

Translation

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**Summary of Consolidated Financial Results
for the Year Ended September 30, 2023
(Based on Japanese GAAP)**

November 9, 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 of ordinary general meeting of shareholders: December 21, 2023
 Scheduled date to file Securities Report: December 22, 2023
 Scheduled date to commence dividend payments: December 22, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2023 (from October 1, 2022 to September 30, 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 September 30, 2023	60,154	22.8	3,597	11.1	4,168	11.9	1,984	(26.1)
Year ended September 30, 2022	48,984	14.5	3,238	(16.7)	3,724	(11.6)	2,685	(52.0)

	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 September 30, 2023	50.35	50.13	4.8	8.0	6.0
Year ended September 30, 2022	68.50	68.22	6.8	7.7	6.6

(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	54,449	42,712	77.0	1,063.78
As of September 30, 2022	49,942	41,285	81.8	1,036.89

(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 September 30, 2023	2,686	(2,788)	195	16,137
Year ended September 30, 2022	1,879	(1,876)	1,052	16,529

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 September 30, 2022	—	0.00	—	10.00	10.00	393	14.6	1.0
Year ended September 30, 2023	—	0.00	—	10.00	10.00	394	19.9	1.0
Year ending September 30, 2024 (Forecast)	—	0.00	—	10.00	10.00		19.7	

3. Forecast of consolidated financial results for the year ending September 30, 2024 (from October 1, 2023 to September 30, 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	67,000	11.4	3,400	(5.5)	3,400	(18.4)	2,000	0.8	50.74

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 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: No

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 September 30, 2023	40,097,168 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 September 30, 2023	678,553 shares	As of September 30, 2022	690,261 shares
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Average number of shares during the period

Year ended September 30, 2023	39,406,151 shares	Year ended September 30, 2022	39,204,313 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	16,529	16,137
Notes and accounts receivable - trade	4,838	6,017
Merchandise and finished goods	9,654	10,611
Raw materials and supplies	1,414	744
Prepaid expenses	436	995
Other	1,727	1,986
Allowance for doubtful accounts	(1)	(1)
Total current assets	34,600	36,491
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,062	1,080
Accumulated depreciation	(772)	(770)
Buildings and structures, net	289	309
Machinery, equipment and vehicles	36	96
Accumulated depreciation	(35)	(42)
Machinery, equipment and vehicles, net	1	54
Tools, furniture and fixtures	3,454	4,125
Accumulated depreciation	(3,057)	(3,409)
Tools, furniture and fixtures, net	397	715
Land	8,883	8,883
Construction in progress	186	307
Other	97	167
Accumulated depreciation	(67)	(102)
Other, net	30	65
Total property, plant and equipment	9,788	10,335
Intangible assets		
Software	451	476
Other	24	154
Total intangible assets	476	630
Investments and other assets		
Investment securities	2,673	3,645
Deferred tax assets	1,923	2,565
Other	592	932
Allowance for doubtful accounts	(113)	(151)
Total investments and other assets	5,076	6,991
Total non-current assets	15,341	17,958
Total assets	49,942	54,449

(Millions of yen)

	As of September 30, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,644	1,831
Accounts payable - other	1,739	2,012
Income taxes payable	964	1,485
Provision for bonuses	512	595
Provision for bonuses for directors (and other officers)	1	71
Provision for product warranties	450	1,618
Provision for shareholder benefit program	156	211
Provision for loss on fire	–	124
Other	2,808	3,380
Total current liabilities	8,279	11,330
Non-current liabilities		
Other	377	406
Total non-current liabilities	377	406
Total liabilities	8,656	11,737
Net assets		
Shareholders' equity		
Share capital	16,772	16,778
Capital surplus	16,153	16,160
Retained earnings	9,116	10,706
Treasury shares	(904)	(889)
Total shareholders' equity	41,137	42,756
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54	(11)
Foreign currency translation adjustment	(346)	(812)
Total accumulated other comprehensive income	(292)	(824)
Share acquisition rights	3	0
Non-controlling interests	436	779
Total net assets	41,285	42,712
Total liabilities and net assets	49,942	54,449

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

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net sales	48,984	60,154
Cost of sales	17,552	23,295
Gross profit	31,431	36,859
Selling, general and administrative expenses	28,193	33,261
Operating profit	3,238	3,597
Non-operating income		
Interest and dividend income	22	19
Foreign exchange gains	599	555
Compensation for damages received	2	3
Other	69	47
Total non-operating income	693	626
Non-operating expenses		
Interest expenses	0	0
Commitment fees	6	–
Loss on cancellation of leasehold contracts	96	12
Loss on retirement of non-current assets	35	11
Share issuance costs	17	–
Compensation expenses	–	11
Charge back loss	7	9
Other	43	10
Total non-operating expenses	207	55
Ordinary profit	3,724	4,168
Extraordinary income		
Gain on sale of non-current assets	–	11
Gain on sale of investment securities	4	–
Gain on reversal of share acquisition rights	–	3
Insurance claim income	263	–
Settlement Income	–	163
Compensation income for damage	437	–
Gain on extinguishment of debt	326	–
Total extraordinary income	1,032	178
Extraordinary losses		
Impairment losses	294	1
Loss on valuation of investment securities	25	89
Settlement payments	272	–
Provision of allowance for doubtful accounts	80	40
Provision for product warranties	–	990
Expenses related to recall	149	13
Loss on fire	–	162
Total extraordinary losses	821	1,297
Profit before income taxes	3,935	3,049
Income taxes - current	1,260	2,002
Income taxes - deferred	158	(661)
Total income taxes	1,418	1,341
Profit	2,516	1,708
Loss attributable to non-controlling interests	(168)	(275)
Profit attributable to owners of parent	2,685	1,984

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Profit	2,516	1,708
Other comprehensive income		
Valuation difference on available-for-sale securities	(129)	(65)
Foreign currency translation adjustment	(221)	(466)
Total other comprehensive income	(351)	(531)
Comprehensive income	2,165	1,176
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,334	1,452
Comprehensive income attributable to non-controlling interests	(168)	(275)

Consolidated statements of changes in equity

Fiscal year ended September 30, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,615	15,418	6,859	(904)	37,989
Cumulative effects of changes in accounting policies			(38)		(38)
Restated balance	16,615	15,418	6,821	(904)	37,951
Changes during period					
Issuance of new shares	156	156			312
Dividends of surplus			(390)		(390)
Profit attributable to owners of parent			2,685		2,685
Purchase of treasury shares				(0)	(0)
Changes in equity due to capital transfer		578			578
Net changes in items other than shareholders' equity					
Total changes during period	156	734	2,294	(0)	3,185
Balance at end of period	16,772	16,153	9,116	(904)	41,137

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	184	(125)	59	3	102	38,154
Cumulative effects of changes in accounting policies						(38)
Restated balance	184	(125)	59	3	102	38,116
Changes during period						
Issuance of new shares						312
Dividends of surplus						(390)
Profit attributable to owners of parent						2,685
Purchase of treasury shares						(0)
Changes in equity due to capital transfer						578
Net changes in items other than shareholders' equity	(129)	(221)	(351)	–	334	(16)
Total changes during period	(129)	(221)	(351)	–	334	3,169
Balance at end of period	54	(346)	(292)	3	436	41,285

Fiscal year ended September 30, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,772	16,153	9,116	(904)	41,137
Changes during period					
Issuance of new shares	6	6			13
Dividends of surplus			(393)		(393)
Profit attributable to owners of parent			1,984		1,984
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		15	15
Changes in equity due to capital transfer		0			0
Net changes in items other than shareholders' equity					
Total changes during period	6	7	1,590	15	1,619
Balance at end of period	16,778	16,160	10,706	(889)	42,756

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	54	(346)	(292)	3	436	41,285
Changes during period						
Issuance of new shares						13
Dividends of surplus						(393)
Profit attributable to owners of parent						1,984
Purchase of treasury shares						(0)
Disposal of treasury shares						15
Changes in equity due to capital transfer						0
Net changes in items other than shareholders' equity	(65)	(466)	(531)	(3)	342	(192)
Total changes during period	(65)	(466)	(531)	(3)	342	1,426
Balance at end of period	(11)	(812)	(824)	0	779	42,712

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,935	3,049
Depreciation	552	796
Impairment losses	294	1
Increase (decrease) in provision for bonuses	(30)	82
Provision for loss on fire	–	124
Increase (decrease) in provision for product warranties	367	1,167
Foreign exchange losses (gains)	(28)	(6)
Insurance claim income	(263)	–
Compensation income for damage	(437)	–
Settlement payments	272	–
Loss on fire	–	38
Loss (gain) on valuation of investment securities	26	93
Decrease (increase) in trade receivables	(735)	(1,287)
Decrease (increase) in inventories	(1,212)	(323)
Increase (decrease) in trade payables	360	135
Increase (decrease) in accounts payable - other	(721)	266
Other, net	51	10
Subtotal	2,432	4,148
Interest and dividends received	23	19
Interest paid	(14)	(0)
Proceeds from insurance income	263	–
Proceeds from damage income	356	–
Settlement paid	(272)	–
Income taxes paid	(910)	(1,481)
Net cash provided by (used in) operating activities	1,879	2,686
Cash flows from investing activities		
Purchase of property, plant and equipment	(564)	(1,185)
Purchase of intangible assets	(441)	(264)
Purchase of investment securities	(903)	(1,143)
Proceeds from sale of investment securities	49	–
Purchase of shares of subsidiaries	(110)	–
Other, net	93	(195)
Net cash provided by (used in) investing activities	(1,876)	(2,788)
Cash flows from financing activities		
Repayments of long-term borrowings	(15)	(17)
Proceeds from issuance of shares	312	13
Proceeds from share issuance to non-controlling shareholders	1,175	618
Purchase of treasury shares	(0)	(0)
Dividends paid	(389)	(393)
Other, net	(29)	(26)
Net cash provided by (used in) financing activities	1,052	195
Effect of exchange rate change on cash and cash equivalents	(177)	(484)
Net increase (decrease) in cash and cash equivalents	877	(391)
Cash and cash equivalents at beginning of period	15,651	16,529
Cash and cash equivalents at end of period	16,529	16,137