

Translation

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

May 12, 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  
 Director, General Manager of the Finance and Accounting Department  
 Inquiries: Tatsuo Sukekawa TEL 052-564-3333  
 Scheduled date of ordinary general meeting of shareholders: June 21, 2023  
 Scheduled date to file Securities Report: June 21, 2023  
 Scheduled date to commence dividend payments: June 22, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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 March 31, 2023	176,022	17.8	20,280	154.8	20,690	152.2	14,005	—
Year ended March 31, 2022	149,481	—	7,959	18.8	8,203	16.5	276	(94.2)

	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 March 31, 2023	238.71	238.55	15.3	13.2	11.5
Year ended March 31, 2022	4.66	4.65	0.3	5.4	5.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	164,454	95,825	58.2	1,631.57
As of March 31, 2022	147,943	88,326	59.4	1,497.21

(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 March 31, 2023	17,373	(408)	(9,355)	24,765
Year ended March 31, 2022	5,718	(827)	(13,341)	16,886

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 March 31, 2022	—	35.00	—	35.00	70.00	4,131	1,503.5	4.6
Year ended March 31, 2023	—	40.00	—	65.00	105.00	6,161	44.0	6.7
Year ending March 31, 2024 (Forecast)	—	65.00	—	65.00	130.00		72.7	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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
Six months ending September 30, 2023	87,500	7.1	7,300	(18.9)	7,500	(19.1)	5,100	(18.2)	86.91
Full year	183,000	4.0	15,000	(26.0)	15,400	(25.6)	10,500	(25.0)	178.93

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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 March 31, 2023	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 March 31, 2023	519,348 shares	As of March 31, 2022	552,040 shares
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Average number of shares during the period

Year ended March 31, 2023	58,671,901 shares	Year ended March 31, 2022	59,401,521 shares
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(Reference) Summary of Non-Consolidated financial results

Non-Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	140,052	15.8	19,726	128.8	20,690	128.3	14,754	—
Year ended March 31, 2022	120,891	—	8,620	23.2	9,062	23.5	(1,436)	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2023	251.48	251.31
Year ended March 31, 2022	(24.18)	—

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	152,081	96,835	63.6	1,649.02
As of March 31, 2022	133,492	86,470	64.7	1,473.17

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	18,347	24,817
Notes receivable - trade	9,111	9,812
Accounts receivable - trade	24,743	26,671
Contract assets	293	214
Electronically recorded monetary claims - operating	16,028	19,512
Securities	300	300
Merchandise and finished goods	14,700	18,166
Work in process	179	256
Raw materials and supplies	2,843	2,503
Other	1,448	3,075
Allowance for doubtful accounts	(471)	(487)
Total current assets	87,525	104,843
Non-current assets		
Property, plant and equipment		
Buildings and structures	30,628	30,200
Accumulated depreciation	(18,899)	(19,598)
Buildings and structures, net	11,729	10,601
Machinery, equipment and vehicles	17,944	18,667
Accumulated depreciation	(12,330)	(13,448)
Machinery, equipment and vehicles, net	5,613	5,219
Tools, furniture and fixtures	5,111	5,285
Accumulated depreciation	(4,234)	(4,487)
Tools, furniture and fixtures, net	877	797
Land	16,435	16,634
Leased assets	1,152	2,889
Accumulated depreciation	(639)	(1,112)
Leased assets, net	513	1,777
Construction in progress	116	1,794
Total property, plant and equipment	35,285	36,825
Intangible assets		
Software	1,794	1,340
Goodwill	1,474	1,340
Other	789	831
Total intangible assets	4,058	3,512
Investments and other assets		
Investment securities	8,656	6,182
Investment property	5,421	4,968
Guarantee deposits	1,504	1,855
Deferred tax assets	4,425	5,229
Other	1,171	1,153
Allowance for doubtful accounts	(106)	(116)
Total investments and other assets	21,073	19,273
Total non-current assets	60,417	59,610
Total assets	147,943	164,454

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	13,810	15,410
Contract liabilities	1,240	1,026
Electronically recorded obligations - operating	12,741	14,420
Short-term borrowings	862	801
Current portion of long-term borrowings	1,101	7,801
Lease liabilities	114	439
Income taxes payable	2,777	5,734
Provision for bonuses	1,983	3,175
Provision for bonuses for directors (and other officers)	—	267
Provision for product warranties	460	532
Other	5,666	6,956
Total current liabilities	40,758	56,565
Non-current liabilities		
Long-term borrowings	7,734	—
Lease liabilities	284	1,413
Deferred tax liabilities	395	269
Provision for retirement benefits for directors (and other officers)	20	26
Retirement benefit liability	8,671	8,525
Asset retirement obligations	1,144	1,153
Long-term accounts payable - other	1	13
Other	604	661
Total non-current liabilities	18,857	12,063
Total liabilities	59,616	68,629
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	19,773	17,150
Retained earnings	54,537	64,138
Treasury shares	(907)	(849)
Total shareholders' equity	87,019	94,056
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,258	1,269
Deferred gains or losses on hedges	6	(39)
Foreign currency translation adjustment	567	1,157
Remeasurements of defined benefit plans	(1,043)	(702)
Total accumulated other comprehensive income	788	1,685
Share acquisition rights	71	69
Non-controlling interests	446	13
Total net assets	88,326	95,825
Total liabilities and net assets	147,943	164,454

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	149,481	176,022
Cost of sales	109,519	119,647
Gross profit	39,962	56,374
Selling, general and administrative expenses	32,002	36,094
Operating profit	7,959	20,280
Non-operating income		
Interest income	9	19
Dividend income	203	193
Rental income from real estate	155	450
Share of profit of entities accounted for using equity method	—	0
Other	176	211
Total non-operating income	544	876
Non-operating expenses		
Interest expenses	89	214
Rental expenses on real estate	135	147
Foreign exchange losses	23	83
Commission for purchase of treasury shares	4	—
Share of loss of entities accounted for using equity method	10	—
Other	36	20
Total non-operating expenses	300	466
Ordinary profit	8,203	20,690
Extraordinary income		
Gain on sale of non-current assets	82	5
Gain on sale of investment securities	543	52
Gain on sale of shares of subsidiaries and associates	—	128
Gain on reversal of share acquisition rights	—	1
Subsidy income	90	10
Gain on cancellation of leases	—	17
Gain on step acquisitions	11	—
Settlement income	250	—
Other	2	—
Total extraordinary income	980	216
Extraordinary losses		
Loss on sale of non-current assets	5	2
Loss on retirement of non-current assets	70	9
Loss on sale of investment securities	—	148
Loss on sale of shares of subsidiaries and associates	7	—
Impairment losses	5,593	303
Other	0	—
Total extraordinary losses	5,676	464
Profit before income taxes	3,506	20,442
Income taxes - current	4,013	7,436
Income taxes - deferred	(917)	(998)
Total income taxes	3,096	6,437
Profit	410	14,005
Profit attributable to non-controlling interests	133	—
Profit attributable to owners of parent	276	14,005

**Consolidated statements of comprehensive income**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	410	14,005
Other comprehensive income		
Valuation difference on available-for-sale securities	(590)	11
Deferred gains or losses on hedges	5	(45)
Foreign currency translation adjustment	688	589
Remeasurements of defined benefit plans, net of tax	520	341
Total other comprehensive income	624	896
Comprehensive income	1,035	14,901
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	901	14,901
Comprehensive income attributable to non-controlling interests	133	—

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,616	19,773	61,387	(1,579)	93,196
Cumulative effects of changes in accounting policies			14		14
Restated balance	13,616	19,773	61,401	(1,579)	93,211
Changes during period					
Dividends of surplus			(3,828)		(3,828)
Profit attributable to owners of parent			276		276
Purchase of treasury shares				(2,688)	(2,688)
Disposal of treasury shares			(4)	48	43
Cancellation of treasury shares			(3,308)	3,308	—
Exercise of share acquisition rights			0	4	4
Purchase of shares of consolidated subsidiaries					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(6,864)	672	(6,192)
Balance at end of period	13,616	19,773	54,537	(907)	87,019

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,849	0	(120)	(1,564)	163	76	311	93,749
Cumulative effects of changes in accounting policies								14
Restated balance	1,849	0	(120)	(1,564)	163	76	311	93,763
Changes during period								
Dividends of surplus								(3,828)
Profit attributable to owners of parent								276
Purchase of treasury shares								(2,688)
Disposal of treasury shares								43
Cancellation of treasury shares								—
Exercise of share acquisition rights								4
Purchase of shares of consolidated subsidiaries								—
Net changes in items other than shareholders' equity	(590)	5	688	520	624	(4)	134	755
Total changes during period	(590)	5	688	520	624	(4)	134	(5,437)
Balance at end of period	1,258	6	567	(1,043)	788	71	446	88,326



	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,616	19,773	54,537	(907)	87,019
Cumulative effects of changes in accounting policies					—
Restated balance	13,616	19,773	54,537	(907)	87,019
Changes during period					
Dividends of surplus			(4,399)		(4,399)
Profit attributable to owners of parent			14,005		14,005
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(3)	57	54
Cancellation of treasury shares					—
Exercise of share acquisition rights					—
Purchase of shares of consolidated subsidiaries		(2,622)			(2,622)
Net changes in items other than shareholders' equity					
Total changes during period	—	(2,622)	9,601	57	7,036
Balance at end of period	13,616	17,150	64,138	(849)	94,056

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,258	6	567	(1,043)	788	71	446	88,326
Cumulative effects of changes in accounting policies								—
Restated balance	1,258	6	567	(1,043)	788	71	446	88,326
Changes during period								
Dividends of surplus								(4,399)
Profit attributable to owners of parent								14,005
Purchase of treasury shares								(0)
Disposal of treasury shares								54
Cancellation of treasury shares								—
Exercise of share acquisition rights								—
Purchase of shares of consolidated subsidiaries								(2,622)
Net changes in items other than shareholders' equity	11	(45)	589	341	896	(1)	(432)	461
Total changes during period	11	(45)	589	341	896	(1)	(432)	7,498
Balance at end of period	1,269	(39)	1,157	(702)	1,685	69	13	95,825

**Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,506	20,442
Depreciation	3,667	3,579
Impairment losses	5,593	303
Amortization of goodwill	163	167
Increase (decrease) in allowance for doubtful accounts	(78)	(23)
Increase (decrease) in provision for bonuses	167	1,152
Increase (decrease) in retirement benefit liability	55	(26)
Increase (decrease) in provision for product warranties	(6)	29
Interest and dividend income	(212)	(213)
Real estate rent	—	(450)
Interest expenses	89	214
Share of loss (profit) of entities accounted for using equity method	10	(0)
Loss (gain) on sale of shares of subsidiaries and associates	7	(128)
Subsidy income	(90)	(10)
Loss (gain) on step acquisitions	(11)	—
Settlement income	(250)	—
Decrease (increase) in trade receivables	(4,822)	(5,550)
Decrease (increase) in inventories	(295)	(2,718)
Increase (decrease) in trade payables	(205)	3,055
Increase (decrease) in accrued consumption taxes	251	923
Other, net	724	964
Subtotal	8,263	21,709
Interest and dividends received	210	184
Subsidies received	90	10
Settlement received	—	250
Interest paid	(88)	(198)
Income taxes paid	(2,758)	(4,582)
Net cash provided by (used in) operating activities	5,718	17,373
Cash flows from investing activities		
Payments into time deposits	(1,211)	—
Proceeds from withdrawal of time deposits	405	1,517
Purchase of securities	(300)	(300)
Proceeds from redemption of securities	300	300
Purchase of property, plant and equipment	(1,897)	(2,827)
Proceeds from sale of property, plant and equipment	140	12
Purchase of intangible assets	(319)	(364)
Purchase of investment securities	(10)	(10)
Proceeds from sale of investment securities	1,819	298
Proceeds from sale of shares of subsidiaries and associates	—	111
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(97)	(41)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	848
Proceeds from cancellation of insurance funds	507	—
Proceeds from rental of investment property	—	450
Proceeds from collection of loans receivable	10	—
Payments of guarantee deposits	(104)	(365)
Proceeds from refund of guarantee deposits	18	19
Purchase of long-term prepaid expenses	(48)	(51)
Other, net	(37)	(6)
Net cash provided by (used in) investing activities	(827)	(408)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	109	810
Repayments of short-term borrowings	(527)	(987)
Repayments of long-term borrowings	(6,176)	(1,249)
Repayments of finance lease liabilities	(184)	(472)
Purchase of treasury shares	(2,692)	(0)
Dividends paid	(3,869)	(4,398)
Dividends paid to non-controlling interests	—	(294)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(2,763)
Other, net	0	—
Net cash provided by (used in) financing activities	(13,341)	(9,355)
Effect of exchange rate change on cash and cash equivalents	212	269
Net increase (decrease) in cash and cash equivalents	(8,237)	7,878
Cash and cash equivalents at beginning of period	25,124	16,886
Cash and cash equivalents at end of period	16,886	24,765