

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 29, 2024
(Based on Japanese GAAP)**

April 12, 2024

Company name: SANYO SHOKAI LTD.
 Stock exchange listing: Tokyo
 Stock code: 8011 URL <https://www.sanyo-shokai.co.jp/>
 Representative: Representative Director, President & Chief Shinji Oe
 Operating Officer
 General Manager of Accounting
 Inquiries: Department, Accounting & Finance Tatsuji Tsuchida TEL 03-6380-5346
 Headquarters
 Scheduled date of ordinary general meeting of shareholders: May 29, 2024
 Scheduled date to file Securities Report: May 29, 2024
 Scheduled date to commence dividend payments: May 30, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for the press)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(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 February 29, 2024	61,353	5.3	3,047	36.3	3,184	30.7	2,787	29.3
Year ended February 28, 2023	58,273	–	2,235	–	2,437	–	2,155	–

	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 February 29, 2024	238.96	–	7.2	5.6	5.0
Year ended February 28, 2023	178.68	171.73	6.1	4.6	3.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2024	58,758	41,258	70.2	3,534.09
As of February 28, 2023	54,413	36,435	66.9	3,124.38

(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 February 29, 2024	4,419	(2,337)	(1,395)	19,103
Year ended February 28, 2023	4,215	(1,048)	(920)	18,416

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 February 28, 2023	–	0.00	–	55.00	55.00	641	30.8	1.9
Year ended February 29, 2024	–	0.00	–	88.00	88.00	1,026	36.8	2.6
Year ending February 28, 2025 (Forecast)	–	0.00	–	125.00	125.00		47.1	

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from March 1, 2024 to February 28, 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
Six months ending August 31, 2024	28,300	0.5	500	(30.4)	550	(30.1)	450	(39.6)	38.56
Full year	62,500	1.9	3,300	8.3	3,400	6.8	3,100	11.2	265.64

4. Notes

(1) Changes in significant subsidiaries during the year ended February 29, 2024

(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: No

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 February 29, 2024	12,622,934 shares	As of February 28, 2023	12,622,934 shares
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Number of treasury shares at the end of the period

As of February 29, 2024	952,952 shares	As of February 28, 2023	965,730 shares
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Average number of shares during the period

Year ended February 29, 2024	11,666,374 shares	Year ended February 28, 2023	12,062,929 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	20,896	23,283
Accounts receivable - trade	3,360	3,311
Merchandise and finished goods	8,024	7,298
Work in process	176	229
Raw materials and supplies	279	289
Other	1,993	1,802
Allowance for doubtful accounts	(5)	(5)
Total current assets	34,725	36,209
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,767	5,562
Accumulated depreciation	(2,384)	(2,431)
Buildings and structures, net	3,383	3,130
Land	4,136	4,309
Leased assets	694	750
Accumulated depreciation	(517)	(405)
Leased assets, net	177	345
Construction in progress	3	3
Other	1,459	1,448
Accumulated depreciation	(601)	(638)
Other, net	858	810
Total property, plant and equipment	8,559	8,598
Intangible assets		
Trademark right	2,512	2,197
Other	714	910
Total intangible assets	3,226	3,108
Investments and other assets		
Investment securities	5,748	9,580
Leasehold and guarantee deposits	1,081	978
Retirement benefit asset	3	11
Other	1,074	278
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	7,902	10,842
Total non-current assets	19,687	22,548
Total assets	54,413	58,758

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,265	4,435
Current portion of convertible bond-type bonds with share acquisition rights	553	–
Short-term borrowings	3,000	–
Current portion of long-term borrowings	–	2,870
Lease liabilities	150	121
Accrued expenses	2,110	1,935
Accrued consumption taxes	359	222
Income taxes payable	354	412
Provision for bonuses	510	482
Provision for bonuses for directors (and other officers)	20	21
Other	414	382
Total current liabilities	12,738	10,883
Non-current liabilities		
Long-term borrowings	3,800	3,930
Lease liabilities	64	236
Long-term accounts payable - other	61	58
Deferred tax liabilities	506	1,543
Deferred tax liabilities for land revaluation	540	540
Retirement benefit liability	201	244
Other	65	62
Total non-current liabilities	5,239	6,616
Total liabilities	17,978	17,499
Net assets		
Shareholders' equity		
Share capital	15,002	15,002
Capital surplus	9,631	9,631
Retained earnings	8,930	11,051
Treasury shares	(1,608)	(1,587)
Total shareholders' equity	31,955	34,097
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,132	5,783
Deferred gains or losses on hedges	13	15
Revaluation reserve for land	1,199	1,224
Foreign currency translation adjustment	119	121
Total accumulated other comprehensive income	4,465	7,145
Non-controlling interests	13	16
Total net assets	36,435	41,258
Total liabilities and net assets	54,413	58,758

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

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Net sales	58,273	61,353
Cost of sales	22,162	23,182
Gross profit	36,110	38,171
Selling, general and administrative expenses	33,874	35,123
Operating profit	2,235	3,047
Non-operating income		
Interest income	0	0
Dividend income	188	224
Share of profit of entities accounted for using equity method	–	11
Foreign exchange gains	53	–
Subsidy income	48	–
Other	28	19
Total non-operating income	319	254
Non-operating expenses		
Interest expenses	98	101
Share of loss of entities accounted for using equity method	12	–
Other	8	16
Total non-operating expenses	118	117
Ordinary profit	2,437	3,184
Extraordinary income		
Gain on sale of non-current assets	–	44
Subsidy income	67	–
Total extraordinary income	67	44
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	45	0
Impairment losses	808	182
Loss on sale of investment securities	184	–
Loss on liquidation of subsidiaries and associates	117	–
Total extraordinary losses	1,155	183
Profit before income taxes	1,348	3,045
Income taxes - current	219	388
Income taxes - deferred	(883)	(132)
Total income taxes	(664)	255
Profit	2,012	2,790
Profit (loss) attributable to non-controlling interests	(142)	2
Profit attributable to owners of parent	2,155	2,787

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Profit	2,012	2,790
Other comprehensive income		
Valuation difference on available-for-sale securities	1,100	2,650
Deferred gains or losses on hedges	9	1
Foreign currency translation adjustment	26	1
Total other comprehensive income	1,136	2,654
Comprehensive income	3,149	5,444
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,292	5,441
Comprehensive income attributable to non-controlling interests	(142)	2

Consolidated statements of changes in equity

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,002	9,658	6,769	(994)	30,435
Cumulative effects of changes in accounting policies			6		6
Restated balance	15,002	9,658	6,775	(994)	30,441
Changes during period					
Dividends of surplus					
Profit (loss) attributable to owners of parent			2,155		2,155
Disposal of treasury shares		(26)		47	21
Purchase of treasury shares				(662)	(662)
Reversal of revaluation reserve for land					
Net changes in items other than shareholders' equity					
Total changes during period	-	(26)	2,155	(614)	1,513
Balance at end of period	15,002	9,631	8,930	(1,608)	31,955

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2,031	3	1,199	93	3,328	156	33,920
Cumulative effects of changes in accounting policies							6
Restated balance	2,031	3	1,199	93	3,328	156	33,926
Changes during period							
Dividends of surplus							
Profit (loss) attributable to owners of parent							2,155
Disposal of treasury shares							21
Purchase of treasury shares							(662)
Reversal of revaluation reserve for land							
Net changes in items other than shareholders' equity	1,100	9	-	26	1,136	(142)	994
Total changes during period	1,100	9	-	26	1,136	(142)	2,508
Balance at end of period	3,132	13	1,199	119	4,465	13	36,435

Fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,002	9,631	8,930	(1,608)	31,955
Cumulative effects of changes in accounting policies			–		–
Restated balance	15,002	9,631	8,930	(1,608)	31,955
Changes during period					
Dividends of surplus			(641)		(641)
Profit (loss) attributable to owners of parent			2,787		2,787
Disposal of treasury shares		(0)		23	23
Purchase of treasury shares				(2)	(2)
Reversal of revaluation reserve for land			(25)		(25)
Net changes in items other than shareholders' equity			–		–
Total changes during period	–	(0)	2,121	20	2,141
Balance at end of period	15,002	9,631	11,051	(1,587)	34,097

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	3,132	13	1,199	119	4,465	13	36,435
Cumulative effects of changes in accounting policies							–
Restated balance	3,132	13	1,199	119	4,465	13	36,435
Changes during period							
Dividends of surplus							(641)
Profit (loss) attributable to owners of parent							2,787
Disposal of treasury shares							23
Purchase of treasury shares							(2)
Reversal of revaluation reserve for land							(25)
Net changes in items other than shareholders' equity	2,650	1	25	1	2,679	2	2,681
Total changes during period	2,650	1	25	1	2,679	2	4,823
Balance at end of period	5,783	15	1,224	121	7,145	16	41,258

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	1,348	3,045
Depreciation	953	933
Impairment losses	808	182
Increase (decrease) in allowance for doubtful accounts	(2)	(0)
Increase (decrease) in provision for bonuses	298	(28)
Increase (decrease) in provision for bonuses for directors (and other officers)	20	0
Increase (decrease) in retirement benefit liability	37	43
Decrease (increase) in retirement benefit asset	2,280	(7)
Interest and dividend income	(189)	(224)
Interest expenses	98	101
Share of loss (profit) of entities accounted for using equity method	12	(11)
Loss on retirement of non-current assets	45	0
Loss (gain) on sale of property, plant and equipment	0	(44)
Loss (gain) on sale of investment securities	184	–
Subsidy income	(115)	–
Loss (gain) on liquidation of subsidiaries and associates	117	–
Decrease (increase) in trade receivables	(701)	49
Decrease (increase) in inventories	(231)	662
Decrease (increase) in other current assets	(924)	259
Decrease (increase) in long-term prepaid expenses	(1,056)	792
Increase (decrease) in trade payables	1,027	(872)
Increase (decrease) in other current liabilities	23	(296)
Other, net	19	30
Subtotal	4,055	4,616
Interest and dividends received	189	224
Interest paid	(101)	(100)
Income taxes paid	(67)	(321)
Income taxes refund	25	–
Subsidies received	115	–
Net cash provided by (used in) operating activities	4,215	4,419
Cash flows from investing activities		
Payments into time deposits	–	(1,700)
Purchase of property, plant and equipment	(346)	(439)
Proceeds from sale of property, plant and equipment	0	194
Proceeds from sale of investment securities	444	–
Purchase of intangible assets	(1,175)	(384)
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	1	0
Payments of leasehold and guarantee deposits	(44)	(31)
Proceeds from refund of leasehold and guarantee deposits	141	120
Payments for asset retirement obligations	(70)	(96)
Other, net	1	(0)
Net cash provided by (used in) investing activities	(1,048)	(2,337)

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(3,000)
Proceeds from long-term borrowings	2,800	3,000
Repayments of long-term borrowings	(2,800)	–
Redemption of convertible bond-type bonds with subscription rights to shares	–	(553)
Dividends paid	–	(641)
Purchase of treasury shares	(662)	(2)
Repayments of lease liabilities	(257)	(198)
Net cash provided by (used in) financing activities	(920)	(1,395)
Effect of exchange rate change on cash and cash equivalents	(118)	1
Net increase (decrease) in cash and cash equivalents	2,128	687
Cash and cash equivalents at beginning of period	16,287	18,416
Cash and cash equivalents at end of period	18,416	19,103