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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 [Under Japanese GAAP]

August 8, 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: +81-3-5640-4159

Scheduled date to commence dividend payments: —

Preparation of supplementary material on financial results: None

Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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	%
Three months ended								
June 30, 2024	11,651	17.9	1,958	111.2	2,230	97.7	1,562	106.2
June 30, 2023	9,879	24.5	927	112.3	1,128	68.0	757	61.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2024	63.46	—
June 30, 2023	30.30	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2024	85,788	63,715	70.9	2,486.37
March 31, 2024	88,038	63,907	69.4	2,469.30

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	35.00	—	70.00	105.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		45.00	—	90.00	135.00

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) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2024: 27,212,263 shares

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

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

As of June 30, 2024: 2,762,148 shares

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

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024: 24,630,634 shares

Three months ended June 30, 2023: 25,013,750 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	17,735	17,968
Notes and accounts receivable - trade, and contract assets	18,593	15,592
Electronically recorded monetary claims - operating	7,416	7,435
Securities	4,999	3,499
Merchandise and finished goods	823	1,253
Work in process	844	847
Raw materials	2,033	2,085
Other	407	615
Allowance for doubtful accounts	(1,160)	(1,191)
Total current assets	51,693	48,106
Non-current assets		
Property, plant and equipment		
Land	9,059	9,059
Other, net	10,017	10,065
Total property, plant and equipment	19,076	19,125
Intangible assets	1,097	1,097
Investments and other assets		
Investment securities	14,687	15,971
Other	1,504	1,510
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	16,170	17,459
Total non-current assets	36,344	37,682
Total assets	88,038	85,788

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,369	4,601
Electronically recorded obligations - operating	5,744	5,109
Short-term borrowings	600	1,300
Current portion of long-term borrowings	395	366
Income taxes payable	1,865	474
Provision for bonuses	749	498
Provision for shareholder benefit program	17	5
Other	3,712	3,453
Total current liabilities	18,455	15,808
Non-current liabilities		
Long-term borrowings	1,599	1,521
Provision for retirement benefits for directors (and other officers)	19	6
Provision for share awards	236	246
Retirement benefit liability	859	841
Other	2,960	3,648
Total non-current liabilities	5,675	6,265
Total liabilities	24,130	22,073
Net assets		
Shareholders' equity		
Share capital	5,822	5,822
Capital surplus	6,096	6,096
Retained earnings	46,959	46,773
Treasury shares	(3,793)	(4,934)
Total shareholders' equity	55,085	53,758
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,928	6,793
Revaluation reserve for land	(725)	(725)
Foreign currency translation adjustment	801	965
Total accumulated other comprehensive income	6,004	7,033
Non-controlling interests	2,817	2,923
Total net assets	63,907	63,715
Total liabilities and net assets	88,038	85,788

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	9,879	11,651
Cost of sales	6,557	7,054
Gross profit	3,322	4,596
Selling, general and administrative expenses	2,395	2,638
Operating profit	927	1,958
Non-operating income		
Interest income	2	0
Dividend income	119	176
Share of profit of entities accounted for using equity method	1	33
Miscellaneous income	94	88
Total non-operating income	218	300
Non-operating expenses		
Interest expenses	5	6
Rental expenses	5	10
Miscellaneous expenses	6	11
Total non-operating expenses	17	28
Ordinary profit	1,128	2,230
Extraordinary income		
Gain on sale of investment securities	-	47
Total extraordinary income	-	47
Profit before income taxes	1,128	2,277
Income taxes - current	160	414
Income taxes - deferred	191	290
Total income taxes	352	705
Profit	776	1,572
Profit attributable to non-controlling interests	18	9
Profit attributable to owners of parent	757	1,562

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	776	1,572
Other comprehensive income		
Valuation difference on available-for-sale securities	1,224	865
Foreign currency translation adjustment	99	229
Share of other comprehensive income of entities accounted for using equity method	3	49
Total other comprehensive income	1,327	1,144
Comprehensive income	2,104	2,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,036	2,592
Comprehensive income attributable to non-controlling interests	67	124