

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2023 (Based on Japanese GAAP)

February 13, 2024

Company name: KATO SANGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9869 URL <https://www.katosangyo.co.jp>
 Representative: Representative Director and President Kazuya Kato
 Executive Officer
 Director and Senior Executive Officer
 Inquiries: Chief of Administration Headquarters Shigenori Tsuguie TEL 0798-33-7650
 Scheduled date to file Quarterly Securities Report: February 14, 2024
 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 December 31, 2023 (from October 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		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 December 31, 2023	302,436	6.2	5,184	14.4	5,824	12.8	3,768	11.6
Three months ended December 31, 2022	284,691	8.0	4,531	35.0	5,165	28.8	3,377	20.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2023	112.08		–	
Three months ended December 31, 2022	100.45		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	491,582	158,708	30.9
As of September 30, 2023	452,867	155,709	33.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2023	–	47.00	–	50.00	97.00
Year ending September 30, 2024	–	–	–	–	–
Year ending September 30, 2024 (Forecast)	–	55.00	–	58.00	113.00

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

	Operating revenue		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 March 31, 2024	572,300	5.1	9,000	1.4	9,750	(0.6)	7,150	11.2	231.33
Full year	1,149,000	4.5	17,000	1.6	18,520	0.1	13,800	15.0	446.49

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 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 December 31, 2023	35,000,000 shares	As of September 30, 2023	35,000,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	1,375,053 shares	As of September 30, 2023	1,375,021 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2023	33,624,967 shares	Three months ended December 31, 2022	33,625,213 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	85,045	84,429
Notes and accounts receivable - trade	184,681	211,233
Investments in leases	720	722
Securities	–	500
Merchandise and finished goods	33,288	43,114
Work in process	4	5
Raw materials and supplies	352	620
Other	7,921	7,803
Allowance for doubtful accounts	(637)	(643)
Total current assets	311,377	347,784
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,474	20,358
Machinery, equipment and vehicles, net	1,902	3,144
Tools, furniture and fixtures, net	1,212	1,289
Land	24,471	24,679
Leased assets, net	1,066	1,000
Construction in progress	1,031	880
Other, net	458	582
Total property, plant and equipment	50,618	51,936
Intangible assets		
Goodwill	1,463	2,563
Software	5,689	5,648
Telephone subscription right	45	46
Other	86	77
Total intangible assets	7,285	8,335
Investments and other assets		
Investment securities	56,465	55,805
Guarantee deposits	6,016	6,351
Investment property, net	2,896	2,903
Deferred tax assets	375	377
Retirement benefit asset	2,833	2,892
Investments in leases	10,203	10,022
Other	4,852	5,230
Allowance for doubtful accounts	(58)	(57)
Total investments and other assets	83,585	83,525
Total non-current assets	141,489	143,798
Total assets	452,867	491,582

(Millions of yen)

	As of September 30, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	246,559	282,240
Short-term borrowings	5,646	5,928
Lease liabilities	1,300	1,335
Accounts payable - other	11,453	12,958
Accrued expenses	314	290
Income taxes payable	3,093	1,681
Accrued consumption taxes	344	251
Provision for bonuses	1,375	794
Provision for bonuses for directors (and other officers)	96	24
Other	2,066	2,016
Total current liabilities	272,252	307,521
Non-current liabilities		
Long-term borrowings	–	189
Lease liabilities	8,374	8,200
Deferred tax liabilities	7,715	8,229
Provision for retirement benefits for directors (and other officers)	443	212
Retirement benefit liability	5,453	5,426
Asset retirement obligations	172	180
Other	2,746	2,912
Total non-current liabilities	24,905	25,351
Total liabilities	297,158	332,873
Net assets		
Shareholders' equity		
Share capital	5,934	5,934
Capital surplus	8,551	8,543
Retained earnings	116,442	118,335
Treasury shares	(3,859)	(3,859)
Total shareholders' equity	127,068	128,953
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,149	20,430
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	2,345	2,591
Remeasurements of defined benefit plans	153	145
Total accumulated other comprehensive income	22,649	23,168
Non-controlling interests	5,991	6,586
Total net assets	155,709	158,708
Total liabilities and net assets	452,867	491,582

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Operating revenue		
Net sales	276,001	293,443
Other operating revenue	8,689	8,992
Total operating revenue	284,691	302,436
Operating costs		
Cost of sales	257,675	273,888
Other costs	7,209	7,287
Total operating costs	264,885	281,175
Gross profit	18,326	19,555
Operating gross profit	19,806	21,260
Selling, general and administrative expenses	15,274	16,076
Operating profit	4,531	5,184
Non-operating income		
Interest income	53	72
Dividend income	384	446
Share of profit of entities accounted for using equity method	32	20
Rental income from real estate	159	169
Reversal of allowance for doubtful accounts	20	7
Electricity sale income	23	24
Other	97	104
Total non-operating income	771	846
Non-operating expenses		
Interest expenses	43	82
Rental expenses on real estate	59	73
Foreign exchange losses	13	4
Electricity sale expenses	12	11
Other	8	34
Total non-operating expenses	137	206
Ordinary profit	5,165	5,824
Extraordinary income		
Gain on sale of non-current assets	3	229
Gain on sale of investment securities	–	3
Total extraordinary income	3	232
Extraordinary losses		
Loss on sale and retirement of non-current assets	2	4
Loss on cancellation of leases	0	–
Loss on valuation of investment securities	9	69
Loss on business restructuring	–	11
Total extraordinary losses	12	85
Profit before income taxes	5,156	5,972
Income taxes - current	1,249	1,560
Income taxes - deferred	380	386
Total income taxes	1,630	1,947
Profit	3,526	4,024
Profit attributable to non-controlling interests	148	255
Profit attributable to owners of parent	3,377	3,768

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Profit	3,526	4,024
Other comprehensive income		
Valuation difference on available-for-sale securities	1,179	226
Deferred gains or losses on hedges	(11)	(0)
Foreign currency translation adjustment	209	297
Remeasurements of defined benefit plans, net of tax	(21)	(7)
Share of other comprehensive income of entities accounted for using equity method	(1)	(43)
Total other comprehensive income	1,355	472
Comprehensive income	4,881	4,496
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,690	4,288
Comprehensive income attributable to non-controlling interests	190	208