

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2022 (Based on Japanese GAAP)

February 8, 2023

Company name: KATO SANGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9869 URL <http://www.katosangyo.co.jp>
 Representative: President and Representative Director Kazuya Kato
 Director
 Inquiries: Chief of Administration Headquarters Shigenori Tsuguie TEL 0798-33-7650
 Scheduled date to file Quarterly Securities Report: February 14, 2023
 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 December 31, 2022 (from October 1, 2022 to December 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		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 December 31, 2022	284,691	8.0	4,531	35.0	5,165	28.8	3,377	20.2
Three months ended December 31, 2021	263,649	–	3,356	–	4,011	–	2,810	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2022	100.45		–	
Three months ended December 31, 2021	81.11		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	454,136	143,516	30.5
As of September 30, 2022	400,792	140,188	33.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2022	–	38.00	–	45.00	83.00
Year ending September 30, 2023	–				
Year ending September 30, 2023 (Forecast)		43.00	–	46.00	89.00

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

	Operating revenue		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 March 31, 2023	530,000	2.9	7,200	2.5	8,050	(0.2)	5,050	(4.0)	150.18
Full year	1,067,000	3.0	13,700	2.1	15,400	0.1	9,900	(12.2)	294.42

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 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 December 31, 2022	38,153,115 shares	As of September 30, 2022	38,153,115 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	4,527,906 shares	As of September 30, 2022	4,527,890 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2022	33,625,213 shares	Three months ended December 31, 2021	34,649,741 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	83,419	79,155
Notes and accounts receivable - trade	150,408	196,585
Investments in leases	712	714
Securities	500	–
Merchandise and finished goods	29,262	38,311
Work in process	3	8
Raw materials and supplies	273	321
Other	7,662	7,822
Allowance for doubtful accounts	(620)	(610)
Total current assets	271,621	322,308
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,555	17,133
Machinery, equipment and vehicles, net	1,927	1,890
Tools, furniture and fixtures, net	1,156	1,287
Land	24,310	24,333
Leased assets, net	1,229	1,248
Construction in progress	1,771	1,680
Other, net	392	361
Total property, plant and equipment	47,343	47,934
Intangible assets		
Goodwill	673	572
Software	4,930	5,030
Telephone subscription right	45	45
Other	124	115
Total intangible assets	5,774	5,764
Investments and other assets		
Investment securities	48,236	50,500
Guarantee deposits	6,271	6,256
Investment property, net	2,863	2,965
Deferred tax assets	483	412
Retirement benefit asset	2,303	2,363
Investments in leases	10,924	10,744
Other	5,055	4,971
Allowance for doubtful accounts	(85)	(84)
Total investments and other assets	76,052	78,128
Total non-current assets	129,170	131,828
Total assets	400,792	454,136

(Millions of yen)

	As of September 30, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	212,314	263,791
Short-term borrowings	4,234	4,563
Lease liabilities	1,304	1,285
Accounts payable - other	10,838	12,069
Accrued expenses	344	210
Income taxes payable	3,352	1,323
Accrued consumption taxes	1,479	221
Provision for bonuses	1,326	751
Provision for bonuses for directors (and other officers)	76	26
Other	1,968	2,375
Total current liabilities	237,239	286,618
Non-current liabilities		
Lease liabilities	9,246	9,056
Deferred tax liabilities	5,391	6,183
Provision for retirement benefits for directors (and other officers)	409	413
Retirement benefit liability	5,369	5,375
Asset retirement obligations	172	172
Other	2,775	2,800
Total non-current liabilities	23,364	24,002
Total liabilities	260,603	310,620
Net assets		
Shareholders' equity		
Share capital	5,934	5,934
Capital surplus	8,532	8,532
Retained earnings	116,384	118,248
Treasury shares	(12,709)	(12,709)
Total shareholders' equity	118,141	120,005
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,067	16,207
Deferred gains or losses on hedges	7	(3)
Foreign currency translation adjustment	1,883	2,090
Remeasurements of defined benefit plans	24	3
Total accumulated other comprehensive income	16,983	18,296
Non-controlling interests	5,062	5,213
Total net assets	140,188	143,516
Total liabilities and net assets	400,792	454,136

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Operating revenue		
Net sales	255,354	276,001
Other operating revenue	8,295	8,689
Total operating revenue	263,649	284,691
Operating costs		
Cost of sales	238,529	257,675
Other costs	7,173	7,209
Total operating costs	245,703	264,885
Gross profit	16,824	18,326
Operating gross profit	17,946	19,806
Selling, general and administrative expenses	14,590	15,274
Operating profit	3,356	4,531
Non-operating income		
Interest income	47	53
Dividend income	346	384
Share of profit of entities accounted for using equity method	25	32
Foreign exchange gains	19	–
Rental income from real estate	172	159
Reversal of allowance for doubtful accounts	–	20
Electricity sale income	24	23
Other	190	97
Total non-operating income	826	771
Non-operating expenses		
Interest expenses	38	43
Rental expenses on real estate	57	59
Foreign exchange losses	–	13
Provision of allowance for doubtful accounts	48	–
Electricity sale expenses	12	12
Other	13	8
Total non-operating expenses	170	137
Ordinary profit	4,011	5,165
Extraordinary income		
Gain on sale of non-current assets	131	3
Gain on sale of investment securities	76	–
Total extraordinary income	208	3
Extraordinary losses		
Loss on sale and retirement of non-current assets	2	2
Loss on cancellation of leases	1	0
Loss on valuation of investment securities	–	9
Total extraordinary losses	3	12
Profit before income taxes	4,216	5,156
Income taxes - current	1,138	1,249
Income taxes - deferred	264	380
Total income taxes	1,403	1,630
Profit	2,812	3,526
Profit attributable to non-controlling interests	2	148
Profit attributable to owners of parent	2,810	3,377

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Profit	2,812	3,526
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,481)	1,179
Deferred gains or losses on hedges	1	(11)
Foreign currency translation adjustment	59	209
Remeasurements of defined benefit plans, net of tax	(33)	(21)
Share of other comprehensive income of entities accounted for using equity method	23	(1)
Total other comprehensive income	(2,430)	1,355
Comprehensive income	382	4,881
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	526	4,690
Comprehensive income attributable to non-controlling interests	(144)	190