

Translation

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

November 10, 2022

Company name: MTG Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 7806 URL <https://www.mtg.gr.jp/>  
 Representative: President Tsuyoshi Matsushita  
 Inquiries: Senior Managing Director CFO Makoto Yoshitaka TEL 052-307-7890  
 Scheduled date of ordinary general meeting of shareholders: December 22, 2022  
 Scheduled date to file Securities Report: December 22, 2022  
 Scheduled date to commence dividend payments: December 23, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended September 30, 2022 (from October 1, 2021 to September 30, 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 September 30, 2022	48,984	14.5	3,238	(16.7)	3,724	(11.6)	2,685	(52.0)
Year ended September 30, 2021	42,799	22.8	3,889	219.0	4,213	151.8	5,592	266.6

	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 September 30, 2022	68.50	68.22	6.8	7.7	6.6
Year ended September 30, 2021	141.76	140.52	15.7	9.5	9.1

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	49,942	41,285	81.8	1,036.89
As of September 30, 2021	46,939	38,154	81.1	974.25

#### (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 September 30, 2022	1,879	(1,876)	1,052	16,529
Year ended September 30, 2021	3,927	(750)	(779)	15,651

### 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 September 30, 2021	—	0.00	—	10.00	10.00	390	7.1	1.1
Year ended September 30, 2022	—	0.00	—	10.00	10.00	393	14.6	1.0
Year ending September 30, 2023 (Forecast)	—	0.00	—	10.00	10.00		28.1	

3. Forecast of consolidated financial results for the year ending September 30, 2023 (from October 1, 2022 to September 30, 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	55,000	12.3	2,000	(38.2)	2,000	(46.3)	1,400	(47.9)	35.54

4. Notes

- (1) Changes in significant subsidiaries during the year ended September 30, 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 September 30, 2022	40,082,288 shares	As of September 30, 2021	39,744,728 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	690,261 shares	As of September 30, 2021	690,217 shares
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Average number of shares during the period

Year ended September 30, 2022	39,204,313 shares	Year ended September 30, 2021	39,447,618 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2021	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	15,651	16,529
Notes and accounts receivable - trade	4,294	4,838
Merchandise and finished goods	8,010	9,654
Raw materials and supplies	1,817	1,414
Prepaid expenses	361	436
Other	1,979	1,727
Allowance for doubtful accounts	(7)	(1)
Total current assets	32,108	34,600
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,163	1,062
Accumulated depreciation	(652)	(772)
Buildings and structures, net	510	289
Machinery, equipment and vehicles	36	36
Accumulated depreciation	(36)	(35)
Machinery, equipment and vehicles, net	0	1
Tools, furniture and fixtures	3,232	3,454
Accumulated depreciation	(3,002)	(3,057)
Tools, furniture and fixtures, net	230	397
Land	8,883	8,883
Construction in progress	170	186
Other	84	97
Accumulated depreciation	(27)	(67)
Other, net	57	30
Total property, plant and equipment	9,852	9,788
Intangible assets		
Software	313	451
Other	48	24
Total intangible assets	362	476
Investments and other assets		
Investment securities	1,969	2,673
Deferred tax assets	2,085	1,923
Other	586	592
Allowance for doubtful accounts	(25)	(113)
Total investments and other assets	4,616	5,076
Total non-current assets	14,831	15,341
Total assets	46,939	49,942

(Millions of yen)

	As of September 30, 2021	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,694	1,644
Accounts payable - other	2,433	1,739
Income taxes payable	598	964
Provision for bonuses	542	512
Provision for bonuses for directors (and other officers)	0	1
Provision for point card certificates	126	–
Provision for sales returns	539	–
Provision for product warranties	83	450
Provision for shareholder benefit program	–	156
Other	2,211	2,808
Total current liabilities	8,230	8,279
Non-current liabilities		
Other	554	377
Total non-current liabilities	554	377
Total liabilities	8,784	8,656
<b>Net assets</b>		
Shareholders' equity		
Share capital	16,615	16,772
Capital surplus	15,418	16,153
Retained earnings	6,859	9,116
Treasury shares	(904)	(904)
Total shareholders' equity	37,989	41,137
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	184	54
Foreign currency translation adjustment	(125)	(346)
Total accumulated other comprehensive income	59	(292)
Share acquisition rights	3	3
Non-controlling interests	102	436
Total net assets	38,154	41,285
Total liabilities and net assets	46,939	49,942

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

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net sales	42,799	48,984
Cost of sales	12,608	17,552
Gross profit	30,191	31,431
Reversal of provision for sales returns	435	–
Provision for sales returns	539	–
Gross profit - net	30,087	31,431
Selling, general and administrative expenses	26,197	28,193
Operating profit	3,889	3,238
Non-operating income		
Interest and dividend income	15	22
Foreign exchange gains	361	599
Compensation for damages received	13	2
Other	113	69
Total non-operating income	504	693
Non-operating expenses		
Interest expenses	0	0
Commitment fees	33	6
Loss on valuation of advance payments	72	–
Loss on cancellation of leasehold contracts	–	96
Loss on retirement of non-current assets	21	35
Share issuance costs	–	17
Other	54	50
Total non-operating expenses	181	207
Ordinary profit	4,213	3,724
Extraordinary income		
Gain on sale of investment securities	87	4
Gain on reversal of share acquisition rights	1	–
Insurance claim income	–	263
Compensation income for damage	158	437
Gain on extinguishment of debt	–	326
Total extraordinary income	246	1,032
Extraordinary losses		
Impairment losses	84	294
Loss on valuation of investment securities	95	25
Settlement payments	–	272
Provision of allowance for doubtful accounts	–	80
Expenses related to recall	–	149
Total extraordinary losses	180	821
Profit before income taxes	4,279	3,935
Income taxes - current	793	1,260
Income taxes - deferred	(2,056)	158
Total income taxes	(1,263)	1,418
Profit	5,542	2,516
Loss attributable to non-controlling interests	(49)	(168)
Profit attributable to owners of parent	5,592	2,685

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit	5,542	2,516
Other comprehensive income		
Valuation difference on available-for-sale securities	137	(129)
Foreign currency translation adjustment	(160)	(221)
Total other comprehensive income	(22)	(351)
Comprehensive income	5,520	2,165
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,569	2,334
Comprehensive income attributable to non-controlling interests	(49)	(168)

## Consolidated statements of changes in equity

Fiscal year ended September 30, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,610	23,193	(6,551)	(0)	33,252
Cumulative effects of changes in accounting policies			–		–
Restated balance	16,610	23,193	(6,551)	(0)	33,252
Changes during period					
Issuance of new shares	5	5			10
Deficit disposition		(7,818)	7,818		–
Dividends of surplus					–
Profit attributable to owners of parent			5,592		5,592
Purchase of treasury shares				(904)	(904)
Changes in equity due to capital transfer		38			38
Net changes in items other than shareholders' equity					
Total changes during period	5	(7,775)	13,411	(904)	4,737
Balance at end of period	16,615	15,418	6,859	(904)	37,989

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	46	34	81	4	129	33,469
Cumulative effects of changes in accounting policies						–
Restated balance	46	34	81	4	129	33,469
Changes during period						
Issuance of new shares						10
Deficit disposition						–
Dividends of surplus						–
Profit attributable to owners of parent						5,592
Purchase of treasury shares						(904)
Changes in equity due to capital transfer						38
Net changes in items other than shareholders' equity	137	(160)	(22)	(1)	(27)	(51)
Total changes during period	137	(160)	(22)	(1)	(27)	4,685
Balance at end of period	184	(125)	59	3	102	38,154

Fiscal year ended September 30, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,615	15,418	6,859	(904)	37,989
Cumulative effects of changes in accounting policies			(38)		(38)
Restated balance	16,615	15,418	6,821	(904)	37,951
Changes during period					
Issuance of new shares	156	156			312
Deficit disposition					–
Dividends of surplus			(390)		(390)
Profit attributable to owners of parent			2,685		2,685
Purchase of treasury shares				(0)	(0)
Changes in equity due to capital transfer		578			578
Net changes in items other than shareholders' equity					
Total changes during period	156	734	2,294	(0)	3,185
Balance at end of period	16,772	16,153	9,116	(904)	41,137

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	184	(125)	59	3	102	38,154
Cumulative effects of changes in accounting policies						(38)
Restated balance	184	(125)	59	3	102	38,116
Changes during period						
Issuance of new shares						312
Deficit disposition						–
Dividends of surplus						(390)
Profit attributable to owners of parent						2,685
Purchase of treasury shares						(0)
Changes in equity due to capital transfer						578
Net changes in items other than shareholders' equity	(129)	(221)	(351)	–	334	(16)
Total changes during period	(129)	(221)	(351)	–	334	3,169
Balance at end of period	54	(346)	(292)	3	436	41,285



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	4,279	3,935
Depreciation	588	552
Impairment losses	84	294
Increase (decrease) in provision for bonuses	114	(30)
Foreign exchange losses (gains)	(35)	(28)
Insurance claim income	–	(263)
Compensation income for damage	(158)	(437)
Settlement payments	–	272
Loss (gain) on valuation of investment securities	95	26
Decrease (increase) in trade receivables	(554)	(735)
Decrease (increase) in inventories	(835)	(1,212)
Increase (decrease) in trade payables	(455)	360
Increase (decrease) in accounts payable - other	9	(721)
Other, net	837	419
Subtotal	3,971	2,432
Interest and dividends received	14	23
Interest paid	(8)	(14)
Proceeds from insurance income	–	263
Proceeds from damage income	158	356
Settlement paid	–	(272)
Income taxes paid	(209)	(910)
Net cash provided by (used in) operating activities	3,927	1,879
Cash flows from investing activities		
Purchase of property, plant and equipment	(438)	(564)
Purchase of intangible assets	(139)	(441)
Purchase of investment securities	(330)	(903)
Proceeds from sale of investment securities	145	49
Purchase of shares of subsidiaries	–	(110)
Other, net	12	93
Net cash provided by (used in) investing activities	(750)	(1,876)
Cash flows from financing activities		
Proceeds from long-term borrowings	80	–
Repayments of long-term borrowings	(2)	(15)
Proceeds from issuance of shares	10	312
Proceeds from share issuance to non-controlling shareholders	60	1,175
Purchase of treasury shares	(904)	(0)
Dividends paid	(0)	(389)
Other, net	(23)	(29)
Net cash provided by (used in) financing activities	(779)	1,052
Effect of exchange rate change on cash and cash equivalents	(216)	(177)
Net increase (decrease) in cash and cash equivalents	2,181	877
Cash and cash equivalents at beginning of period	13,470	15,651
Cash and cash equivalents at end of period	15,651	16,529