

Translation

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Summary of Consolidated Financial Results for the Six Months Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 2023

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 to file Quarterly Securities Report: May 12, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)

(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 March 31, 2023	27,823	22.3	2,416	4.8	2,290	(8.4)	1,156	(40.2)
Six months ended March 31, 2022	22,748	12.7	2,304	(24.1)	2,500	(25.9)	1,932	(35.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2023	29.35		29.23	
Six months ended March 31, 2022	49.48		49.12	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	52,356	42,233	79.5
As of September 30, 2022	49,942	41,285	81.8

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	–	0.00	–	10.00	10.00
Year ending September 30, 2023	–	0.00			
Year ending September 30, 2023 (Forecast)			–	10.00	10.00

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

	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	58,000	18.4	3,400	5.0	3,300	(11.4)	1,600	(40.4)	40.61

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2023
 (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: Yes
- (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: No
- 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 March 31, 2023	40,086,488 shares	As of September 30, 2022	40,082,288 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	678,553 shares	As of September 30, 2022	690,261 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2023	39,398,605 shares	Six months ended March 31, 2022	39,056,697 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	16,529	17,564
Notes and accounts receivable - trade	4,838	4,612
Merchandise and finished goods	9,654	10,480
Raw materials and supplies	1,414	944
Prepaid expenses	436	479
Other	1,727	2,053
Allowance for doubtful accounts	(1)	(1)
Total current assets	34,600	36,133
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	289	330
Land	8,883	8,883
Other, net	615	849
Total property, plant and equipment	9,788	10,063
Intangible assets	476	543
Investments and other assets		
Investment securities	2,673	3,227
Deferred tax assets	1,923	1,912
Other	592	592
Allowance for doubtful accounts	(113)	(116)
Total investments and other assets	5,076	5,615
Total non-current assets	15,341	16,223
Total assets	49,942	52,356

(Millions of yen)

	As of September 30, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,644	2,691
Accounts payable - other	1,739	1,739
Income taxes payable	964	1,132
Provision for bonuses	512	540
Other provisions	609	593
Other	2,808	3,028
Total current liabilities	8,279	9,726
Non-current liabilities		
Other	377	396
Total non-current liabilities	377	396
Total liabilities	8,656	10,123
Net assets		
Shareholders' equity		
Share capital	16,772	16,773
Capital surplus	16,153	16,155
Retained earnings	9,116	9,878
Treasury shares	(904)	(889)
Total shareholders' equity	41,137	41,919
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54	(14)
Foreign currency translation adjustment	(346)	(277)
Total accumulated other comprehensive income	(292)	(291)
Share acquisition rights	3	0
Non-controlling interests	436	605
Total net assets	41,285	42,233
Total liabilities and net assets	49,942	52,356

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Net sales	22,748	27,823
Cost of sales	7,960	10,961
Gross profit	14,788	16,862
Selling, general and administrative expenses	12,483	14,445
Operating profit	2,304	2,416
Non-operating income		
Interest and dividend income	7	7
Foreign exchange gains	208	–
Reversal of allowance for doubtful accounts	–	17
Other	29	13
Total non-operating income	246	38
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	–	141
Commitment fees	5	–
Loss on cancellation of leasehold contracts	21	–
Loss on retirement of non-current assets	2	1
Share issuance costs	10	–
Other	10	20
Total non-operating expenses	50	164
Ordinary profit	2,500	2,290
Extraordinary income		
Gain on sale of non-current assets	–	7
Gain on sale of investment securities	4	–
Gain on reversal of share acquisition rights	–	3
Insurance claim income	263	–
Compensation income for damage	142	–
Gain on extinguishment of debt	326	–
Total extraordinary income	737	11
Extraordinary losses		
Loss on valuation of investment securities	0	87
Settlement payments	275	–
Expenses related to recall	–	2
Provision of allowance for doubtful accounts	80	20
Total extraordinary losses	356	109
Profit before income taxes	2,880	2,192
Income taxes	1,012	1,182
Profit	1,868	1,009
Loss attributable to non-controlling interests	(64)	(146)
Profit attributable to owners of parent	1,932	1,156

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Profit	1,868	1,009
Other comprehensive income		
Valuation difference on available-for-sale securities	(130)	(68)
Foreign currency translation adjustment	(88)	69
Total other comprehensive income	(218)	0
Comprehensive income	1,649	1,010
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,713	1,156
Comprehensive income attributable to non-controlling interests	(64)	(146)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,880	2,192
Depreciation	231	322
Increase (decrease) in provision for bonuses	(65)	28
Foreign exchange losses (gains)	(8)	6
Insurance claim income	(263)	–
Settlement payments	275	–
Decrease (increase) in trade receivables	647	171
Decrease (increase) in inventories	28	(361)
Increase (decrease) in trade payables	(227)	753
Decrease (increase) in prepaid expenses	(49)	(49)
Increase (decrease) in accounts payable - other	(1,036)	7
Other, net	(273)	302
Subtotal	2,139	3,373
Interest and dividends received	7	4
Interest paid	(0)	(0)
Proceeds from insurance income	263	–
Settlement paid	(275)	–
Income taxes refund (paid)	(542)	(988)
Net cash provided by (used in) operating activities	1,592	2,388
Cash flows from investing activities		
Purchase of property, plant and equipment	(272)	(427)
Purchase of intangible assets	(193)	(132)
Purchase of investment securities	(406)	(714)
Purchase of shares of subsidiaries	(110)	–
Other, net	96	(9)
Net cash provided by (used in) investing activities	(886)	(1,284)
Cash flows from financing activities		
Repayments of long-term borrowings	(7)	(9)
Proceeds from issuance of shares	6	3
Proceeds from share issuance to non-controlling shareholders	517	315
Dividends paid	(389)	(392)
Other, net	(15)	(5)
Net cash provided by (used in) financing activities	111	(88)
Effect of exchange rate change on cash and cash equivalents	(4)	19
Net increase (decrease) in cash and cash equivalents	812	1,035
Cash and cash equivalents at beginning of period	15,651	16,529
Cash and cash equivalents at end of period	16,463	17,564