

Translation

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

November 10, 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: Director, Managing Executive Officer, Yasumasa Kondo
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 Scheduled date to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(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	90,612	10.9	10,259	14.0	10,456	12.8	7,121	14.2
Six months ended September 30, 2022	81,726	16.8	8,998	232.6	9,267	231.4	6,238	287.2

(Note) Comprehensive income Six months ended September 30, 2023 8,452 Millions of yen , 27.1%
 Six months ended September 30, 2022 6,652 Millions of yen , 134.8%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	121.33	121.25
Six months ended September 30, 2022	106.34	106.27

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	162,812	100,532	61.7
As of March 31, 2023	164,454	95,825	58.2

(Reference) Equity As of September 30, 2023 100,461 Millions of yen As of March 31, 2023 95,741 Millions of yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	40.00	–	65.00	105.00
Year ending March 31, 2024	–	65.00			
Year ending March 31, 2024 (Forecast)			–	70.00	135.00

(Note) Revisions to the dividend forecast announced most recently: Yes

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	187,000	6.2	18,500	(8.8)	18,900	(8.7)	13,300	(5.0)	226.59

(Note) Revisions to the earnings forecast announced most recently: Yes

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: 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 September 30, 2023	59,200,000 shares	As of March 31, 2023	59,200,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	483,704 shares	As of March 31, 2023	519,348 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	58,696,542 shares	Six months ended September 30, 2022	58,662,559 shares
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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	24,817	23,227
Notes and accounts receivable - trade, and contract assets	36,698	32,504
Electronically recorded monetary claims - operating	19,512	22,010
Securities	300	300
Merchandise and finished goods	18,166	19,755
Work in process	256	246
Raw materials and supplies	2,503	3,393
Other	3,075	1,212
Allowance for doubtful accounts	(487)	(430)
Total current assets	104,843	102,219
Non-current assets		
Property, plant and equipment		
Land	16,634	16,634
Other, net	20,191	21,240
Total property, plant and equipment	36,825	37,875
Intangible assets		
Software	1,340	1,172
Goodwill	1,340	1,258
Other	831	862
Total intangible assets	3,512	3,293
Investments and other assets		
Investment securities	6,182	7,145
Investment property	4,968	4,928
Guarantee deposits	1,855	1,824
Deferred tax assets	5,229	4,490
Other	1,153	1,152
Allowance for doubtful accounts	(116)	(116)
Total investments and other assets	19,273	19,424
Total non-current assets	59,610	60,593
Total assets	164,454	162,812

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,410	15,875
Contract liabilities	1,026	1,239
Electronically recorded obligations - operating	14,420	14,803
Short-term borrowings	801	5,397
Current portion of long-term borrowings	7,801	897
Lease liabilities	439	487
Income taxes payable	5,734	3,091
Provision for bonuses	3,175	2,403
Provision for bonuses for directors (and other officers)	267	97
Provision for product warranties	532	403
Other	6,956	5,407
Total current liabilities	56,565	50,103
Non-current liabilities		
Lease liabilities	1,413	1,331
Deferred tax liabilities	269	278
Provision for retirement benefits for directors (and other officers)	26	—
Retirement benefit liability	8,525	8,514
Asset retirement obligations	1,153	1,157
Long-term accounts payable - other	13	13
Other	661	881
Total non-current liabilities	12,063	12,176
Total liabilities	68,629	62,279
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	17,150	17,174
Retained earnings	64,138	67,446
Treasury shares	(849)	(791)
Total shareholders' equity	94,056	97,445
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,269	2,248
Deferred gains or losses on hedges	(39)	(2)
Foreign currency translation adjustment	1,157	1,354
Remeasurements of defined benefit plans	(702)	(583)
Total accumulated other comprehensive income	1,685	3,016
Share acquisition rights	69	55
Non-controlling interests	13	14
Total net assets	95,825	100,532
Total liabilities and net assets	164,454	162,812

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	81,726	90,612
Cost of sales	55,557	61,689
Gross profit	26,168	28,922
Selling, general and administrative expenses	17,169	18,663
Operating profit	8,998	10,259
Non-operating income		
Interest income	3	18
Dividend income	90	96
Rental income from real estate	232	215
Other	144	125
Total non-operating income	470	456
Non-operating expenses		
Interest expenses	69	139
Rental expenses on real estate	79	58
Foreign exchange losses	45	38
Share of loss of entities accounted for using equity method	0	—
Other	7	22
Total non-operating expenses	202	259
Ordinary profit	9,267	10,456
Extraordinary income		
Gain on sale of non-current assets	1	1
Gain on sale of investment securities	21	23
Gain on reversal of share acquisition rights	1	—
Subsidy income	6	—
Gain on liquidation of subsidiaries and associates	—	59
Gain on cancellation of leases	16	—
Total extraordinary income	47	83
Extraordinary losses		
Loss on retirement of non-current assets	4	14
Loss on sale of investment securities	13	30
Total extraordinary losses	18	45
Profit before income taxes	9,297	10,495
Income taxes - current	3,425	2,941
Income taxes - deferred	(366)	432
Total income taxes	3,059	3,374
Profit	6,238	7,121
Profit attributable to owners of parent	6,238	7,121

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	6,238	7,121
Other comprehensive income		
Valuation difference on available-for-sale securities	(91)	978
Deferred gains or losses on hedges	5	36
Foreign currency translation adjustment	451	197
Remeasurements of defined benefit plans, net of tax	49	118
Total other comprehensive income	414	1,331
Comprehensive income	6,652	8,452
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,652	8,452