Translation

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

May 10, 2024

Company name: MTG Co.,Ltd.
Stock exchange listing: Tokyo
Stock code: 7806 URL https://www.mtg.gr.jp/
Representative: President Tsuyoshi Matsushita
Inquiries: Director CFO Akihiko Tajima TEL 052-307-7890
Scheduled date to file Quarterly Securities Report: May 13, 2024
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)

(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 March 31, 2024	32,736	17.7	1,953	(19.2)	2,135	(6.8)	1,464	26.6
Six months ended March 31, 2023	27,823	22.3	2,416	4.8	2,290	(8.4)	1,156	(40.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2024	37.14	36.97
Six months ended March 31, 2023	29.35	29.23

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	54,097	43,606	79.2
As of September 30, 2023	54,449	42,712	77.0

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, 2023	–	0.00	–	10.00	10.00
Year ending September 30, 2024	–	0.00			
Year ending September 30, 2024 (Forecast)			–	10.00	10.00

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

	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	67,000	11.4	3,400	(5.5)	3,400	(18.4)	2,000	0.8	50.74

4. Notes

(1) Changes in significant subsidiaries during the six months ended March 31, 2024 (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: Yes

(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 March 31, 2024	40,099,868 shares	As of September 30, 2023	40,097,168 shares

Number of treasury shares at the end of the period

As of March 31, 2024	665,698 shares	As of September 30, 2023	678,553 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2024	39,426,948 shares	Six months ended March 31, 2023	39,398,605 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	16,137	14,735
Notes and accounts receivable - trade	6,017	5,897
Merchandise and finished goods	10,611	10,336
Raw materials and supplies	744	830
Prepaid expenses	995	1,040
Other	1,986	2,361
Allowance for doubtful accounts	(1)	(1)
Total current assets	36,491	35,200
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	309	622
Land	8,883	8,883
Other, net	1,142	1,839
Total property, plant and equipment	10,335	11,345
Intangible assets	630	898
Investments and other assets		
Investment securities	3,645	3,716
Deferred tax assets	2,565	2,297
Other	932	734
Allowance for doubtful accounts	(151)	(95)
Total investments and other assets	6,991	6,652
Total non-current assets	17,958	18,897
Total assets	54,449	54,097

(Millions of yen)

	As of September 30, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,831	2,196
Accounts payable - other	2,012	2,140
Income taxes payable	1,485	883
Provision for product warranties	1,618	918
Other provisions	1,002	829
Other	3,380	2,975
Total current liabilities	11,330	9,943
Non-current liabilities		
Other	406	547
Total non-current liabilities	406	547
Total liabilities	11,737	10,491
Net assets		
Shareholders' equity		
Share capital	16,778	16,780
Capital surplus	16,160	16,056
Retained earnings	10,706	11,718
Treasury shares	(889)	(872)
Total shareholders' equity	42,756	43,682
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(11)	(4)
Foreign currency translation adjustment	(812)	(823)
Total accumulated other comprehensive income	(824)	(827)
Share acquisition rights	0	0
Non-controlling interests	779	751
Total net assets	42,712	43,606
Total liabilities and net assets	54,449	54,097

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Net sales	27,823	32,736
Cost of sales	10,961	12,996
Gross profit	16,862	19,740
Selling, general and administrative expenses	14,445	17,786
Operating profit	2,416	1,953
Non-operating income		
Interest and dividend income	7	16
Foreign exchange gains	–	129
Reversal of allowance for doubtful accounts	17	16
Other	13	67
Total non-operating income	38	231
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	141	–
Loss on cancellation of leasehold contracts	–	15
Loss on retirement of non-current assets	1	6
Settlement payments	0	17
Other	20	8
Total non-operating expenses	164	49
Ordinary profit	2,290	2,135
Extraordinary income		
Gain on sale of non-current assets	7	3
Gain on sale of investment securities	–	0
Gain on reversal of share acquisition rights	3	–
Insurance claim income	–	38
Total extraordinary income	11	42
Extraordinary losses		
Loss on valuation of investment securities	87	–
Loss on sale of investment securities	–	1
Expenses related to recall	2	11
Provision of allowance for doubtful accounts	20	–
Total extraordinary losses	109	12
Profit before income taxes	2,192	2,165
Income taxes	1,182	858
Profit	1,009	1,307
Loss attributable to non-controlling interests	(146)	(157)
Profit attributable to owners of parent	1,156	1,464

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Profit	1,009	1,307
Other comprehensive income		
Valuation difference on available-for-sale securities	(68)	6
Foreign currency translation adjustment	69	(10)
Total other comprehensive income	0	(3)
Comprehensive income	1,010	1,303
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,156	1,460
Comprehensive income attributable to non-controlling interests	(146)	(157)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,192	2,165
Depreciation	322	645
Increase (decrease) in provision for product warranties	68	(700)
Foreign exchange losses (gains)	6	(2)
Insurance claim income	–	(38)
Settlement payments	0	17
Decrease (increase) in trade receivables	171	136
Decrease (increase) in inventories	(361)	188
Increase (decrease) in trade payables	753	122
Decrease (increase) in prepaid expenses	(49)	69
Increase (decrease) in accounts payable - other	7	124
Other, net	261	(492)
Subtotal	3,373	2,234
Interest and dividends received	4	21
Interest paid	(0)	(0)
Proceeds from insurance income	–	38
Settlement paid	–	(17)
Income taxes refund (paid)	(988)	(1,181)
Other, net	–	14
Net cash provided by (used in) operating activities	2,388	1,108
Cash flows from investing activities		
Purchase of property, plant and equipment	(427)	(1,651)
Purchase of intangible assets	(132)	(339)
Purchase of investment securities	(714)	(109)
Purchase of shares of subsidiaries and associates	–	(107)
Other, net	(9)	103
Net cash provided by (used in) investing activities	(1,284)	(2,104)
Cash flows from financing activities		
Repayments of long-term borrowings	(9)	(2)
Proceeds from issuance of shares	3	2
Proceeds from share issuance to non-controlling shareholders	315	130
Dividends paid	(392)	(392)
Other, net	(5)	(20)
Net cash provided by (used in) financing activities	(88)	(283)
Effect of exchange rate change on cash and cash equivalents	19	(123)
Net increase (decrease) in cash and cash equivalents	1,035	(1,402)
Cash and cash equivalents at beginning of period	16,529	16,137
Cash and cash equivalents at end of period	17,564	14,735