

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 10, 2024

Company name: Sangetsu Corporation
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8130 URL <https://www.sangetsu.co.jp/>
 Representative: Representative Director, President and CEO Yasumasa Kondo
 Executive Officer, General Manager of
 Inquiries: Corporate Division Shigenobu Maki TEL 052-564-3314
 Scheduled date of ordinary general meeting of shareholders: June 19, 2024
 Scheduled date to file Securities Report: June 19, 2024
 Scheduled date to commence dividend payments: June 20, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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 March 31, 2024	189,859	7.9	19,103	(5.8)	19,695	(4.8)	14,291	2.0
Year ended March 31, 2023	176,022	17.8	20,280	154.8	20,690	152.2	14,005	—

(Note) Comprehensive income For the fiscal year ended March 31, 2024 18,445 Millions of yen , 23.8 %
 For the fiscal year ended March 31, 2023 14,901 Millions of yen , —%

	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 March 31, 2024	243.44	243.30	14.1	11.8	10.1
Year ended March 31, 2023	238.71	238.55	15.3	13.2	11.5

(Reference) Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2024 — Millions of yen
 For the fiscal year ended March 31, 2023 0 Millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	170,750	106,709	62.5	1,816.16
As of March 31, 2023	164,454	95,825	58.2	1,631.57

(Reference) Equity As of March 31, 2024 106,638 Millions of yen As of March 31, 2023 95,741 Millions of yen

(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 March 31, 2024	12,818	(1,846)	(11,249)	24,717
Year ended March 31, 2023	17,373	(408)	(9,355)	24,765

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 March 31, 2023	–	40.00	–	65.00	105.00	6,161	44.0	6.7
Year ended March 31, 2024	–	65.00	–	75.00	140.00	8,220	57.5	8.1
Year ending March 31, 2025 (Forecast)	–	75.00	–	75.00	150.00		80.1	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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, 2024	93,500	3.2	7,600	(25.9)	7,800	(25.4)	5,200	(27.0)	88.56
Full year	196,000	3.2	16,000	(16.2)	16,500	(16.2)	11,000	(23.0)	187.34

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(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 March 31, 2024	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 March 31, 2024	483,404 shares	As of March 31, 2023	519,348 shares
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Average number of shares during the period

Year ended March 31, 2024	58,706,484 shares	Year ended March 31, 2023	58,671,901 shares
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(Reference) Summary of Non-Consolidated financial results

Non-Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	150,528	7.5	17,399	(11.8)	18,283	(11.6)	13,335	(9.6)
Year ended March 31, 2023	140,052	15.8	19,726	128.8	20,690	128.3	14,754	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2024	227.16	227.03
Year ended March 31, 2023	251.48	251.31

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	157,162	104,607	66.5	1,780.61
As of March 31, 2023	152,081	96,835	63.6	1,649.02

(Reference) Equity As of March 31, 2024 104,551 Millions of yen As of March 31, 2023 96,765 Millions of yen

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	24,817	25,096
Notes receivable - trade	9,812	8,526
Accounts receivable - trade	26,671	26,186
Contract assets	214	235
Electronically recorded monetary claims - operating	19,512	24,300
Securities	300	300
Merchandise and finished goods	18,166	18,380
Work in process	256	278
Raw materials and supplies	2,503	3,129
Other	3,075	1,446
Allowance for doubtful accounts	(487)	(416)
Total current assets	104,843	107,463
Non-current assets		
Property, plant and equipment		
Buildings and structures	30,200	32,159
Accumulated depreciation	(19,598)	(20,897)
Buildings and structures, net	10,601	11,262
Machinery, equipment and vehicles	18,667	18,899
Accumulated depreciation	(13,448)	(13,859)
Machinery, equipment and vehicles, net	5,219	5,039
Tools, furniture and fixtures	5,285	5,652
Accumulated depreciation	(4,487)	(4,722)
Tools, furniture and fixtures, net	797	929
Land	16,634	16,468
Leased assets	2,889	2,600
Accumulated depreciation	(1,112)	(922)
Leased assets, net	1,777	1,678
Construction in progress	1,794	4,530
Total property, plant and equipment	36,825	39,909
Intangible assets		
Software	1,340	1,247
Goodwill	1,340	1,173
Other	831	807
Total intangible assets	3,512	3,228
Investments and other assets		
Investment securities	6,182	8,128
Investment property	4,968	4,888
Guarantee deposits	1,855	1,894
Retirement benefit asset	—	548
Deferred tax assets	5,229	3,978
Other	1,153	729
Allowance for doubtful accounts	(116)	(17)
Total investments and other assets	19,273	20,149
Total non-current assets	59,610	63,287
Total assets	164,454	170,750

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,410	16,131
Contract liabilities	1,026	1,208
Electronically recorded obligations - operating	14,420	15,423
Short-term borrowings	801	5,711
Current portion of long-term borrowings	7,801	—
Lease liabilities	439	522
Income taxes payable	5,734	2,681
Provision for bonuses	3,175	3,602
Provision for bonuses for directors (and other officers)	267	134
Provision for product warranties	532	389
Other	6,956	7,468
Total current liabilities	<u>56,565</u>	<u>53,273</u>
Non-current liabilities		
Lease liabilities	1,413	1,251
Deferred tax liabilities	269	256
Provision for retirement benefits for directors (and other officers)	26	—
Retirement benefit liability	8,525	6,495
Asset retirement obligations	1,153	1,784
Other	675	979
Total non-current liabilities	<u>12,063</u>	<u>10,767</u>
Total liabilities	<u>68,629</u>	<u>64,040</u>
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	17,150	17,175
Retained earnings	64,138	70,799
Treasury shares	(849)	(791)
Total shareholders' equity	<u>94,056</u>	<u>100,799</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,269	3,305
Deferred gains or losses on hedges	(39)	(20)
Foreign currency translation adjustment	1,157	1,241
Remeasurements of defined benefit plans	(702)	1,312
Total accumulated other comprehensive income	<u>1,685</u>	<u>5,839</u>
Share acquisition rights	69	55
Non-controlling interests	13	14
Total net assets	<u>95,825</u>	<u>106,709</u>
Total liabilities and net assets	<u>164,454</u>	<u>170,750</u>

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	176,022	189,859
Cost of sales	119,647	130,899
Gross profit	56,374	58,959
Selling, general and administrative expenses	36,094	39,856
Operating profit	20,280	19,103
Non-operating income		
Interest income	19	104
Dividend income	193	209
Rental income from real estate	450	429
Share of profit of entities accounted for using equity method	0	—
Other	211	336
Total non-operating income	876	1,078
Non-operating expenses		
Interest expenses	214	269
Rental expenses on real estate	147	119
Foreign exchange losses	83	65
Other	20	32
Total non-operating expenses	466	486
Ordinary profit	20,690	19,695
Extraordinary income		
Gain on sale of non-current assets	5	11
Gain on sale of investment securities	52	227
Gain on sale of shares of subsidiaries and associates	128	—
Gain on reversal of share acquisition rights	1	—
Subsidy income	10	392
Gain on liquidation of subsidiaries and associates	—	59
Gain on cancellation of leases	17	—
Total extraordinary income	216	691
Extraordinary losses		
Loss on sale of non-current assets	2	—
Loss on retirement of non-current assets	9	30
Loss on sale of investment securities	148	59
Loss on valuation of investment securities	—	11
Impairment losses	303	166
Other	—	2
Total extraordinary losses	464	270
Profit before income taxes	20,442	20,116
Income taxes - current	7,436	6,149
Income taxes - deferred	(998)	(324)
Total income taxes	6,437	5,824
Profit	14,005	14,291
Profit attributable to owners of parent	14,005	14,291

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	14,005	14,291
Other comprehensive income		
Valuation difference on available-for-sale securities	11	2,036
Deferred gains or losses on hedges	(45)	19
Foreign currency translation adjustment	589	83
Remeasurements of defined benefit plans, net of tax	341	2,015
Total other comprehensive income	896	4,153
Comprehensive income	14,901	18,445
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,901	18,445

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,616	19,773	54,537	(907)	87,019
Changes during period					
Dividends of surplus			(4,399)		(4,399)
Profit attributable to owners of parent			14,005		14,005
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(3)	57	54
Exercise of share acquisition rights					—
Purchase of shares of consolidated subsidiaries		(2,622)			(2,622)
Net changes in items other than shareholders' equity					
Total changes during period	—	(2,622)	9,601	57	7,036
Balance at end of period	13,616	17,150	64,138	(849)	94,056

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,258	6	567	(1,043)	788	71	446	88,326
Changes during period								
Dividends of surplus								(4,399)
Profit attributable to owners of parent								14,005
Purchase of treasury shares								(0)
Disposal of treasury shares								54
Exercise of share acquisition rights								—
Purchase of shares of consolidated subsidiaries								(2,622)
Net changes in items other than shareholders' equity	11	(45)	589	341	896	(1)	(432)	461
Total changes during period	11	(45)	589	341	896	(1)	(432)	7,498
Balance at end of period	1,269	(39)	1,157	(702)	1,685	69	13	95,825

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,616	17,150	64,138	(849)	94,056
Changes during period					
Dividends of surplus			(7,630)		(7,630)
Profit attributable to owners of parent			14,291		14,291
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		23		46	70
Exercise of share acquisition rights		1		12	13
Purchase of shares of consolidated subsidiaries					—
Net changes in items other than shareholders' equity					
Total changes during period	—	24	6,660	58	6,743
Balance at end of period	13,616	17,175	70,799	(791)	100,799

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,269	(39)	1,157	(702)	1,685	69	13	95,825
Changes during period								
Dividends of surplus								(7,630)
Profit attributable to owners of parent								14,291
Purchase of treasury shares								(1)
Disposal of treasury shares								70
Exercise of share acquisition rights								13
Purchase of shares of consolidated subsidiaries								—
Net changes in items other than shareholders' equity	2,036	19	83	2,015	4,153	(13)	1	4,141
Total changes during period	2,036	19	83	2,015	4,153	(13)	1	10,884
Balance at end of period	3,305	(20)	1,241	1,312	5,839	55	14	106,709

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	20,442	20,116
Depreciation	3,579	3,236
Impairment losses	303	166
Amortization of goodwill	167	169
Increase (decrease) in allowance for doubtful accounts	(23)	(195)
Increase (decrease) in provision for bonuses	1,152	401
Increase (decrease) in provision for bonuses for directors (and other officers)	267	(133)
Increase (decrease) in retirement benefit liability	(26)	216
Increase (decrease) in provision for product warranties	29	(169)
Interest and dividend income	(213)	(313)
Real estate rent	(450)	(429)
Interest expenses	214	269
Loss (gain) on sale of investment securities	96	(167)
Loss (gain) on sale of shares of subsidiaries and associates	(128)	—
Loss (gain) on liquidation of subsidiaries and associates	—	(59)
Subsidy income	(10)	(392)
Decrease (increase) in trade receivables	(5,550)	(2,810)
Decrease (increase) in inventories	(2,718)	(591)
Increase (decrease) in trade payables	3,055	1,626
Increase (decrease) in accrued consumption taxes	923	(1,163)
Other, net	600	1,703
Subtotal	21,709	21,479
Interest and dividends received	184	313
Subsidies received	10	392
Settlement received	250	7
Interest paid	(198)	(285)
Income taxes paid	(4,582)	(9,089)
Net cash provided by (used in) operating activities	17,373	12,818
Cash flows from investing activities		
Payments into time deposits	—	(314)
Proceeds from withdrawal of time deposits	1,517	—
Purchase of securities	(300)	(300)
Proceeds from redemption of securities	300	300
Purchase of property, plant and equipment	(2,827)	(4,386)
Proceeds from sale of property, plant and equipment	12	12
Purchase of intangible assets	(364)	(629)
Purchase of investment securities	(10)	(13)
Proceeds from sale of investment securities	298	2,812
Proceeds from sale of shares of subsidiaries and associates	111	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(41)	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	848	—
Proceeds from cancellation of insurance funds	—	343
Proceeds from rental of investment property	450	429
Payments of guarantee deposits	(365)	(48)
Proceeds from refund of guarantee deposits	19	52
Purchase of long-term prepaid expenses	(51)	(45)
Other, net	(6)	(59)
Net cash provided by (used in) investing activities	(408)	(1,846)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	810	7,669
Repayments of short-term borrowings	(987)	(2,884)
Repayments of long-term borrowings	(1,249)	(7,854)
Repayments of finance lease liabilities	(472)	(554)
Purchase of treasury shares	(0)	(1)
Dividends paid	(4,398)	(7,624)
Dividends paid to non-controlling interests	(294)	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,763)	—
Other, net	—	0
Net cash provided by (used in) financing activities	(9,355)	(11,249)
Effect of exchange rate change on cash and cash equivalents	269	230
Net increase (decrease) in cash and cash equivalents	7,878	(47)
Cash and cash equivalents at beginning of period	16,886	24,765
Cash and cash equivalents at end of period	24,765	24,717