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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 [Under Japanese GAAP]

November 8, 2022

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 to file quarterly securities report: November 11, 2022
 Scheduled date to commence dividend payments: December 2, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors)

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

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022 | 17,910 | 1.9 | 1,459 | (20.2) | 1,827 | (9.1) | 1,270 | (11.1) |
| September 30, 2021 | 17,571 | 12.0 | 1,829 | (3.0) | 2,010 | (6.6) | 1,429 | (17.4) |

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2022 | 50.18 | - |
| September 30, 2021 | 55.30 | - |

(2) Consolidated financial position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|--------------------------|-----------------|-----------------|------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of September 30, 2022 | 72,287 | 54,661 | 72.0 | 2,062.85 |
| March 31, 2022 | 72,046 | 53,982 | 71.6 | 2,015.13 |

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, 2022 | - | 20.00 | - | 30.00 | 50.00 |
| Fiscal year ending March 31, 2023 | - | 20.00 | | | |
| Fiscal year ending March 31, 2023 (Forecast) | | | - | 30.00 | 50.00 |

3. Consolidated financial results forecast for the fiscal year ending March 31, 2023(from April 1, 2022 to March 31, 2023)

(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 |
| Full year | 43,000 | 2.5 | 5,750 | 0.7 | 6,100 | 0.8 | 4,180 | 2.0 | 163.28 |

* Notes:

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): 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 September 30, 2022: 27,212,263 shares

As of March 31, 2022: 27,212,263 shares

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

As of September 30, 2022: 1,993,753 shares

As of March 31, 2022: 1,612,639 shares

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

Six months ended September 30, 2022: 25,324,525 shares

Six months ended September 30, 2021: 25,841,797 shares

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of March 31,2022 | As of September 30,2022 |
|--|---------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 14,125 | 15,086 |
| Notes and accounts receivable - trade, and contract assets | 15,503 | 13,244 |
| Electronically recorded monetary claims - operating | 5,398 | 4,396 |
| Securities | 5,000 | 5,000 |
| Merchandise and finished goods | 633 | 988 |
| Work in process | 630 | 1,222 |
| Raw materials | 1,507 | 2,034 |
| Other | 566 | 830 |
| Allowance for doubtful accounts | (1,229) | (1,138) |
| Total current assets | 42,134 | 41,664 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Land | 8,932 | 8,932 |
| Other, net | 7,686 | 8,046 |
| Total property, plant and equipment | 16,618 | 16,978 |
| Intangible assets | 874 | 936 |
| Investments and other assets | | |
| Investment securities | 10,993 | 11,208 |
| Other | 1,450 | 1,524 |
| Allowance for doubtful accounts | (24) | (24) |
| Total investments and other assets | 12,419 | 12,708 |
| Total non-current assets | 29,912 | 30,623 |
| Total assets | 72,046 | 72,287 |

(Millions of yen)

| | As of March 31,2022 | As of September 30,2022 |
|--|---------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 3,899 | 3,937 |
| Electronically recorded obligations - operating | 3,908 | 3,447 |
| Short-term borrowings | 640 | 940 |
| Current portion of long-term borrowings | 490 | 490 |
| Income taxes payable | 619 | 443 |
| Provision for bonuses | 689 | 789 |
| Provision for shareholder benefit program | 49 | - |
| Other | 2,385 | 2,410 |
| Total current liabilities | 12,682 | 12,459 |
| Non-current liabilities | | |
| Long-term borrowings | 2,462 | 2,217 |
| Provision for retirement benefits for directors (and other officers) | 13 | 15 |
| Provision for share awards | 190 | 183 |
| Retirement benefit liability | 799 | 785 |
| Other | 1,915 | 1,966 |
| Total non-current liabilities | 5,381 | 5,167 |
| Total liabilities | 18,064 | 17,626 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,822 | 5,822 |
| Capital surplus | 6,085 | 6,086 |
| Retained earnings | 38,961 | 39,460 |
| Treasury shares | (2,292) | (2,826) |
| Total shareholders' equity | 48,577 | 48,543 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,317 | 3,387 |
| Revaluation reserve for land | (725) | (725) |
| Foreign currency translation adjustment | 417 | 816 |
| Total accumulated other comprehensive income | 3,009 | 3,478 |
| Non-controlling interests | 2,395 | 2,639 |
| Total net assets | 53,982 | 54,661 |
| Total liabilities and net assets | 72,046 | 72,287 |

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

| | For the six months ended September 30,2021 | For the six months ended September 30,2022 |
|---|---|---|
| Net sales | 17,571 | 17,910 |
| Cost of sales | 11,385 | 12,220 |
| Gross profit | 6,186 | 5,690 |
| Selling, general and administrative expenses | 4,357 | 4,230 |
| Operating profit | 1,829 | 1,459 |
| Non-operating income | | |
| Interest income | 5 | 5 |
| Dividend income | 112 | 134 |
| Share of profit of entities accounted for using equity method | - | 28 |
| Foreign exchange gains | 0 | 89 |
| Miscellaneous income | 129 | 166 |
| Total non-operating income | 248 | 423 |
| Non-operating expenses | | |
| Interest expenses | 15 | 13 |
| Share of loss of entities accounted for using equity method | 5 | - |
| Rental expenses | 19 | 26 |
| Miscellaneous expenses | 26 | 15 |
| Total non-operating expenses | 67 | 55 |
| Ordinary profit | 2,010 | 1,827 |
| Profit before income taxes | 2,010 | 1,827 |
| Income taxes - current | 474 | 592 |
| Income taxes - deferred | 163 | (5) |
| Total income taxes | 637 | 587 |
| Profit | 1,372 | 1,240 |
| Loss attributable to non-controlling interests | (56) | (30) |
| Profit attributable to owners of parent | 1,429 | 1,270 |

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

(Millions of yen)

| | For the six months ended September 30,2021 | For the six months ended September 30,2022 |
|--|---|---|
| Profit | 1,372 | 1,240 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 628 | 70 |
| Foreign currency translation adjustment | 278 | 551 |
| Share of other comprehensive income of entities accounted for using equity method | 50 | 122 |
| Total other comprehensive income | 956 | 744 |
| Comprehensive income | 2,329 | 1,985 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,246 | 1,739 |
| Comprehensive income attributable to non-controlling interests | 82 | 245 |