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## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Under Japanese GAAP]

May 14, 2024

Company name: SINKO INDUSTRIES LTD.

Listing: Tokyo Stock Exchange

Securities code: 6458

URL: <https://www.sinko.co.jp/>

Representative: Satoshi Suenaga Chief Executive Officer

Inquiries: Tokuji Aota Executive Vice President, Chief Financial Officer

Telephone: +81-6-6367-1811

Scheduled date of Annual General Meeting of Shareholders: June 24, 2024

Scheduled date to commence dividend payments: June 25, 2024

Scheduled date to file annual securities report: June 24, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### I. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 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	%
Fiscal year ended								
March 31, 2024	51,943	15.9	8,627	43.8	9,120	39.4	6,580	45.8
March 31, 2023	44,805	6.8	5,998	5.0	6,540	8.1	4,514	10.2

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	265.11	—	11.3	11.0	16.6
March 31, 2023	178.62	—	8.5	8.7	13.4

#### (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	88,038	63,907	69.4	2,469.30
March 31, 2023	77,526	57,683	71.1	2,187.08

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	8,911	(2,228)	(3,353)	17,735
March 31, 2023	4,090	(1,653)	(2,293)	14,332

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	—	20.00	—	37.00	57.00	1,451	31.9	2.7
March 31, 2024	—	35.00	—	70.00	105.00	2,623	39.6	4.5
Fiscal year ending March 31, 2025 (Forecast)	—	45.00	—	90.00	135.00		49.1	

## 3. Consolidated financial results forecast for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	23,200	4.1	2,800	10.8	3,050	9.4	2,400	15.9	97.01
Full year	54,000	4.0	9,100	5.5	9,500	4.2	6,800	3.3	274.86

### \* Notes:

#### (1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): None

#### (2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

#### (3) Number of issued shares (common shares)

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

As of March 31, 2024: 27,212,263 shares

As of March 31, 2023: 27,212,263 shares

##### 2) Number of treasury shares at the end of the period

As of March 31, 2024: 2,472,487 shares

As of March 31, 2023: 1,992,311 shares

##### 3) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2024: 24,823,506 shares

Fiscal Year ended March 31, 2023: 25,276,046 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2024	28,289	12.3	5,368	36.6	6,943	27.3	5,564	29.2
March 31, 2023	25,189	10.0	3,929	11.3	5,454	10.7	4,307	13.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2024	224.16	—
March 31, 2023	170.42	—

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2024	71,955	52,920	73.5	2,139.09
March 31, 2023	64,970	48,815	75.1	1,935.60

Consolidated Financial Statements  
Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	14,332	17,735
Notes and accounts receivable - trade, and contract assets	17,077	18,593
Electronically recorded monetary claims - operating	6,475	7,416
Securities	5,000	4,999
Merchandise and finished goods	717	823
Work in process	714	844
Raw materials	1,953	2,033
Other	710	407
Allowance for doubtful accounts	(1,128)	(1,160)
Total current assets	45,853	51,693
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,179	18,899
Accumulated depreciation	(10,883)	(11,412)
Buildings and structures, net	6,296	7,487
Machinery, equipment and vehicles	5,928	6,300
Accumulated depreciation	(4,942)	(5,152)
Machinery, equipment and vehicles, net	985	1,148
Tools, furniture and fixtures	4,145	4,583
Accumulated depreciation	(3,381)	(3,682)
Tools, furniture and fixtures, net	763	900
Land	8,932	9,059
Construction in progress	251	480
Total property, plant and equipment	17,229	19,076
Intangible assets		
Software	255	799
Other	704	298
Total intangible assets	959	1,097
Investments and other assets		
Investment securities	12,022	14,687
Deferred tax assets	93	99
Other	1,392	1,405
Allowance for doubtful accounts	(24)	(22)
Total investments and other assets	13,484	16,170
Total non-current assets	31,673	36,344
Total assets	77,526	88,038

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,605	5,369
Electronically recorded obligations - operating	3,980	5,744
Short-term borrowings	640	600
Current portion of long-term borrowings	497	395
Income taxes payable	1,248	1,865
Accrued consumption taxes	447	686
Provision for bonuses	702	749
Provision for shareholder benefit program	56	17
Other	2,477	3,026
Total current liabilities	14,656	18,455
Non-current liabilities		
Long-term borrowings	1,995	1,599
Deferred tax liabilities	1,170	1,964
Deferred tax liabilities for land revaluation	838	838
Provision for retirement benefits for directors (and other officers)	16	19
Provision for share awards	201	236
Retirement benefit liability	823	859
Long-term accounts payable - other	50	53
Other	91	104
Total non-current liabilities	5,187	5,675
Total liabilities	19,843	24,130
Net assets		
Shareholders' equity		
Share capital	5,822	5,822
Capital surplus	6,086	6,096
Retained earnings	42,195	46,959
Treasury shares	(2,824)	(3,793)
Total shareholders' equity	51,280	55,085
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,969	5,928
Revaluation reserve for land	(725)	(725)
Foreign currency translation adjustment	632	801
Total accumulated other comprehensive income	3,877	6,004
Non-controlling interests	2,525	2,817
Total net assets	57,683	63,907
Total liabilities and net assets	77,526	88,038

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	44,805	51,943
Cost of sales	29,541	32,843
Gross profit	15,263	19,100
Selling, general and administrative expenses	9,265	10,473
Operating profit	5,998	8,627
Non-operating income		
Interest income	17	18
Dividend income	236	251
Share of profit of entities accounted for using equity method	75	2
Rental income	156	166
Miscellaneous income	165	163
Total non-operating income	651	602
Non-operating expenses		
Interest expenses	26	21
Rental expenses	46	35
Loss on retirement of non-current assets	-	18
Loss on cancellation of insurance policies	2	13
Miscellaneous expenses	34	19
Total non-operating expenses	109	109
Ordinary profit	6,540	9,120
Extraordinary income		
Gain on sale of investment securities	162	440
Total extraordinary income	162	440
Extraordinary losses		
Loss on retirement of non-current assets	81	-
Total extraordinary losses	81	-
Profit before income taxes	6,622	9,561
Income taxes - current	2,139	2,942
Income taxes - deferred	(48)	(140)
Total income taxes	2,091	2,801
Profit	4,531	6,759
Profit attributable to non-controlling interests	16	178
Profit attributable to owners of parent	4,514	6,580

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	4,531	6,759
Other comprehensive income		
Valuation difference on available-for-sale securities	652	1,958
Foreign currency translation adjustment	229	225
Share of other comprehensive income of entities accounted for using equity method	100	55
Total other comprehensive income	983	2,240
Comprehensive income	5,514	9,000
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,383	8,707
Comprehensive income attributable to non-controlling interests	131	292

Consolidated Statements of Changes in Equity

For the 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	5,822	6,085	38,961	(2,292)	48,577
Changes during period					
Dividends of surplus			(1,280)		(1,280)
Profit attributable to owners of parent			4,514		4,514
Purchase of treasury shares				(551)	(551)
Disposal of treasury shares		1		19	20
Net changes in items other than shareholders' equity					
Total changes during period	-	1	3,234	(532)	2,703
Balance at end of period	5,822	6,086	42,195	(2,824)	51,280

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	3,317	(725)	417	3,009	2,395	53,982
Changes during period						
Dividends of surplus						(1,280)
Profit attributable to owners of parent						4,514
Purchase of treasury shares						(551)
Disposal of treasury shares						20
Net changes in items other than shareholders' equity	652		215	868	129	997
Total changes during period	652	-	215	868	129	3,700
Balance at end of period	3,969	(725)	632	3,877	2,525	57,683



For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,822	6,086	42,195	(2,824)	51,280
Changes during period					
Dividends of surplus			(1,816)		(1,816)
Profit attributable to owners of parent			6,580		6,580
Purchase of treasury shares				(1,001)	(1,001)
Disposal of treasury shares		9		32	42
Net changes in items other than shareholders' equity					
Total changes during period	-	9	4,764	(968)	3,805
Balance at end of period	5,822	6,096	46,959	(3,793)	55,085

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	3,969	(725)	632	3,877	2,525	57,683
Changes during period						
Dividends of surplus						(1,816)
Profit attributable to owners of parent						6,580
Purchase of treasury shares						(1,001)
Disposal of treasury shares						42
Net changes in items other than shareholders' equity	1,958		168	2,126	292	2,419
Total changes during period	1,958	-	168	2,126	292	6,224
Balance at end of period	5,928	(725)	801	6,004	2,817	63,907

## Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,622	9,561
Depreciation	1,036	1,320
Amortization of goodwill	158	-
Increase (decrease) in provisions	(130)	24
Increase (decrease) in retirement benefit liability	24	36
Interest and dividend income	(254)	(269)
Interest expenses	26	21
Foreign exchange losses (gains)	(46)	(50)
Loss (gain) on sale of investment securities	(162)	(440)
Decrease (increase) in trade receivables	(2,378)	(2,177)
Decrease (increase) in inventories	(575)	(242)
Increase (decrease) in trade payables	659	2,360
Increase (decrease) in accrued consumption taxes	219	236
Other, net	211	639
Subtotal	5,410	11,020
Interest and dividends received	234	250
Interest paid	(25)	(21)
Income taxes refund (paid)	(1,528)	(2,337)
Net cash provided by (used in) operating activities	4,090	8,911
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(22)	(20)
Proceeds from sale of investment securities	215	666
Purchase of property, plant and equipment	(1,498)	(2,550)
Proceeds from sale of property, plant and equipment	18	10
Purchase of intangible assets	(366)	(334)
Other, net	-	(0)
Net cash provided by (used in) investing activities	(1,653)	(2,228)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	-	(40)
Proceeds from long-term borrowings	30	-
Repayments of long-term borrowings	(490)	(497)
Purchase of treasury shares	(551)	(1,001)
Dividends paid	(1,279)	(1,814)
Dividends paid to non-controlling interests	(2)	-
Net cash provided by (used in) financing activities	(2,293)	(3,353)
Effect of exchange rate change on cash and cash equivalents	62	73
Net increase (decrease) in cash and cash equivalents	206	3,403
Cash and cash equivalents at beginning of period	14,125	14,332
Cash and cash equivalents at end of period	14,332	17,735