

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: Sangetsu Corporation  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 8130 URL <https://www.sangetsu.co.jp/>  
 Representative: Representative Director, President and CEO Shosuke Yasuda  
 Executive Officer in charge of administration  
 Inquiries: and General Manager of the Finance and Accounting Department Tatsuo Sukekawa TEL 052-564-3333  
 Scheduled date of ordinary general meeting of shareholders: June 22, 2022  
 Scheduled date to file Securities Report: June 22, 2022  
 Scheduled date to commence dividend payments: June 23, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

#### (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	%
Year ended March 31, 2022	149,481	—	7,959	18.8	8,203	16.5	276	(94.2)
Year ended March 31, 2021	145,316	(9.9)	6,701	(27.7)	7,042	(28.5)	4,780	233.8

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	4.66	4.65	0.3	5.4	5.3
Year ended March 31, 2021	78.97	78.92	5.1	4.4	4.6

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	147,943	88,326	59.4	1,497.21
As of March 31, 2021	158,665	93,749	58.8	1,547.92

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	5,718	(827)	(13,341)	16,886
Year ended March 31, 2021	9,694	(2,599)	(11,836)	25,124

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	—	29.00	—	29.00	58.00	3,506	73.4	3.8
Year ended March 31, 2022	—	35.00	—	35.00	70.00	4,131	1,503.5	4.6
Year ending March 31, 2023 (Forecast)	—	35.00	—	36.00	71.00		59.5	

3. Forecast of consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	78,000	11.5	5,450	101.4	5,800	107.4	3,700	129.6	63.09
Full year	159,000	6.4	10,000	25.6	10,700	30.4	7,000	2,431.1	119.36

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2022	59,200,000 shares	As of March 31, 2021	61,150,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	552,040 shares	As of March 31, 2021	836,342 shares
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Average number of shares during the period

Year ended March 31, 2022	59,401,521 shares	Year ended March 31, 2021	60,528,714 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	25,719	18,347
Notes and accounts receivable - trade	30,735	–
Notes receivable - trade	–	9,111
Accounts receivable - trade	–	24,743
Contract assets	–	293
Electronically recorded monetary claims - operating	14,248	16,028
Securities	300	300
Merchandise and finished goods	14,267	14,700
Work in process	345	179
Raw materials and supplies	2,497	2,843
Other	1,861	1,448
Allowance for doubtful accounts	(506)	(471)
<b>Total current assets</b>	<b>89,469</b>	<b>87,525</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	33,904	30,628
Accumulated depreciation	(21,432)	(18,899)
Buildings and structures, net	12,472	11,729
Machinery, equipment and vehicles	17,660	17,944
Accumulated depreciation	(11,809)	(12,330)
Machinery, equipment and vehicles, net	5,850	5,613
Tools, furniture and fixtures	4,972	5,111
Accumulated depreciation	(4,133)	(4,234)
Tools, furniture and fixtures, net	838	877
Land	20,634	16,435
Leased assets	971	1,152
Accumulated depreciation	(643)	(639)
Leased assets, net	328	513
Construction in progress	391	116
<b>Total property, plant and equipment</b>	<b>40,516</b>	<b>35,285</b>
<b>Intangible assets</b>		
Software	2,354	1,794
Goodwill	1,591	1,474
Trademark right	5,476	232
Other	607	556
<b>Total intangible assets</b>	<b>10,030</b>	<b>4,058</b>
<b>Investments and other assets</b>		
Investment securities	10,502	8,656
Investment property	–	5,421
Guarantee deposits	1,411	1,504
Deferred tax assets	5,165	4,425
Other	1,685	1,171
Allowance for doubtful accounts	(114)	(106)
<b>Total investments and other assets</b>	<b>18,649</b>	<b>21,073</b>
<b>Total non-current assets</b>	<b>69,196</b>	<b>60,417</b>
<b>Total assets</b>	<b>158,665</b>	<b>147,943</b>

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,755	13,810
Contract liabilities	–	1,240
Electronically recorded obligations - operating	13,871	12,741
Short-term borrowings	1,169	862
Current portion of long-term borrowings	6,092	1,101
Lease liabilities	140	114
Income taxes payable	1,435	2,777
Provision for bonuses	1,794	1,983
Provision for bonuses for directors (and other officers)	29	–
Provision for product warranties	455	460
Other	6,021	5,666
Total current liabilities	43,765	40,758
Non-current liabilities		
Long-term borrowings	8,660	7,734
Lease liabilities	82	284
Deferred tax liabilities	1,773	395
Provision for retirement benefits for directors (and other officers)	34	20
Retirement benefit liability	8,959	8,671
Asset retirement obligations	1,053	1,144
Long-term accounts payable - other	2	1
Other	584	604
Total non-current liabilities	21,151	18,857
Total liabilities	64,916	59,616
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	19,773	19,773
Retained earnings	61,387	54,537
Treasury shares	(1,579)	(907)
Total shareholders' equity	93,196	87,019
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,849	1,258
Deferred gains or losses on hedges	0	6
Foreign currency translation adjustment	(120)	567
Remeasurements of defined benefit plans	(1,564)	(1,043)
Total accumulated other comprehensive income	163	788
Share acquisition rights	76	71
Non-controlling interests	311	446
Total net assets	93,749	88,326
Total liabilities and net assets	158,665	147,943

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	145,316	149,481
Cost of sales	97,676	109,519
Gross profit	47,640	39,962
Selling, general and administrative expenses	40,938	32,002
Operating profit	6,701	7,959
Non-operating income		
Interest income	31	9
Dividend income	130	203
Rental income from real estate	30	155
Share of profit of entities accounted for using equity method	82	–
Other	222	176
Total non-operating income	497	544
Non-operating expenses		
Interest expenses	100	89
Rental expenses on real estate	1	135
Foreign exchange losses	31	23
Commission for purchase of treasury shares	0	4
Share of loss of entities accounted for using equity method	–	10
Other	22	36
Total non-operating expenses	156	300
Ordinary profit	7,042	8,203
Extraordinary income		
Gain on sale of non-current assets	13	82
Gain on sale of investment securities	–	543
Gain on reversal of share acquisition rights	7	–
Subsidy income	267	90
Gain on step acquisitions	–	11
Settlement income	–	250
Other	–	2
Total extraordinary income	288	980
Extraordinary losses		
Loss on sale of non-current assets	3	5
Loss on retirement of non-current assets	71	70
Loss on sale of shares of subsidiaries and associates	233	7
Impairment losses	57	5,593
Other	1	0
Total extraordinary losses	367	5,676
Profit before income taxes	6,963	3,506
Income taxes - current	2,415	4,013
Income taxes - deferred	(135)	(917)
Total income taxes	2,280	3,096
Profit	4,683	410
Profit (loss) attributable to non-controlling interests	(97)	133
Profit attributable to owners of parent	4,780	276

**Consolidated statements of comprehensive income**

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	4,683	410
Other comprehensive income		
Valuation difference on available-for-sale securities	1,349	(590)
Deferred gains or losses on hedges	(22)	5
Foreign currency translation adjustment	(601)	688
Remeasurements of defined benefit plans, net of tax	(64)	520
Share of other comprehensive income of entities accounted for using equity method	60	–
Total other comprehensive income	721	624
Comprehensive income	5,404	1,035
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,527	901
Comprehensive income attributable to non- controlling interests	(123)	133

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,616	20,000	62,853	(2,440)	94,028
Cumulative effects of changes in accounting policies					
Restated balance	13,616	20,000	62,853	(2,440)	94,028
Changes during period					
Dividends of surplus			(3,513)		(3,513)
Profit attributable to owners of parent			4,780		4,780
Purchase of treasury shares				(433)	(433)
Disposal of treasury shares			(15)	58	42
Cancellation of treasury shares			(1,236)	1,236	–
Exercise of share acquisition rights					–
Purchase of shares of consolidated subsidiaries		(226)			(226)
Change in scope of consolidation			(1,480)		(1,480)
Net changes in items other than shareholders' equity					
Total changes during period	–	(226)	(1,466)	860	(832)
Balance at end of period	13,616	19,773	61,387	(1,579)	93,196

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	492	22	204	(1,503)	(784)	83	889	94,217
Cumulative effects of changes in accounting policies								
Restated balance	492	22	204	(1,503)	(784)	83	889	94,217
Changes during period								
Dividends of surplus								(3,513)
Profit attributable to owners of parent								4,780
Purchase of treasury shares								(433)
Disposal of treasury shares								42
Cancellation of treasury shares								–
Exercise of share acquisition rights								–
Purchase of shares of consolidated subsidiaries								(226)
Change in scope of consolidation								(1,480)
Net changes in items other than shareholders' equity	1,357	(22)	(324)	(61)	948	(7)	(577)	363
Total changes during period	1,357	(22)	(324)	(61)	948	(7)	(577)	(468)
Balance at end of period	1,849	0	(120)	(1,564)	163	76	311	93,749



	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,616	19,773	61,387	(1,579)	93,196
Cumulative effects of changes in accounting policies			14		14
Restated balance	13,616	19,773	61,401	(1,579)	93,211
Changes during period					
Dividends of surplus			(3,828)		(3,828)
Profit attributable to owners of parent			276		276
Purchase of treasury shares				(2,688)	(2,688)
Disposal of treasury shares			(4)	48	43
Cancellation of treasury shares			(3,308)	3,308	–
Exercise of share acquisition rights			0	4	4
Purchase of shares of consolidated subsidiaries					–
Change in scope of consolidation					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(6,864)	672	(6,192)
Balance at end of period	13,616	19,773	54,537	(907)	87,019

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,849	0	(120)	(1,564)	163	76	311	93,749
Cumulative effects of changes in accounting policies								14
Restated balance	1,849	0	(120)	(1,564)	163	76	311	93,763
Changes during period								
Dividends of surplus								(3,828)
Profit attributable to owners of parent								276
Purchase of treasury shares								(2,688)
Disposal of treasury shares								43
Cancellation of treasury shares								–
Exercise of share acquisition rights								4
Purchase of shares of consolidated subsidiaries								–
Change in scope of consolidation								–
Net changes in items other than shareholders' equity	(590)	5	688	520	624	(4)	134	755
Total changes during period	(590)	5	688	520	624	(4)	134	(5,437)
Balance at end of period	1,258	6	567	(1,043)	788	71	446	88,326

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	6,963	3,506
Depreciation	3,007	3,667
Impairment losses	57	5,593
Amortization of goodwill	4	163
Increase (decrease) in allowance for doubtful accounts	104	(78)
Increase (decrease) in provision for bonuses	(307)	167
Increase (decrease) in retirement benefit liability	488	55
Increase (decrease) in provision for product warranties	(208)	(6)
Interest and dividend income	(161)	(212)
Interest expenses	100	89
Share of loss (profit) of entities accounted for using equity method	(82)	10
Loss (gain) on sale of shares of subsidiaries and associates	233	7
Subsidy income	(267)	(90)
Loss (gain) on step acquisitions	–	(11)
Settlement income	–	(250)
Decrease (increase) in trade receivables	3,102	(4,822)
Decrease (increase) in inventories	865	(295)
Increase (decrease) in trade payables	(944)	(205)
Increase (decrease) in accrued consumption taxes	(636)	251
Other, net	403	724
Subtotal	12,722	8,263
Interest and dividends received	235	210
Subsidies received	267	90
Interest paid	(99)	(88)
Income taxes paid	(3,431)	(2,758)
Net cash provided by (used in) operating activities	9,694	5,718
Cash flows from investing activities		
Payments into time deposits	(405)	(1,211)
Proceeds from withdrawal of time deposits	632	405
Purchase of securities	(23,596)	(300)
Proceeds from sale of property, plant and equipment	14	140
Proceeds from redemption of securities	27,423	300
Purchase of property, plant and equipment	(4,149)	(1,897)
Purchase of intangible assets	(508)	(319)
Purchase of investment securities	(8)	(10)
Proceeds from sale of investment securities	7	1,819
Proceeds from sale of shares of subsidiaries and associates	376	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,157)	(97)
Purchase of insurance funds	(127)	(0)
Proceeds from cancellation of insurance funds	250	507
Proceeds from collection of loans receivable	–	10
Payments of guarantee deposits	(298)	(104)
Proceeds from refund of guarantee deposits	65	18
Purchase of long-term prepaid expenses	(13)	(48)
Other, net	(104)	(36)
Net cash provided by (used in) investing activities	(2,599)	(827)

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	693	109
Repayments of short-term borrowings	(907)	(527)
Proceeds from long-term borrowings	7,000	–
Repayments of long-term borrowings	(13,545)	(6,176)
Repayments of finance lease liabilities	(191)	(184)
Purchase of treasury shares	(434)	(2,692)
Dividends paid	(3,471)	(3,869)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(980)	–
Other, net	–	0
Net cash provided by (used in) financing activities	(11,836)	(13,341)
Effect of exchange rate change on cash and cash equivalents	(57)	212
Net increase (decrease) in cash and cash equivalents	(4,798)	(8,237)
Cash and cash equivalents at beginning of period	29,922	25,124
Cash and cash equivalents at end of period	25,124	16,886