

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

August 3, 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 to file Quarterly Securities Report: August 10, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 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	%
Three months ended June 30, 2022	38,727	12.3	3,779	334.2	3,959	321.8	2,645	350.6
Three months ended June 30, 2021	34,499	–	870	(35.1)	938	(38.7)	587	(45.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	45.12		45.09	
Three months ended June 30, 2021	9.75		9.74	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	145,010	85,955	59.2
As of March 31, 2022	147,943	88,326	59.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	35.00	–	35.00	70.00
Year ending March 31, 2023	–				
Year ending March 31, 2023 (Forecast)		35.00	–	36.00	71.00

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 three months ended June 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2022	59,200,000 shares	As of March 31, 2022	59,200,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	552,040 shares	As of March 31, 2022	552,040 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	58,647,960 shares	Three months ended June 30, 2021	60,222,428 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	18,347	13,737
Notes receivable - trade	9,111	9,607
Accounts receivable - trade	24,743	21,786
Contract assets	293	49
Electronically recorded monetary claims - operating	16,028	17,975
Securities	300	300
Merchandise and finished goods	14,700	17,965
Work in process	179	195
Raw materials and supplies	2,843	2,719
Other	1,448	1,138
Allowance for doubtful accounts	(471)	(474)
Total current assets	87,525	85,001
Non-current assets		
Property, plant and equipment		
Land	16,435	16,435
Other, net	18,849	18,716
Total property, plant and equipment	35,285	35,151
Intangible assets		
Software	1,794	1,632
Goodwill	1,474	1,434
Other	789	818
Total intangible assets	4,058	3,886
Investments and other assets		
Investment securities	8,656	8,710
Investment property	5,421	5,414
Guarantee deposits	1,504	1,507
Deferred tax assets	4,425	4,278
Other	1,171	1,172
Allowance for doubtful accounts	(106)	(114)
Total investments and other assets	21,073	20,970
Total non-current assets	60,417	60,009
Total assets	147,943	145,010

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,810	14,260
Contract liabilities	1,240	1,073
Electronically recorded obligations - operating	12,741	13,185
Short-term borrowings	862	1,811
Current portion of long-term borrowings	1,101	7,410
Lease liabilities	114	125
Income taxes payable	2,777	1,191
Provision for bonuses	1,983	1,432
Provision for bonuses for directors (and other officers)	–	52
Provision for product warranties	460	449
Other	5,666	6,022
Total current liabilities	40,758	47,013
Non-current liabilities		
Long-term borrowings	7,734	820
Lease liabilities	284	313
Deferred tax liabilities	395	388
Provision for retirement benefits for directors (and other officers)	20	22
Retirement benefit liability	8,671	8,721
Asset retirement obligations	1,144	1,146
Other	605	629
Total non-current liabilities	18,857	12,041
Total liabilities	59,616	59,055
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	19,773	17,150
Retained earnings	54,537	55,130
Treasury shares	(907)	(907)
Total shareholders' equity	87,019	84,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,258	1,316
Deferred gains or losses on hedges	6	13
Foreign currency translation adjustment	567	564
Remeasurements of defined benefit plans	(1,043)	(1,010)
Total accumulated other comprehensive income	788	883
Share acquisition rights	71	69
Non-controlling interests	446	12
Total net assets	88,326	85,955
Total liabilities and net assets	147,943	145,010

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	34,499	38,727
Cost of sales	25,593	26,231
Gross profit	8,906	12,495
Selling, general and administrative expenses	8,036	8,715
Operating profit	870	3,779
Non-operating income		
Interest income	2	1
Dividend income	95	88
Rental income from real estate	9	115
Other	36	73
Total non-operating income	144	279
Non-operating expenses		
Interest expenses	19	31
Rental expenses on real estate	27	39
Commission for purchase of treasury shares	0	–
Foreign exchange losses	5	22
Share of loss of entities accounted for using equity method	7	0
Other	14	5
Total non-operating expenses	76	99
Ordinary profit	938	3,959
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	–	0
Gain on reversal of share acquisition rights	–	1
Subsidy income	38	–
Gain on cancellation of leases	–	14
Other	2	–
Total extraordinary income	42	17
Extraordinary losses		
Loss on retirement of non-current assets	15	0
Total extraordinary losses	15	0
Profit before income taxes	965	3,976
Income taxes - current	143	1,178
Income taxes - deferred	239	152
Total income taxes	382	1,330
Profit	582	2,645
Loss attributable to non-controlling interests	(4)	–
Profit attributable to owners of parent	587	2,645

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	582	2,645
Other comprehensive income		
Valuation difference on available-for-sale securities	(83)	57
Deferred gains or losses on hedges	6	6
Foreign currency translation adjustment	742	(3)
Remeasurements of defined benefit plans, net of tax	63	33
Total other comprehensive income	728	94
Comprehensive income	1,311	2,740
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,315	2,740
Comprehensive income attributable to non-controlling interests	(4)	—