Investments and other assets		
Investment securities	15,862	15,722
Deferred tax assets	77	76
Retirement benefit asset	633	798
Other	1,392	1,602
Allowance for doubtful accounts	(130)	(423)
Allowance for investment loss	(14)	(5)
Total investments and other assets	17,820	17,771
Total non-current assets	34,237	35,628
Total assets	152,090	163,743

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	50,303	53,234
Electronically recorded obligations - operating	10,432	12,080
Short-term borrowings	21,981	20,253
Income taxes payable	1,467	1,456
Contract liabilities	210	492
Provision for bonuses	1,679	1,669
Other	2,020	2,739
Total current liabilities	88,095	91,927
Non-current liabilities		
Long-term borrowings	9,999	12,546
Deferred tax liabilities	2,509	2,603
Retirement benefit liability	135	154
Provision for retirement benefits for directors (and other officers)	66	72
Other	349	336
Total non-current liabilities	13,061	15,713
Total liabilities	101,157	107,641
Net assets		
Shareholders' equity		
Share capital	1,321	1,321
Capital surplus	862	838
Retained earnings	42,072	46,915
Treasury shares	(740)	(760)
Total shareholders' equity	43,516	48,315
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,325	6,312
Deferred gains or losses on hedges	8	(6)
Foreign currency translation adjustment	700	1,101
Total accumulated other comprehensive income	7,034	7,408
Share acquisition rights	374	367
Non-controlling interests	8	11
Total net assets	50,933	56,102
Total liabilities and net assets	152,090	163,743

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	236,162	275,006
Cost of sales	216,456	253,747
Gross profit	19,705	21,258
Selling, general and administrative expenses	13,971	15,122
Operating profit	5,734	6,136
Non-operating income		
Interest income	6	5
Dividend income	384	507
Rental income	152	140
Purchase discounts	67	50
Share of profit of entities accounted for using equity method	35	48
Subsidies for employment adjustment	7	6
Foreign exchange gains	31	117
Other	129	87
Total non-operating income	813	965
Non-operating expenses		
Interest expenses	166	266
Loss on sale of trade receivables	3	19
Rental expenses	65	51
Other	49	44
Total non-operating expenses	284	382
Ordinary profit	6,263	6,719
Extraordinary income		
Gain on sale of non-current assets	3	2,146
Gain on sale of investment securities	8	68
Other	8	10
Total extraordinary income	20	2,225
Extraordinary losses		
Loss on retirement of non-current assets	6	5
Loss on sale of non-current assets	0	0
Loss on sale of investment securities	294	0
Loss on valuation of investment securities	20	0
Loss on valuation of shares of subsidiaries and associates	–	150
Provision of allowance for investment loss	7	0
Other	7	–
Total extraordinary losses	335	157
Profit before income taxes	5,948	8,787
Income taxes - current	2,085	2,461
Income taxes - deferred	(154)	129
Total income taxes	1,930	2,590
Profit	4,017	6,197
Profit attributable to non-controlling interests	1	2
Profit attributable to owners of parent	4,016	6,194

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	4,017	6,197
Other comprehensive income		
Valuation difference on available-for-sale securities	550	(12)
Deferred gains or losses on hedges	1	(15)
Foreign currency translation adjustment	359	396
Share of other comprehensive income of entities accounted for using equity method	(2)	6
Remeasurements of defined benefit plans, net of tax	(4)	–
Total other comprehensive income	905	374
Comprehensive income	4,922	6,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,920	6,568
Comprehensive income attributable to non-controlling interests	1	2

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,321	862	42,072	(740)	43,516
Changes during period					
Dividends of surplus			(1,330)		(1,330)
Profit attributable to owners of parent			6,194		6,194
Purchase of treasury shares				(100)	(100)
Disposal of treasury shares		(23)		79	56
Other			(21)		(21)
Net changes in items other than shareholders' equity					
Total changes during period	–	(23)	4,843	(20)	4,798
Balance at end of period	1,321	838	46,915	(760)	48,315

	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	Total accumulated other comprehensive income			
Balance at beginning of period	6,325	8	700	7,034	374	8	50,933
Changes during period							
Dividends of surplus							(1,330)
Profit attributable to owners of parent							6,194
Purchase of treasury shares							(100)
Disposal of treasury shares							56
Other							(21)
Net changes in items other than shareholders' equity	(12)	(15)	401	373	(6)	2	369
Total changes during period	(12)	(15)	401	373	(6)	2	5,168
Balance at end of period	6,312	(6)	1,101	7,408	367	11	56,102

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,948	8,787
Depreciation	1,023	998
Increase (decrease) in allowance for doubtful accounts	156	318
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4	5
Decrease (increase) in retirement benefit asset	(214)	(164)
Increase (decrease) in retirement benefit liability	15	17
Interest and dividend income	(391)	(513)
Interest expenses	166	266
Share of loss (profit) of entities accounted for using equity method	(35)	(48)
Loss (gain) on sale of investment securities	285	(68)
Loss (gain) on sale and retirement of property, plant and equipment	2	(2,140)
Decrease (increase) in trade receivables	(16,661)	(8,191)
Decrease (increase) in inventories	(11,844)	(1,869)
Increase (decrease) in trade payables	14,894	4,140
Other, net	(4,721)	1,583
Subtotal	(11,369)	3,122
Interest and dividends received	402	511
Interest paid	(161)	(258)
Income taxes paid	(1,425)	(2,505)
Net cash provided by (used in) operating activities	(12,554)	869
Cash flows from investing activities		
Purchase of property, plant and equipment	(366)	(2,383)
Proceeds from sale of property, plant and equipment	6	2,369
Purchase of intangible assets	(51)	(82)
Purchase of investment securities	(48)	(23)
Proceeds from sale of investment securities	112	19
Purchase of shares of subsidiaries and associates	(219)	–
Proceeds from sale of shares of subsidiaries and associates	230	62
Purchase of shares of subsidiaries	(1,186)	–
Loan advances	(187)	(49)
Proceeds from collection of loans receivable	125	136
Other, net	75	127
Net cash provided by (used in) investing activities	(1,510)	175
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,584	(2,514)
Proceeds from long-term borrowings	4,900	7,300
Repayments of long-term borrowings	(3,556)	(4,240)
Purchase of treasury shares	(499)	(100)
Dividends paid	(1,004)	(1,319)
Other, net	(5)	(1)
Net cash provided by (used in) financing activities	14,418	(876)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Effect of exchange rate change on cash and cash equivalents	63	242
Net increase (decrease) in cash and cash equivalents	416	410
Cash and cash equivalents at beginning of period	2,367	2,875
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	91	–
Cash and cash equivalents at end of period	2,875	3,286