

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 2, 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, Managing Executive Officer, Yasumasa Kondo
 General Manager of Corporate Division TEL 052-564-3314
 Inquiries: TEL 052-564-3314
 Scheduled date to file Quarterly Securities Report: August 9, 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 June 30, 2023 (from April 1, 2023 to June 30, 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	%
Three months ended June 30, 2023	45,249	16.8	5,460	44.5	5,586	41.1	3,798	43.5
Three months ended June 30, 2022	38,727	12.3	3,779	334.2	3,959	321.8	2,645	350.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	64.72		64.68	
Three months ended June 30, 2022	45.12		45.09	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	156,314	96,064	61.4
As of March 31, 2023	164,454	95,825	58.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	–	40.00	–	65.00	105.00
Year ending March 31, 2024	–	–	–	–	–
Year ending March 31, 2024 (Forecast)	–	65.00	–	65.00	130.00

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 three months ended June 30, 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: 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: 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 June 30, 2023	59,200,000 shares	As of March 31, 2023	59,200,000 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2023	519,388 shares	As of March 31, 2023	519,348 shares
---------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	58,680,638 shares	Three months ended June 30, 2022	58,647,960 shares
----------------------------------	-------------------	----------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	24,817	17,583
Notes and accounts receivable - trade, and contract assets	36,698	34,005
Electronically recorded monetary claims - operating	19,512	20,901
Securities	300	300
Merchandise and finished goods	18,166	19,921
Work in process	256	345
Raw materials and supplies	2,503	2,719
Other	3,075	1,154
Allowance for doubtful accounts	(487)	(505)
Total current assets	104,843	96,425
Non-current assets		
Property, plant and equipment		
Land	16,634	16,634
Other, net	20,191	21,247
Total property, plant and equipment	36,825	37,881
Intangible assets		
Software	1,340	1,240
Goodwill	1,340	1,298
Other	831	818
Total intangible assets	3,512	3,357
Investments and other assets		
Investment securities	6,182	6,699
Investment property	4,968	4,948
Guarantee deposits	1,855	1,823
Deferred tax assets	5,229	4,183
Other	1,153	1,110
Allowance for doubtful accounts	(116)	(116)
Total investments and other assets	19,273	18,649
Total non-current assets	59,610	59,888
Total assets	164,454	156,314

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,410	16,621
Contract liabilities	1,026	1,083
Electronically recorded obligations - operating	14,420	14,606
Short-term borrowings	801	5,369
Current portion of long-term borrowings	7,801	869
Lease liabilities	439	434
Income taxes payable	5,734	930
Provision for bonuses	3,175	1,230
Provision for bonuses for directors (and other officers)	267	45
Provision for product warranties	532	409
Other	6,956	6,609
Total current liabilities	56,565	48,210
Non-current liabilities		
Lease liabilities	1,413	1,326
Deferred tax liabilities	269	265
Provision for retirement benefits for directors (and other officers)	26	—
Retirement benefit liability	8,525	8,421
Asset retirement obligations	1,153	1,155
Long-term accounts payable - other	13	13
Other	661	856
Total non-current liabilities	12,063	12,039
Total liabilities	68,629	60,249
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	17,150	17,150
Retained earnings	64,138	64,122
Treasury shares	(849)	(849)
Total shareholders' equity	94,056	94,039
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,269	1,727
Deferred gains or losses on hedges	(39)	(34)
Foreign currency translation adjustment	1,157	888
Remeasurements of defined benefit plans	(702)	(641)
Total accumulated other comprehensive income	1,685	1,940
Share acquisition rights	69	69
Non-controlling interests	13	14
Total net assets	95,825	96,064
Total liabilities and net assets	164,454	156,314

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	38,727	45,249
Cost of sales	26,231	30,655
Gross profit	12,495	14,593
Selling, general and administrative expenses	8,715	9,132
Operating profit	3,779	5,460
Non-operating income		
Interest income	1	7
Dividend income	88	94
Rental income from real estate	115	108
Other	73	44
Total non-operating income	279	254
Non-operating expenses		
Interest expenses	31	73
Rental expenses on real estate	39	29
Foreign exchange losses	22	23
Share of loss of entities accounted for using equity method	0	—
Other	5	2
Total non-operating expenses	99	129
Ordinary profit	3,959	5,586
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on sale of investment securities	0	—
Gain on reversal of share acquisition rights	1	—
Gain on liquidation of subsidiaries and associates	—	59
Gain on cancellation of leases	14	—
Total extraordinary income	17	60
Extraordinary losses		
Loss on retirement of non-current assets	0	11
Loss on sale of investment securities	—	7
Total extraordinary losses	0	18
Profit before income taxes	3,976	5,627
Income taxes - current	1,178	914
Income taxes - deferred	152	914
Total income taxes	1,330	1,829
Profit	2,645	3,798
Profit attributable to owners of parent	2,645	3,798

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	2,645	3,798
Other comprehensive income		
Valuation difference on available-for-sale securities	57	457
Deferred gains or losses on hedges	6	5
Foreign currency translation adjustment	(3)	(268)
Remeasurements of defined benefit plans, net of tax	33	61
Total other comprehensive income	94	255
Comprehensive income	2,740	4,053
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,740	4,053