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Consolidated Financial Results for the Year Ended FY2023 [Japanese GAAP]

May 9, 2024

Company name: Shinsho Corporation
 Stock exchange listing: Tokyo
 Code number: 8075
 URL: <https://www.shinsho.co.jp>
 Representative: Takafumi Morichi President and Representative Director
 Contact: Yukio Oshima General Manager General Affairs Department
 Phone: +81-3-5579-5201
 Scheduled date of Annual General Meeting of Shareholders: June 26, 2024
 Scheduled date of commencing dividend payments: June 12, 2024
 Scheduled date of filing annual securities report: June 26, 2024
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | 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 | 591,431 | 1.1 | 13,296 | (1.2) | 12,814 | 1.1 | 9,111 | (0.9) |
| March 31, 2023 | 584,856 | 18.3 | 13,459 | 33.9 | 12,668 | 30.2 | 9,196 | 28.9 |

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 16,099 million [26.2%]
 Fiscal year ended March 31, 2023: ¥ 12,756 million [45.7%]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|----------------------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2024 | 1,035.38 | - | 11.5 | 3.2 | 2.2 |
| March 31, 2023 | 1,042.65 | - | 13.6 | 3.3 | 2.3 |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 123 million
 Fiscal year ended March 31, 2023: ¥ 749 million

(2) 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 | 396,408 | 87,480 | 21.7 | 9,770.13 |
| March 31, 2023 | 395,092 | 73,896 | 18.3 | 8,235.14 |

(Reference) Equity: As of March 31, 2024: ¥ 85,982 million
 As of March 31, 2023: ¥ 72,468 million

(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 |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended March 31, 2024 | 9,090 | (2,789) | (7,240) | 12,308 |
| March 31, 2023 | 7,664 | (1,523) | (9,188) | 12,800 |

2. Dividends

| | Annual dividends | | | | | Total dividends | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|--|------------------|-----------------|-----------------|----------|--------|-----------------|-----------------------------|--|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| March 31, 2023 | - | 150.00 | - | 165.00 | 315.00 | 2,789 | 30.3 | 4.1 |
| March 31, 2024 | - | 125.00 | - | 190.00 | 315.00 | 2,745 | 30.4 | 3.5 |
| Fiscal year ending March 31, 2025 (Forecast) | - | 150.00 | - | 150.00 | 300.00 | | 32.6 | |

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2024 :

| | |
|------------------------|-------|
| Commemorative dividend | - yen |
| Special dividend | - yen |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

| | 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 | 298,000 | 6.7 | 4,500 | (25.0) | 5,100 | 1.7 | 4,000 | 7.7 | 454.00 |
| Full year | 623,000 | 5.3 | 10,700 | (19.5) | 11,000 | (14.2) | 8,100 | (11.1) | 920.00 |

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

| | | | |
|------------|---|----------------|---|
| New | - | (Company name: |) |
| Exclusion: | - | (Company name: |) |

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

| | |
|--|----|
| 1) Changes in accounting policies due to the revision of accounting standards: | No |
| 2) Changes in accounting policies other than 1) above: | No |
| 3) Changes in accounting estimates: | No |
| 4) Retrospective restatement: | No |

(3) Total number of issued shares (common shares)

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

| | |
|-----------------|------------------|
| March 31, 2024: | 8,860,562 shares |
| March 31, 2023: | 8,860,562 shares |

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

| | |
|-----------------|---------------|
| March 31, 2024: | 60,030 shares |
| March 31, 2023: | 60,695 shares |

3) Average number of shares outstanding during the period:

| | |
|-----------------------------------|------------------|
| Fiscal Year ended March 31, 2024: | 8,800,339 shares |
| Fiscal Year ended March 31, 2023: | 8,820,223 shares |

(Note) Treasury shares include shares held by the Board Incentive Plan Trust (March 31, 2024 : 52,222 shares, March 31, 2023 : 53,000 shares). Board Incentive Plan Trust is included in the number of shares of treasury shares, which is to be deducted from the calculation of the average number of shares outstanding during the period (March 31, 2024 : 52,447 shares, March 31, 2023 : 32,881 shares).

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 12,801 | 12,309 |
| Notes and accounts receivable - trade | 193,903 | 194,452 |
| Electronically recorded monetary claims - operating | 16,813 | 19,495 |
| Merchandise and finished goods | 77,080 | 74,873 |
| Work in process | 70 | 17 |
| Raw materials and supplies | 1,317 | 1,743 |
| Advance payments | 31,373 | 23,461 |
| Other | 11,053 | 11,470 |
| Allowance for doubtful accounts | (947) | (240) |
| Total current assets | 343,466 | 337,583 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 7,046 | 7,472 |
| Accumulated depreciation | (3,753) | (4,175) |
| Buildings and structures, net | 3,293 | 3,297 |
| Machinery, equipment and vehicles | 9,271 | 10,068 |
| Accumulated depreciation | (7,569) | (7,507) |
| Machinery, equipment and vehicles, net | 1,701 | 2,561 |
| Land | 1,254 | 1,236 |
| Construction in progress | 1,351 | 752 |
| Other | 2,108 | 2,647 |
| Accumulated depreciation | (1,162) | (1,665) |
| Other, net | 946 | 981 |
| Total property, plant and equipment | 8,547 | 8,828 |
| Intangible assets | | |
| Goodwill | - | 418 |
| Software | 1,240 | 1,287 |
| Right of using various facilities | 18 | 11 |
| Other | 319 | 441 |
| Total intangible assets | 1,577 | 2,158 |
| Investments and other assets | | |
| Investment securities | 33,915 | 40,740 |
| Investments in capital | 1,886 | 1,924 |
| Long-term loans receivable | 1,839 | 1,905 |
| Retirement benefit asset | 6 | 27 |
| Deferred tax assets | 1,986 | 1,419 |
| Other | 6,026 | 4,470 |
| Allowance for doubtful accounts | (4,160) | (2,649) |
| Total investments and other assets | 41,500 | 47,837 |
| Total non-current assets | 51,625 | 58,824 |
| Total assets | 395,092 | 396,408 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 174,612 | 163,542 |
| Electronically recorded obligations - operating | 14,711 | 19,126 |
| Short-term borrowings | 45,552 | 40,158 |
| Income taxes payable | 2,073 | 2,214 |
| Contract liabilities | 8,292 | 8,196 |
| Provision for bonuses | 1,449 | 1,516 |
| Deposits received | 28,391 | 21,132 |
| Other | 22,800 | 25,064 |
| Total current liabilities | 297,884 | 280,951 |
| Non-current liabilities | | |
| Long-term borrowings | 18,011 | 20,599 |
| Guarantee deposits received | 1,701 | 1,732 |
| Deferred tax liabilities | 2,295 | 4,252 |
| Provision for share awards for directors (and other officers) | 28 | 67 |
| Provision for retirement benefits for directors (and other officers) | 12 | - |
| Retirement benefit liability | 692 | 828 |
| Provision for loss on guarantees | 120 | - |
| Other | 448 | 497 |
| Total non-current liabilities | 23,311 | 27,976 |
| Total liabilities | 321,195 | 308,927 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,650 | 5,650 |
| Capital surplus | 2,608 | 2,615 |
| Retained earnings | 57,069 | 63,612 |
| Treasury shares | (243) | (241) |
| Total shareholders' equity | 65,084 | 71,636 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,561 | 9,702 |
| Deferred gains or losses on hedges | 34 | 132 |
| Foreign currency translation adjustment | 2,787 | 4,510 |
| Total accumulated other comprehensive income | 7,384 | 14,345 |
| Non-controlling interests | 1,428 | 1,497 |
| Total net assets | 73,896 | 87,480 |
| Total liabilities and net assets | 395,092 | 396,408 |

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 | 584,856 | 591,431 |
| Cost of sales | 546,338 | 552,287 |
| Gross profit | 38,518 | 39,144 |
| Selling, general and administrative expenses | 25,058 | 25,847 |
| Operating profit | 13,459 | 13,296 |
| Non-operating income | | |
| Interest income | 226 | 325 |
| Dividend income | 954 | 1,218 |
| Share of profit of entities accounted for using equity method | 749 | 123 |
| Gain on valuation of derivatives | 31 | 294 |
| Reversal of allowance for doubtful accounts | 61 | 1,157 |
| Miscellaneous income | 527 | 348 |
| Total non-operating income | 2,550 | 3,467 |
| Non-operating expenses | | |
| Interest expenses | 1,397 | 2,082 |
| Loss on cession of an obligation | 822 | 523 |
| Foreign exchange losses | 747 | 915 |
| Miscellaneous losses | 373 | 428 |
| Total non-operating expenses | 3,340 | 3,949 |
| Ordinary profit | 12,668 | 12,814 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 424 | - |
| Gain on sale of investment securities | 485 | 652 |
| Gain on sales of investments in capital | - | 29 |
| Reversal of provision for loss on guarantees | - | 120 |
| Total extraordinary income | 910 | 801 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 7 | - |
| Loss on valuation of investments in capital | - | 33 |
| Total extraordinary losses | 7 | 33 |
| Profit before income taxes | 13,571 | 13,582 |
| Income taxes - current | 3,553 | 3,981 |
| Income taxes - deferred | 517 | 506 |
| Total income taxes | 4,071 | 4,487 |
| Profit | 9,500 | 9,094 |
| Profit (loss) attributable to non-controlling interests | 304 | (17) |
| Profit attributable to owners of parent | 9,196 | 9,111 |

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 | 9,500 | 9,094 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 952 | 5,078 |
| Deferred gains or losses on hedges | 321 | 97 |
| Foreign currency translation adjustment | 1,808 | 1,577 |
| Share of other comprehensive income of entities accounted for using equity method | 173 | 252 |
| Total other comprehensive income | 3,255 | 7,005 |
| Comprehensive income | 12,756 | 16,099 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 12,501 | 16,073 |
| Comprehensive income attributable to non-controlling interests | 255 | 26 |

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 | 5,650 | 2,608 | 50,618 | (17) | 58,859 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,745) | | (2,745) |
| Profit attributable to owners of parent | | | 9,196 | | 9,196 |
| Purchase of treasury shares | | | | (226) | (226) |
| Disposal of treasury shares | | | | | - |
| Purchase of shares of consolidated subsidiaries | | | | | - |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | 6,451 | (226) | 6,224 |
| Balance at end of period | 5,650 | 2,608 | 57,069 | (243) | 65,084 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 3,587 | (287) | 779 | 4,079 | 814 | 63,753 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (2,745) |
| Profit attributable to owners of parent | | | | | | 9,196 |
| Purchase of treasury shares | | | | | | (226) |
| Disposal of treasury shares | | | | | | - |
| Purchase of shares of consolidated subsidiaries | | | | | | - |
| Net changes in items other than shareholders' equity | 974 | 321 | 2,008 | 3,305 | 613 | 3,918 |
| Total changes during period | 974 | 321 | 2,008 | 3,305 | 613 | 10,143 |
| Balance at end of period | 4,561 | 34 | 2,787 | 7,384 | 1,428 | 73,896 |

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 | 5,650 | 2,608 | 57,069 | (243) | 65,084 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,568) | | (2,568) |
| Profit attributable to owners of parent | | | 9,111 | | 9,111 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | | | 3 | 3 |
| Purchase of shares of consolidated subsidiaries | | 6 | | | 6 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | 6 | 6,543 | 2 | 6,552 |
| Balance at end of period | 5,650 | 2,615 | 63,612 | (241) | 71,636 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 4,561 | 34 | 2,787 | 7,384 | 1,428 | 73,896 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (2,568) |
| Profit attributable to owners of parent | | | | | | 9,111 |
| Purchase of treasury shares | | | | | | (0) |
| Disposal of treasury shares | | | | | | 3 |
| Purchase of shares of consolidated subsidiaries | | | | | | 6 |
| Net changes in items other than shareholders' equity | 5,140 | 97 | 1,722 | 6,961 | 69 | 7,030 |
| Total changes during period | 5,140 | 97 | 1,722 | 6,961 | 69 | 13,583 |
| Balance at end of period | 9,702 | 132 | 4,510 | 14,345 | 1,497 | 87,480 |

Consolidated Statements of Cash Flows

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 13,571 | 13,582 |
| Depreciation | 1,520 | 1,506 |
| Amortization of goodwill | - | 38 |
| Increase (decrease) in provision and allowance | (18) | (2,599) |
| Interest and dividend income | (1,181) | (1,544) |
| Interest expenses | 1,397 | 2,082 |
| Share of loss (profit) of entities accounted for using equity method | (749) | (123) |
| Loss (gain) on sale of investment securities | (485) | (652) |
| Loss (gain) on valuation of investment securities | 7 | - |
| Loss (gain) on sale of investments in capital | - | (29) |
| Loss on valuation of investments in capital | - | 33 |
| Decrease (increase) in trade receivables | 7,681 | 328 |
| Decrease (increase) in inventories | (19,827) | 5,459 |
| Increase (decrease) in trade payables | 10,975 | (9,361) |
| Decrease (increase) in accounts receivable - other | (923) | 34 |
| Increase (decrease) in accrued expenses | (737) | 1,135 |
| CF from other operating activities | 37 | 3,611 |
| Subtotal | 11,268 | 13,502 |
| Interest and dividends received | 1,574 | 1,633 |
| Interest paid | (1,386) | (2,099) |
| Income taxes paid | (3,792) | (3,944) |
| Net cash provided by (used in) operating activities | 7,664 | 9,090 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,108) | (901) |
| Proceeds from sale of property, plant and equipment | 488 | 208 |
| Purchase of investment securities and others | (171) | (262) |
| Proceeds from sales of investment securities and others | 788 | 1,624 |
| Purchase of shares of subsidiaries and associates | (1,008) | - |
| Proceeds from sale of shares of subsidiaries and associates | 153 | - |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | - | (2,293) |
| Short-term loan advances | (0) | (449) |
| Proceeds from collection of short-term loans receivable | 1 | 6 |
| Long-term loan advances | (222) | (89) |
| Proceeds from collection of long-term loans receivable | 5 | - |
| CF from other investing activities | (448) | (633) |
| Net cash provided by (used in) investing activities | (1,523) | (2,789) |

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (2,521) | (7,744) |
| Proceeds from long-term borrowings | 4,250 | 5,600 |
| Repayments of long-term borrowings | (7,925) | (2,499) |
| Repayments of finance lease liabilities | (9) | (22) |
| Dividends paid | (2,745) | (2,568) |
| Dividends paid to non-controlling interests | (66) | (9) |
| CF from other financing activities | (170) | 2 |
| Net cash provided by (used in) financing activities | (9,188) | (7,240) |
| Effect of exchange rate change on cash and cash equivalents | 450 | 447 |
| Net increase (decrease) in cash and cash equivalents | (2,597) | (492) |
| Cash and cash equivalents at beginning of period | 15,397 | 12,800 |
| Cash and cash equivalents at end of period | 12,800 | 12,308 |