

Translation

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

August 10, 2023

Company name: KATO SANGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9869 URL <https://www.katosangyo.co.jp>
 Representative: President and Representative Director Kazuya Kato
 Director
 Inquiries: Chief of Administration Headquarters Shigenori Tsuguie TEL 0798-33-7650
 Scheduled date to file Quarterly Securities Report: August 14, 2023
 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 nine months ended June 30, 2023 (from October 1, 2022 to June 30, 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	%
Nine months ended June 30, 2023	814,328	6.0	12,812	29.5	14,425	23.9	9,582	7.2
Nine months ended June 30, 2022	767,883	–	9,897	–	11,640	–	8,939	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2023	284.97	–
Nine months ended June 30, 2022	260.32	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	413,190	151,309	35.3
As of September 30, 2022	400,792	140,188	33.7

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 September 30, 2022	–	38.00	–	45.00	83.00
Year ending September 30, 2023	–	47.00	–		
Year ending September 30, 2023 (Forecast)				50.00	97.00

3. Forecast of consolidated financial results for the year ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

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
Full year	1,080,000	4.3	15,300	14.1	17,000	10.5	11,300	0.2	336.06

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 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: Yes
- 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 June 30, 2023	35,000,000 shares	As of September 30, 2022	38,153,115 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	1,374,980 shares	As of September 30, 2022	4,527,890 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended June 30, 2023	33,625,176 shares	Nine months ended June 30, 2022	34,342,368 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	83,419	84,619
Notes and accounts receivable - trade	150,408	153,017
Investments in leases	712	718
Securities	500	–
Merchandise and finished goods	29,262	31,538
Work in process	3	5
Raw materials and supplies	273	360
Other	7,662	6,400
Allowance for doubtful accounts	(620)	(619)
Total current assets	271,621	276,040
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,555	16,765
Machinery, equipment and vehicles, net	1,927	1,865
Tools, furniture and fixtures, net	1,156	1,238
Land	24,310	24,322
Leased assets, net	1,229	1,131
Construction in progress	1,771	3,398
Other, net	392	472
Total property, plant and equipment	47,343	49,193
Intangible assets		
Goodwill	673	1,442
Software	4,930	4,924
Telephone subscription right	45	45
Other	124	95
Total intangible assets	5,774	6,508
Investments and other assets		
Investment securities	48,236	54,660
Guarantee deposits	6,271	5,758
Investment property, net	2,863	2,905
Deferred tax assets	483	373
Retirement benefit asset	2,303	2,479
Investments in leases	10,924	10,384
Other	5,055	4,944
Allowance for doubtful accounts	(85)	(58)
Total investments and other assets	76,052	81,449
Total non-current assets	129,170	137,150
Total assets	400,792	413,190

(Millions of yen)

	As of September 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	212,314	214,299
Short-term borrowings	4,234	4,909
Lease liabilities	1,304	1,305
Accounts payable - other	10,838	11,074
Accrued expenses	344	228
Income taxes payable	3,352	1,435
Accrued consumption taxes	1,479	277
Provision for bonuses	1,326	899
Provision for bonuses for directors (and other officers)	76	56
Other	1,968	2,450
Total current liabilities	237,239	236,936
Non-current liabilities		
Lease liabilities	9,246	8,640
Deferred tax liabilities	5,391	7,543
Provision for retirement benefits for directors (and other officers)	409	432
Retirement benefit liability	5,369	5,379
Asset retirement obligations	172	172
Other	2,775	2,777
Total non-current liabilities	23,364	24,945
Total liabilities	260,603	261,881
Net assets		
Shareholders' equity		
Share capital	5,934	5,934
Capital surplus	8,532	8,551
Retained earnings	116,384	114,022
Treasury shares	(12,709)	(3,859)
Total shareholders' equity	118,141	124,648
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,067	19,371
Deferred gains or losses on hedges	7	1
Foreign currency translation adjustment	1,883	1,712
Remeasurements of defined benefit plans	24	(39)
Total accumulated other comprehensive income	16,983	21,046
Non-controlling interests	5,062	5,614
Total net assets	140,188	151,309
Total liabilities and net assets	400,792	413,190

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Operating revenue		
Net sales	743,702	789,538
Other operating revenue	24,180	24,790
Total operating revenue	767,883	814,328
Operating costs		
Cost of sales	693,695	735,278
Other costs	21,098	21,110
Total operating costs	714,793	756,388
Gross profit	50,007	54,259
Operating gross profit	53,089	57,939
Selling, general and administrative expenses	43,192	45,127
Operating profit	9,897	12,812
Non-operating income		
Interest income	130	164
Dividend income	904	893
Share of profit of entities accounted for using equity method	74	84
Foreign exchange gains	53	6
Rental income from real estate	485	481
Reversal of allowance for doubtful accounts	–	7
Electricity sale income	93	87
Other	458	282
Total non-operating income	2,199	2,007
Non-operating expenses		
Interest expenses	106	140
Rental expenses on real estate	173	186
Provision of allowance for doubtful accounts	75	–
Electricity sale expenses	36	34
Other	64	33
Total non-operating expenses	456	395
Ordinary profit	11,640	14,425
Extraordinary income		
Gain on sale of non-current assets	1,884	38
Gain on sale of investment securities	76	414
Subsidy income	–	7
Total extraordinary income	1,961	460

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Extraordinary losses		
Loss on sale and retirement of non-current assets	41	35
Loss on disaster	7	–
Loss on sale of investment securities	–	20
Provision of allowance for doubtful accounts	0	–
Loss on cancellation of leases	1	0
Total extraordinary losses	50	56
Profit before income taxes	13,551	14,829
Income taxes - current	3,975	4,271
Income taxes - deferred	336	338
Total income taxes	4,311	4,610
Profit	9,239	10,219
Profit attributable to non-controlling interests	299	637
Profit attributable to owners of parent	8,939	9,582

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Profit	9,239	10,219
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,813)	4,398
Deferred gains or losses on hedges	4	(6)
Foreign currency translation adjustment	1,161	(229)
Remeasurements of defined benefit plans, net of tax	(101)	(63)
Share of other comprehensive income of entities accounted for using equity method	60	52
Total other comprehensive income	(2,687)	4,151
Comprehensive income	6,552	14,370
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,435	13,644
Comprehensive income attributable to non-controlling interests	116	725