

Translation

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

November 9, 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: November 14, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

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	81,726	16.8	8,998	232.6	9,267	231.4	6,238	287.2
Six months ended September 30, 2021	69,955	–	2,705	6.4	2,796	0.3	1,611	(18.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	106.34		106.27	
Six months ended September 30, 2021	26.87		26.85	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	153,401	89,921	58.6
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	–	40.00	–	40.00	80.00
Year ending March 31, 2023 (Forecast)	–	–	–	40.00	80.00

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
Full year	170,000	13.7	17,500	119.9	18,000	119.4	12,000	4,239.0	204.56

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2022	517,602 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)

Six months ended September 30, 2022	58,662,559 shares	Six months ended September 30, 2021	59,971,988 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	18,347	20,614
Notes and accounts receivable - trade, and contract assets	34,148	32,704
Electronically recorded monetary claims - operating	16,028	17,448
Securities	300	300
Merchandise and finished goods	14,700	17,942
Work in process	179	331
Raw materials and supplies	2,843	3,089
Other	1,448	1,212
Allowance for doubtful accounts	(471)	(482)
Total current assets	87,525	93,161
Non-current assets		
Property, plant and equipment		
Land	16,435	16,435
Other, net	18,849	18,615
Total property, plant and equipment	35,285	35,051
Intangible assets		
Software	1,794	1,496
Goodwill	1,474	1,424
Other	789	887
Total intangible assets	4,058	3,809
Investments and other assets		
Investment securities	8,656	8,491
Investment property	5,421	5,466
Guarantee deposits	1,504	1,516
Deferred tax assets	4,425	4,823
Other	1,171	1,192
Allowance for doubtful accounts	(106)	(111)
Total investments and other assets	21,073	21,379
Total non-current assets	60,417	60,240
Total assets	147,943	153,401

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,810	15,019
Contract liabilities	1,240	1,194
Electronically recorded obligations - operating	12,741	12,737
Short-term borrowings	862	2,235
Current portion of long-term borrowings	1,101	7,438
Lease liabilities	114	140
Income taxes payable	2,777	3,584
Provision for bonuses	1,983	2,537
Provision for bonuses for directors (and other officers)	–	122
Provision for product warranties	460	474
Other	5,666	5,700
Total current liabilities	40,758	51,183
Non-current liabilities		
Long-term borrowings	7,734	895
Lease liabilities	284	336
Deferred tax liabilities	395	423
Provision for retirement benefits for directors (and other officers)	20	23
Retirement benefit liability	8,671	8,839
Asset retirement obligations	1,144	1,148
Other	605	629
Total non-current liabilities	18,857	12,296
Total liabilities	59,616	63,480
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	19,773	17,150
Retained earnings	54,537	58,718
Treasury shares	(907)	(850)
Total shareholders' equity	87,019	88,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,258	1,167
Deferred gains or losses on hedges	6	11
Foreign currency translation adjustment	567	1,019
Remeasurements of defined benefit plans	(1,043)	(993)
Total accumulated other comprehensive income	788	1,203
Share acquisition rights	71	69
Non-controlling interests	446	13
Total net assets	88,326	89,921
Total liabilities and net assets	147,943	153,401

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

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	69,955	81,726
Cost of sales	51,541	55,557
Gross profit	18,413	26,168
Selling, general and administrative expenses	15,707	17,169
Operating profit	2,705	8,998
Non-operating income		
Interest income	3	3
Dividend income	99	90
Rental income from real estate	19	232
Other	106	144
Total non-operating income	230	470
Non-operating expenses		
Interest expenses	41	69
Rental expenses on real estate	48	79
Commission for purchase of treasury shares	2	–
Foreign exchange losses	0	45
Share of loss of entities accounted for using equity method	12	0
Other	32	7
Total non-operating expenses	139	202
Ordinary profit	2,796	9,267
Extraordinary income		
Gain on sale of non-current assets	11	1
Gain on sale of investment securities	–	21
Gain on reversal of share acquisition rights	–	1
Subsidy income	65	6
Gain on cancellation of leases	–	16
Gain on step acquisitions	11	–
Other	2	–
Total extraordinary income	90	47
Extraordinary losses		
Loss on sale of non-current assets	4	–
Loss on retirement of non-current assets	34	4
Loss on sale of investment securities	–	13
Total extraordinary losses	39	18
Profit before income taxes	2,848	9,297
Income taxes - current	1,228	3,425
Income taxes - deferred	(43)	(366)
Total income taxes	1,185	3,059
Profit	1,663	6,238
Profit attributable to non-controlling interests	51	–
Profit attributable to owners of parent	1,611	6,238

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,663	6,238
Other comprehensive income		
Valuation difference on available-for-sale securities	326	(91)
Deferred gains or losses on hedges	0	5
Foreign currency translation adjustment	716	451
Remeasurements of defined benefit plans, net of tax	126	49
Total other comprehensive income	1,170	414
Comprehensive income	2,833	6,652
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,781	6,652
Comprehensive income attributable to non-controlling interests	51	—