

Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2024 (Based on Japanese GAAP)

November 8, 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
 Inquiries: Director and Senior Executive Officer Shigenori Tsuguie TEL 0798-33-7650
 Chief of Administration Headquarters
 Scheduled date of ordinary general meeting of shareholders: December 20, 2024
 Scheduled date to file Securities Report: December 23, 2024
 Scheduled date to commence dividend payments: December 23, 2024
 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, 2024 (from October 1, 2023 to September 30, 2024)

(1) Consolidated operating results

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	%
Year ended September 30, 2024	1,169,834	6.4	16,856	0.7	18,697	1.1	14,459	20.5
Year ended September 30, 2023	1,099,391	6.2	16,731	24.7	18,501	20.2	12,002	6.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/Operating revenue
	Yen	Yen	%	%	%
Year ended September 30, 2024	453.05	–	9.5	4.1	1.4
Year ended September 30, 2023	356.94	–	8.4	4.3	1.5

(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, 2024	454,688	162,850	34.2	4,997.86
As of September 30, 2023	452,966	155,709	33.1	4,452.56

(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, 2024	25,868	(3,692)	(15,654)	90,268
Year ended September 30, 2023	14,679	(9,005)	(4,458)	83,491

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, 2023	–	47.00	–	50.00	97.00	3,261	27.2	2.3
Year ended September 30, 2024	–	55.00	–	65.00	120.00	3,738	25.9	2.4
Year ending September 30, 2025 (Forecast)	–	70.00	–	70.00	140.00		36.9	

3. Forecast of consolidated financial results for the year ending September 30, 2025 (from October 1, 2024 to September 30, 2025)

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, 2025	605,700	3.7	9,100	(4.6)	9,900	(5.2)	6,440	(16.1)	206.71
Full year	1,208,000	3.3	16,650	(1.2)	18,300	(2.1)	11,830	(18.2)	379.71

4. Notes

(1) Significant changes in the scope of consolidation during the year ended September 30, 2024: Yes

(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, 2024	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 September 30, 2024	3,844,866 shares	As of September 30, 2023	1,375,021 shares
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Average number of shares during the period

Year ended September 30, 2024	31,915,152 shares	Year ended September 30, 2023	33,625,137 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	85,045	90,836
Notes receivable - trade	1,359	1,512
Accounts receivable - trade	183,321	167,178
Investments in leases	720	728
Securities	–	500
Merchandise and finished goods	33,288	36,810
Work in process	4	0
Raw materials and supplies	352	507
Other	7,921	8,078
Allowance for doubtful accounts	(637)	(620)
Total current assets	311,377	305,532
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,474	19,900
Machinery, equipment and vehicles, net	1,902	4,319
Tools, furniture and fixtures, net	1,212	1,272
Land	24,471	26,681
Leased assets, net	1,066	1,143
Construction in progress	1,031	1,442
Other, net	458	734
Total property, plant and equipment	50,618	55,493
Intangible assets		
Goodwill	1,068	1,617
Customer-related intangible assets	493	74
Software	5,689	5,476
Telephone subscription right	45	46
Other	86	68
Total intangible assets	7,384	7,282
Investments and other assets		
Investment securities	56,465	58,082
Guarantee deposits	6,016	6,503
Investment property, net	2,896	2,962
Deferred tax assets	375	343
Retirement benefit asset	2,833	3,907
Investments in leases	10,203	9,475
Other	4,852	5,179
Allowance for doubtful accounts	(58)	(74)
Total investments and other assets	83,585	86,381
Total non-current assets	141,588	149,156
Total assets	452,966	454,688

(Millions of yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	246,559	237,965
Short-term borrowings	5,646	4,903
Current portion of long-term borrowings	–	198
Lease liabilities	1,300	1,437
Accounts payable - other	11,453	11,658
Accrued expenses	314	382
Income taxes payable	3,093	5,231
Accrued consumption taxes	344	850
Provision for bonuses	1,375	1,527
Provision for bonuses for directors (and other officers)	96	74
Other	2,066	1,696
Total current liabilities	272,252	265,926
Non-current liabilities		
Long-term borrowings	–	273
Lease liabilities	8,374	7,812
Deferred tax liabilities	7,814	8,974
Provision for retirement benefits for directors (and other officers)	443	286
Retirement benefit liability	5,453	5,504
Asset retirement obligations	172	172
Other	2,746	2,888
Total non-current liabilities	25,004	25,910
Total liabilities	297,257	291,837
Net assets		
Shareholders' equity		
Share capital	5,934	5,934
Capital surplus	8,551	8,426
Retained earnings	116,442	127,312
Treasury shares	(3,859)	(12,954)
Total shareholders' equity	127,068	128,717
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,149	22,389
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	2,345	3,831
Remeasurements of defined benefit plans	153	770
Total accumulated other comprehensive income	22,649	26,991
Non-controlling interests	5,991	7,141
Total net assets	155,709	162,850
Total liabilities and net assets	452,966	454,688

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

(Millions of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Operating revenue		
Net sales	1,066,072	1,135,778
Other operating revenue	33,319	34,055
Total operating revenue	1,099,391	1,169,834
Operating costs		
Cost of sales	992,913	1,057,326
Other costs	28,451	29,087
Total operating costs	1,021,364	1,086,413
Gross profit	73,158	78,452
Operating gross profit	78,027	83,420
Selling, general and administrative expenses		
Transportation costs	28,283	30,520
Provision of allowance for doubtful accounts	9	(14)
Bad debt expenses	4	20
Remuneration for directors (and other officers)	400	460
Employees' salaries and allowances	12,999	14,041
Provision for bonuses	1,253	1,479
Provision for bonuses for directors (and other officers)	107	92
Retirement benefit expenses	506	585
Provision for retirement benefits for directors (and other officers)	38	79
Welfare expenses	2,453	2,711
Depreciation	3,264	3,536
Rent expenses	3,240	3,237
Information system cost	3,569	3,980
Other	5,163	5,831
Total selling, general and administrative expenses	61,295	66,563
Operating profit	16,731	16,856
Non-operating income		
Interest income	233	246
Dividend income	916	978
Share of profit of entities accounted for using equity method	62	80
Foreign exchange gains	18	–
Rental income from real estate	642	684
Electricity sale income	122	121
Other	385	532
Total non-operating income	2,380	2,643
Non-operating expenses		
Interest expenses	224	305
Foreign exchange losses	–	13
Rental expenses on real estate	267	328
Provision of allowance for doubtful accounts	21	17
Electricity sale expenses	46	43
Other	52	95
Total non-operating expenses	610	803
Ordinary profit	18,501	18,697

(Millions of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Extraordinary income		
Gain on sale of non-current assets	43	246
Gain on sale of investment securities	435	5,933
Subsidy income	7	16
Total extraordinary income	485	6,196
Extraordinary losses		
Loss on sale of non-current assets	0	4
Impairment losses	–	943
Loss on disaster	–	16
Loss on retirement of non-current assets	41	161
Loss on sale of investment securities	20	16
Loss on valuation of investment securities	99	333
Loss on cancellation of leases	1	0
Loss on abandonment of inventories	7	13
Loss on business restructuring	6	57
Total extraordinary losses	177	1,547
Profit before income taxes	18,809	23,346
Income taxes - current	5,861	7,977
Income taxes - deferred	41	(123)
Total income taxes	5,902	7,854
Profit	12,906	15,492
Profit attributable to non-controlling interests	904	1,033
Profit attributable to owners of parent	12,002	14,459

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Profit	12,906	15,492
Other comprehensive income		
Valuation difference on available-for-sale securities	5,280	2,284
Deferred gains or losses on hedges	(6)	(1)
Foreign currency translation adjustment	382	1,502
Remeasurements of defined benefit plans, net of tax	128	617
Share of other comprehensive income of entities accounted for using equity method	78	(17)
Total other comprehensive income	5,864	4,385
Comprehensive income	18,770	19,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,667	18,761
Comprehensive income attributable to non-controlling interests	1,103	1,117

Consolidated statements of changes in equity

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	5,934	8,532	116,384	(12,709)	118,141
Changes during period					
Dividends of surplus			(3,093)		(3,093)
Profit attributable to owners of parent			12,002		12,002
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					–
Cancellation of treasury shares			(8,850)	8,850	–
Purchase of shares of consolidated subsidiaries		19			19
Change in scope of equity method					–
Net changes in items other than shareholders' equity					
Total changes during period	–	19	58	8,849	8,926
Balance at end of period	5,934	8,551	116,442	(3,859)	127,068

	Accumulated other comprehensive income					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	15,067	7	1,883	24	16,983	5,062	140,188
Changes during period							
Dividends of surplus							(3,093)
Profit attributable to owners of parent							12,002
Purchase of treasury shares							(0)
Disposal of treasury shares							–
Cancellation of treasury shares							–
Purchase of shares of consolidated subsidiaries							19
Change in scope of equity method							–
Net changes in items other than shareholders' equity	5,081	(6)	461	128	5,665	928	6,594
Total changes during period	5,081	(6)	461	128	5,665	928	15,521
Balance at end of period	20,149	1	2,345	153	22,649	5,991	155,709

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,934	8,551	116,442	(3,859)	127,068
Changes during period					
Dividends of surplus			(3,394)		(3,394)
Profit attributable to owners of parent			14,459		14,459
Purchase of treasury shares				(9,104)	(9,104)
Disposal of treasury shares			(0)	9	8
Cancellation of treasury shares					–
Purchase of shares of consolidated subsidiaries		(125)			(125)
Change in scope of equity method			(194)		(194)
Net changes in items other than shareholders' equity					
Total changes during period	–	(125)	10,869	(9,094)	1,649
Balance at end of period	5,934	8,426	127,312	(12,954)	128,717

	Accumulated other comprehensive income					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	20,149	1	2,345	153	22,649	5,991	155,709
Changes during period							
Dividends of surplus							(3,394)
Profit attributable to owners of parent							14,459
Purchase of treasury shares							(9,104)
Disposal of treasury shares							8
Cancellation of treasury shares							–
Purchase of shares of consolidated subsidiaries							(125)
Change in scope of equity method							(194)
Net changes in items other than shareholders' equity	2,240	(1)	1,485	617	4,342	1,150	5,492
Total changes during period	2,240	(1)	1,485	617	4,342	1,150	7,141
Balance at end of period	22,389	(0)	3,831	770	26,991	7,141	162,850

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	18,809	23,346
Depreciation	4,599	5,460
Amortization of goodwill	344	464
Impairment losses	–	943
Increase (decrease) in allowance for doubtful accounts	7	(14)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	33	(156)
Increase (decrease) in provision for bonuses	47	97
Increase (decrease) in provision for bonuses for directors (and other officers)	20	(22)
Decrease (increase) in retirement benefit asset	(385)	(251)
Increase (decrease) in retirement benefit liability	125	71
Interest and dividend income	(1,149)	(1,224)
Interest expenses	224	305
Foreign exchange losses (gains)	(0)	(2)
Share of loss (profit) of entities accounted for using equity method	(62)	(80)
Loss (gain) on sale of investment securities	(415)	(5,917)
Loss (gain) on valuation of investment securities	99	333
Loss (gain) on sale of property, plant and equipment	(42)	(241)
Loss on retirement of property, plant and equipment	41	161
Subsidy income	(7)	(16)
Loss on cancellation of leases	1	0
Loss on abandonment of inventories	6	13
Loss on disaster	–	16
Loss on business restructuring	6	57
Decrease (increase) in trade receivables	(33,857)	18,492
Decrease (increase) in inventories	(3,596)	(2,052)
Increase (decrease) in trade payables	34,026	(9,749)
Decrease (increase) in investments in leases	712	720
Other, net	267	260
Subtotal	19,858	31,015
Interest and dividends received	1,182	1,216
Interest paid	(224)	(305)
Income taxes paid	(6,130)	(5,984)
Payments associated with disaster loss	–	(15)
Payments for business restructuring	(6)	(57)
Net cash provided by (used in) operating activities	14,679	25,868

(Millions of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from investing activities		
Payments into time deposits	(2,226)	(486)
Proceeds from withdrawal of time deposits	1,972	1,643
Proceeds from redemption of securities	500	–
Purchase of property, plant and equipment	(5,861)	(6,974)
Proceeds from sale of property, plant and equipment	15	31
Purchase of intangible assets	(2,489)	(1,641)
Payments for retirement of property, plant and equipment	(21)	(118)
Subsidies received	7	5
Purchase of investment securities	(4,538)	(1,639)
Proceeds from sale of investment securities	846	6,909
Proceeds from redemption of investment securities	3,500	500
Purchase of investment property	(15)	(29)
Proceeds from sale of investment property	58	228
Loan advances	(481)	(416)
Proceeds from collection of loans receivable	350	464
Payments of leasehold deposits	(5)	(98)
Proceeds from refund of leasehold deposits	55	125
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(671)	(2,195)
Net cash provided by (used in) investing activities	(9,005)	(3,692)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	407
Repayments of long-term borrowings	–	(158)
Net increase (decrease) in short-term borrowings	170	(1,378)
Purchase of treasury shares	(0)	(9,127)
Dividends paid	(3,093)	(3,394)
Dividends paid to non-controlling interests	(106)	(184)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(48)	(322)
Repayments of finance lease liabilities	(1,379)	(1,494)
Net cash provided by (used in) financing activities	(4,458)	(15,654)
Effect of exchange rate change on cash and cash equivalents	67	194
Net increase (decrease) in cash and cash equivalents	1,282	6,716
Cash and cash equivalents at beginning of period	82,208	83,491
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	0	61
Cash and cash equivalents at end of period	83,491	90,268