

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 Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 27, 2023

Company name: MITANI SANGYO CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8285 URL <https://www.mitani.co.jp/>
 Representative: President & CEO Tadateru Mitani
 Inquiries: Director & CFO Daigou Uchida TEL 076-233-2151
 Scheduled date to file Quarterly Securities Report: November 7, 2023
 Scheduled date to commence dividend payments: December 4, 2023
 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 six months ended September 30, 2023 (from April 1, 2023 to September 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 | % |
| Six months ended September 30, 2023 | 45,904 | 5.4 | 804 | – | 1,182 | 236.6 | 873 | 809.0 |
| Six months ended September 30, 2022 | 43,545 | 9.5 | (42) | – | 351 | (49.3) | 96 | (67.8) |

| | Earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Six months ended September 30, 2023 | 14.19 | | – | |
| Six months ended September 30, 2022 | 1.56 | | – | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of September 30, 2023 | 91,313 | 44,264 | 48.3 | 716.75 |
| As of March 31, 2023 | 86,309 | 41,612 | 48.1 | 673.81 |

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 | – | 4.50 | – | 4.50 | 9.00 |
| Year ending March 31, 2024 | – | 4.50 | | | |
| Year ending March 31, 2024 (Forecast) | | | – | 4.50 | 9.00 |

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 |
| Full year | 92,000 | 1.8 | 1,050 | 7.3 | 1,550 | (9.7) | 1,000 | 4.1 | 16.24 |

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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: 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 September 30, 2023 | 61,772,500 shares | As of March 31, 2023 | 61,772,500 shares |
|--------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|--------------------------|----------------|----------------------|----------------|
| As of September 30, 2023 | 202,075 shares | As of March 31, 2023 | 202,055 shares |
|--------------------------|----------------|----------------------|----------------|

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

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Six months ended September 30, 2023 | 61,570,436 shares | Six months ended September 30, 2022 | 61,570,476 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 7,531 | 7,607 |
| Notes and accounts receivable - trade | 16,399 | 17,036 |
| Electronically recorded monetary claims - operating | 3,151 | 3,556 |
| Accounts receivable from completed construction contracts | 6,974 | 7,729 |
| Merchandise and finished goods | 3,834 | 3,835 |
| Work in process | 631 | 596 |
| Costs on construction contracts in progress | 135 | 161 |
| Raw materials and supplies | 1,518 | 1,640 |
| Other | 2,141 | 2,525 |
| Allowance for doubtful accounts | (22) | (26) |
| Total current assets | 42,296 | 44,664 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 9,554 | 9,367 |
| Land | 4,041 | 4,041 |
| Other, net | 2,713 | 3,000 |
| Total property, plant and equipment | 16,310 | 16,409 |
| Intangible assets | | |
| Software | 707 | 682 |
| Other | 395 | 449 |
| Total intangible assets | 1,103 | 1,132 |
| Investments and other assets | | |
| Investment securities | 24,014 | 26,588 |
| Other | 2,651 | 2,585 |
| Allowance for doubtful accounts | (65) | (65) |
| Total investments and other assets | 26,599 | 29,107 |
| Total non-current assets | 44,013 | 46,649 |
| Total assets | 86,309 | 91,313 |

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 9,925 | 10,475 |
| Electronically recorded obligations - operating | 1,693 | 2,212 |
| Accounts payable for construction contracts | 2,276 | 2,028 |
| Short-term borrowings | 14,971 | 15,619 |
| Income taxes payable | 367 | 484 |
| Provision for bonuses for directors (and other officers) | 128 | 63 |
| Provision for loss on orders received | 11 | 5 |
| Provision for warranties for completed construction | 19 | 23 |
| Provision for shareholder benefit program | 63 | 62 |
| Other | 4,385 | 5,008 |
| Total current liabilities | 33,842 | 35,982 |
| Non-current liabilities | | |
| Long-term borrowings | 5,104 | 4,516 |
| Provision for retirement benefits for directors (and other officers) | 508 | 501 |
| Retirement benefit liability | 395 | 443 |
| Asset retirement obligations | 273 | 274 |
| Other | 4,572 | 5,330 |
| Total non-current liabilities | 10,853 | 11,066 |
| Total liabilities | 44,696 | 47,049 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 4,808 | 4,808 |
| Capital surplus | 3,357 | 3,357 |
| Retained earnings | 24,760 | 25,356 |
| Treasury shares | (42) | (42) |
| Total shareholders' equity | 32,882 | 33,479 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 8,246 | 9,916 |
| Deferred gains or losses on hedges | 8 | 25 |
| Foreign currency translation adjustment | 336 | 696 |
| Remeasurements of defined benefit plans | 13 | 12 |
| Total accumulated other comprehensive income | 8,604 | 10,651 |
| Non-controlling interests | 125 | 133 |
| Total net assets | 41,612 | 44,264 |
| Total liabilities and net assets | 86,309 | 91,313 |

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

Consolidated statements of income (cumulative)

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|---|--|--|
| Net sales | 43,545 | 45,904 |
| Cost of sales | 35,911 | 37,076 |
| Gross profit | 7,634 | 8,828 |
| Selling, general and administrative expenses | 7,676 | 8,023 |
| Operating profit (loss) | (42) | 804 |
| Non-operating income | | |
| Interest income | 16 | 20 |
| Dividend income | 180 | 232 |
| Share of profit of entities accounted for using equity method | 156 | 121 |
| Rent income on real estate and facilities | 82 | 79 |
| Other | 139 | 114 |
| Total non-operating income | 574 | 568 |
| Non-operating expenses | | |
| Interest expenses | 64 | 103 |
| Rent expenses on real estate and facilities | 55 | 48 |
| Foreign exchange losses | 17 | 4 |
| Other | 42 | 33 |
| Total non-operating expenses | 180 | 190 |
| Ordinary profit | 351 | 1,182 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 1 | 0 |
| Gain on sale of investment securities | 42 | 0 |
| Compensation income | – | 335 |
| Total extraordinary income | 43 | 335 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 0 | – |
| Loss on retirement of non-current assets | 11 | 102 |
| Loss on sale of investment securities | 0 | 4 |
| Loss on valuation of investment securities | – | 0 |
| Office relocation expenses | – | 8 |
| Loss on liquidation of subsidiaries and associates | – | 5 |
| Total extraordinary losses | 11 | 121 |
| Profit before income taxes | 383 | 1,397 |
| Income taxes | 281 | 515 |
| Profit | 101 | 881 |
| Profit attributable to non-controlling interests | 5 | 7 |
| Profit attributable to owners of parent | 96 | 873 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|--|--|--|
| Profit | 101 | 881 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (528) | 1,650 |
| Deferred gains or losses on hedges | 8 | 17 |
| Foreign currency translation adjustment | 618 | 359 |
| Share of other comprehensive income of entities accounted for using equity method | (6) | 19 |
| Total other comprehensive income | 91 | 2,047 |
| Comprehensive income | 192 | 2,928 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 187 | 2,920 |
| Comprehensive income attributable to non-controlling interests | 5 | 7 |

Consolidated statements of cash flows

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 383 | 1,397 |
| Depreciation | 1,106 | 1,019 |
| Share of loss (profit) of entities accounted for using equity method | (156) | (121) |
| Loss (gain) on investments in investment partnerships | (27) | (25) |
| Loss (gain) on valuation of investment securities | – | 0 |
| Increase (decrease) in allowance for doubtful accounts | 0 | 3 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (30) | (65) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (396) | (7) |
| Increase (decrease) in retirement benefit liability | 37 | 39 |
| Increase (decrease) in provision for loss on orders received | 3 | (6) |
| Interest and dividend income | (196) | (253) |
| Interest expenses | 64 | 103 |
| Loss (gain) on sale of investment securities | (42) | 3 |
| Loss (gain) on sale of non-current assets | (1) | (0) |
| Loss on retirement of non-current assets | 11 | 102 |
| Compensation income | – | (335) |
| Loss (gain) on liquidation of subsidiaries and associates | – | 5 |
| Decrease (increase) in trade receivables | 2,357 | (1,654) |
| Decrease (increase) in inventories | (876) | (28) |
| Increase (decrease) in trade payables | (437) | 737 |
| Other, net | (421) | 461 |
| Subtotal | 1,377 | 1,375 |
| Interest and dividends received | 223 | 278 |
| Interest paid | (65) | (109) |
| Income taxes paid | (315) | (416) |
| Proceeds from compensation | – | 332 |
| Net cash provided by (used in) operating activities | 1,219 | 1,459 |

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|---|--|--|
| Cash flows from investing activities | | |
| Payments into time deposits | – | (159) |
| Proceeds from withdrawal of time deposits | 407 | – |
| Purchase of property, plant and equipment | (641) | (597) |
| Proceeds from sale of property, plant and equipment | 0 | 9 |
| Purchase of intangible assets | (207) | (104) |
| Purchase of investment securities | (142) | (131) |
| Proceeds from sale of investment securities | 83 | 42 |
| Loan advances | (14) | (16) |
| Proceeds from collection of loans receivable | 76 | 7 |
| Other, net | (16) | (105) |
| Net cash provided by (used in) investing activities | (455) | (1,055) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (394) | 393 |
| Repayments of finance lease liabilities | (169) | (193) |
| Proceeds from long-term borrowings | 200 | – |
| Repayments of long-term borrowings | (493) | (583) |
| Repayments of installment payables | (53) | (63) |
| Dividends paid | (277) | (277) |
| Dividends paid to non-controlling interests | (0) | (0) |
| Purchase of treasury shares | (0) | (0) |
| Net cash provided by (used in) financing activities | (1,189) | (725) |
| Effect of exchange rate change on cash and cash equivalents | 286 | 169 |
| Net increase (decrease) in cash and cash equivalents | (137) | (151) |
| Cash and cash equivalents at beginning of period | 5,806 | 6,624 |
| Cash and cash equivalents at end of period | 5,668 | 6,472 |