

Translation

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

February 10, 2023

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: 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	127,029	18.2	14,622	200.8	15,006	197.1	10,373	243.8
Nine months ended December 31, 2021	107,488	–	4,861	9.3	5,051	4.2	3,017	(12.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	176.81		176.69	
Nine months ended December 31, 2021	50.59		50.55	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	160,294	92,676	57.8
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	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	35.00	–	35.00	70.00
Year ending March 31, 2023	–	40.00	–		
Year ending March 31, 2023 (Forecast)				65.00	105.00

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	174,000	16.4	20,000	151.3	20,500	149.9	13,500	–	230.10

4. Notes

- (1) Changes in significant subsidiaries during the nine 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	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 December 31, 2022	519,268 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)

Nine months ended December 31, 2022	58,668,939 shares	Nine months ended December 31, 2021	59,645,719 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	18,347	19,718
Notes and accounts receivable - trade, and contract assets	34,148	35,081
Electronically recorded monetary claims - operating	16,028	21,027
Securities	300	300
Merchandise and finished goods	14,700	19,965
Work in process	179	325
Raw materials and supplies	2,843	3,015
Other	1,448	1,450
Allowance for doubtful accounts	(471)	(526)
Total current assets	87,525	100,357
Non-current assets		
Property, plant and equipment		
Land	16,435	16,937
Other, net	18,849	18,410
Total property, plant and equipment	35,285	35,348
Intangible assets		
Software	1,794	1,387
Goodwill	1,474	1,383
Other	789	917
Total intangible assets	4,058	3,688
Investments and other assets		
Investment securities	8,656	8,761
Investment property	5,421	4,991
Guarantee deposits	1,504	1,517
Deferred tax assets	4,425	4,573
Other	1,171	1,168
Allowance for doubtful accounts	(106)	(111)
Total investments and other assets	21,073	20,900
Total non-current assets	60,417	59,936
Total assets	147,943	160,294

(Millions of yen)

As of March 31, 2022

As of December 31, 2022

Liabilities	As of March 31, 2022	As of December 31, 2022
Current liabilities		
Notes and accounts payable - trade	13,810	15,811
Contract liabilities	1,240	1,489
Electronically recorded obligations - operating	12,741	14,907
Short-term borrowings	862	2,678
Current portion of long-term borrowings	1,101	8,203
Lease liabilities	114	138
Income taxes payable	2,777	3,272
Provision for bonuses	1,983	2,006
Provision for bonuses for directors (and other officers)	–	185
Provision for product warranties	460	448
Other	5,666	7,119
Total current liabilities	40,758	56,261
Non-current liabilities		
Long-term borrowings	7,734	19
Lease liabilities	284	320
Deferred tax liabilities	395	303
Provision for retirement benefits for directors (and other officers)	20	25
Retirement benefit liability	8,671	8,889
Asset retirement obligations	1,144	1,150
Other	605	646
Total non-current liabilities	18,857	11,356
Total liabilities	59,616	67,617
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	19,773	17,150
Retained earnings	54,537	60,506
Treasury shares	(907)	(849)
Total shareholders' equity	87,019	90,423
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,258	1,385
Deferred gains or losses on hedges	6	(1)
Foreign currency translation adjustment	567	1,738
Remeasurements of defined benefit plans	(1,043)	(954)
Total accumulated other comprehensive income	788	2,168
Share acquisition rights	71	69
Non-controlling interests	446	14
Total net assets	88,326	92,676
Total liabilities and net assets	147,943	160,294

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	107,488	127,029
Cost of sales	78,903	86,137
Gross profit	28,584	40,891
Selling, general and administrative expenses	23,723	26,268
Operating profit	4,861	14,622
Non-operating income		
Interest income	4	8
Dividend income	191	180
Rental income from real estate	57	342
Share of profit of entities accounted for using equity method	–	0
Other	141	183
Total non-operating income	395	715
Non-operating expenses		
Interest expenses	62	125
Rental expenses on real estate	76	115
Commission for purchase of treasury shares	4	–
Foreign exchange losses	12	74
Share of loss of entities accounted for using equity method	16	–
Other	32	15
Total non-operating expenses	205	331
Ordinary profit	5,051	15,006
Extraordinary income		
Gain on sale of non-current assets	36	1
Gain on sale of investment securities	96	34
Gain on sale of shares of subsidiaries and associates	–	68
Gain on reversal of share acquisition rights	–	1
Subsidy income	88	9
Gain on cancellation of leases	–	17
Gain on step acquisitions	11	–
Other	2	–
Total extraordinary income	235	132
Extraordinary losses		
Loss on sale of non-current assets	4	–
Loss on retirement of non-current assets	48	6
Loss on sale of investment securities	–	20
Total extraordinary losses	53	27
Profit before income taxes	5,233	15,112
Income taxes - current	1,902	5,095
Income taxes - deferred	211	(356)
Total income taxes	2,114	4,739
Profit	3,119	10,373
Profit attributable to non-controlling interests	101	–
Profit attributable to owners of parent	3,017	10,373

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	3,119	10,373
Other comprehensive income		
Valuation difference on available-for-sale securities	(315)	127
Deferred gains or losses on hedges	3	(7)
Foreign currency translation adjustment	783	1,170
Remeasurements of defined benefit plans, net of tax	139	88
Total other comprehensive income	611	1,379
Comprehensive income	3,730	11,752
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,628	11,752
Comprehensive income attributable to non-controlling interests	101	–