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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 [Under Japanese GAAP]

August 8, 2023

Company name: SINKO INDUSTRIES LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 6458
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 Representative: Satoshi Suenaga Chief Executive Officer
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 Scheduled date to file quarterly securities report: August 10, 2023
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly 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, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	9,879	24.5	927	112.3	1,128	68.0	757	61.1
June 30, 2022	7,935	0.6	436	(25.9)	671	(3.3)	470	(14.1)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	30.30	—
June 30, 2022	18.52	—

(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, 2023	77,489	57,846	71.3	2,235.14
March 31, 2023	77,526	57,683	71.1	2,187.08

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, 2023	—	20.00	—	37.00	57.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		25.00	—	35.00	60.00

3. Consolidated financial results forecast for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	19,000	6.1	1,650	13.1	1,900	3.9	1,300	2.3	51.55
Full year	46,500	3.8	6,300	5.0	6,700	2.4	4,600	1.9	182.40

* 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 June 30, 2023: 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 June 30, 2023: 2,491,787 shares
 - As of March 31, 2023: 1,992,311 shares

 - 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):
 - Three months ended June 30, 2023: 25,013,750 shares
 - Three months ended June 30, 2022: 25,404,456 shares

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	14,332	14,032
Notes and accounts receivable - trade, and contract assets	17,077	14,087
Electronically recorded monetary claims - operating	6,475	6,491
Securities	5,000	5,000
Merchandise and finished goods	717	1,314
Work in process	714	800
Raw materials	1,953	2,039
Other	710	789
Allowance for doubtful accounts	(1,128)	(1,117)
Total current assets	45,853	43,437
Non-current assets		
Property, plant and equipment		
Land	8,932	8,932
Other, net	8,297	8,843
Total property, plant and equipment	17,229	17,775
Intangible assets	959	1,008
Investments and other assets		
Investment securities	12,022	13,805
Other	1,485	1,487
Allowance for doubtful accounts	(24)	(24)
Total investments and other assets	13,484	15,268
Total non-current assets	31,673	34,051
Total assets	77,526	77,489

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,605	4,197
Electronically recorded obligations - operating	3,980	3,921
Short-term borrowings	640	1,300
Current portion of long-term borrowings	497	486
Income taxes payable	1,248	132
Provision for bonuses	702	441
Provision for shareholder benefit program	56	48
Other	2,924	3,308
Total current liabilities	14,656	13,835
Non-current liabilities		
Long-term borrowings	1,995	1,887
Provision for retirement benefits for directors (and other officers)	16	17
Provision for share awards	201	209
Retirement benefit liability	823	801
Other	2,150	2,890
Total non-current liabilities	5,187	5,806
Total liabilities	19,843	19,642
Net assets		
Shareholders' equity		
Share capital	5,822	5,822
Capital surplus	6,086	6,086
Retained earnings	42,195	42,011
Treasury shares	(2,824)	(3,822)
Total shareholders' equity	51,280	50,098
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,969	5,194
Revaluation reserve for land	(725)	(725)
Foreign currency translation adjustment	632	686
Total accumulated other comprehensive income	3,877	5,155
Non-controlling interests	2,525	2,593
Total net assets	57,683	57,846
Total liabilities and net assets	77,526	77,489

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, 2022	For the three months ended June 30, 2023
Net sales	7,935	9,879
Cost of sales	5,410	6,557
Gross profit	2,524	3,322
Selling, general and administrative expenses	2,087	2,395
Operating profit	436	927
Non-operating income		
Interest income	0	2
Dividend income	117	119
Share of profit of entities accounted for using equity method	6	1
Rental income	46	44
Miscellaneous income	93	50
Total non-operating income	264	218
Non-operating expenses		
Interest expenses	7	5
Rental expenses	10	5
Commission expenses	6	-
Miscellaneous expenses	5	6
Total non-operating expenses	29	17
Ordinary profit	671	1,128
Profit before income taxes	671	1,128
Income taxes - current	58	160
Income taxes - deferred	135	191
Total income taxes	194	352
Profit	477	776
Profit attributable to non-controlling interests	6	18
Profit attributable to owners of parent	470	757

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

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	477	776
Other comprehensive income		
Valuation difference on available-for-sale securities	(79)	1,224
Foreign currency translation adjustment	284	99
Share of other comprehensive income of entities accounted for using equity method	44	3
Total other comprehensive income	250	1,327
Comprehensive income	727	2,104
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	578	2,036
Comprehensive income attributable to non-controlling interests	149	67