

Translation

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

February 14, 2024

Company name: TEIKOKU SEN-I CO.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 3302 URL <https://www.teisen.co.jp/>
 Representative: Chairman & CEO Tsuyoshi Shiraiwa
 Inquiries: Vice President Tatsuru Okamura TEL 03(3281)3022
 Scheduled date of ordinary general meeting of shareholders: March 28, 2024
 Scheduled date to file Securities Report: March 28, 2024
 Scheduled date to commence dividend payments: March 29, 2024
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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 December 31, 2023	28,032	(6.3)	2,585	(42.0)	3,569	(32.6)	2,445	(33.2)
Year ended December 31, 2022	29,904	(9.4)	4,459	(9.2)	5,296	(7.0)	3,659	(8.0)

	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 December 31, 2023	93.76	92.75	4.0	4.7	9.2
Year ended December 31, 2022	139.31	137.32	6.4	7.2	14.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	79,204	64,976	81.6	2,479.19
As of December 31, 2022	72,132	58,024	79.9	2,207.88

(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 December 31, 2023	(932)	(718)	(1,473)	12,045
Year ended December 31, 2022	9,446	1,471	(2,852)	15,169

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 December 31, 2022	—	0.00	—	50.00	50.00	1,325	35.9	2.3
Year ended December 31, 2023	—	0.00	—	50.00	50.00	1,325	53.3	2.1
Year ending December 31, 2024 (Forecast)	—	0.00	—	50.00	50.00		40.7	

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 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	34,000	21.3	3,500	35.4	4,500	26.1	3,200	30.9	122.80

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2023

(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:

Yes

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 December 31, 2023	27,444,400 shares	As of December 31, 2022	27,444,400 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	1,385,908 shares	As of December 31, 2022	1,332,555 shares
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Average number of shares during the period

Year ended December 31, 2023	26,080,633 shares	Year ended December 31, 2022	26,265,026 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	16,122,875	12,998,600
Notes and accounts receivable - trade, and contract assets	6,665,427	6,299,418
Securities	5,999,975	5,999,975
Merchandise and finished goods	5,523,505	6,587,179
Work in process	1,422,232	1,254,835
Raw materials and supplies	845,230	968,733
Other	1,152,637	2,288,650
Total current assets	37,731,884	36,397,394
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,594,564	10,578,736
Accumulated depreciation	(3,134,723)	(3,432,890)
Buildings and structures, net	7,459,840	7,145,846
Machinery, equipment and vehicles	3,105,455	3,368,238
Accumulated depreciation	(2,524,776)	(2,682,721)
Machinery, equipment and vehicles, net	580,678	685,516
Tools, furniture and fixtures	1,242,521	1,387,720
Accumulated depreciation	(919,521)	(1,027,116)
Tools, furniture and fixtures, net	322,999	360,604
Land	3,917,154	3,917,154
Construction in progress	162,408	62,350
Total property, plant and equipment	12,443,082	12,171,472
Intangible assets	68,581	31,934
Investments and other assets		
Investment securities	21,496,667	30,086,834
Retirement benefit asset	98,884	126,433
Deferred tax assets	117,298	124,782
Other	176,458	265,532
Total investments and other assets	21,889,309	30,603,582
Total non-current assets	34,400,973	42,806,990
Total assets	72,132,858	79,204,384

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,328,343	2,932,624
Current portion of long-term borrowings	45,000	–
Income taxes payable	683,579	214,369
Provision for bonuses for directors (and other officers)	5,000	–
Other	1,882,245	1,329,801
Total current liabilities	6,944,168	4,476,796
Non-current liabilities		
Long-term guarantee deposits	536,490	475,775
Deferred tax liabilities	5,680,918	8,285,439
Retirement benefit liability	119,219	121,949
Provision for share awards for directors (and other officers)	519,715	582,052
Asset retirement obligations	76,465	76,471
Long-term accounts payable - other	78,650	78,650
Other	152,837	130,714
Total non-current liabilities	7,164,296	9,751,052
Total liabilities	14,108,465	14,227,848
Net assets		
Shareholders' equity		
Share capital	1,582,867	1,582,867
Capital surplus	957,371	957,371
Retained earnings	42,950,232	44,070,500
Treasury shares	(980,485)	(1,067,446)
Total shareholders' equity	44,509,985	45,543,293
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,110,602	19,012,026
Deferred gains or losses on hedges	31,159	48,569
Total accumulated other comprehensive income	13,141,761	19,060,595
Share acquisition rights	372,646	372,646
Total net assets	58,024,393	64,976,535
Total liabilities and net assets	72,132,858	79,204,384

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

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	29,904,658	28,032,714
Cost of sales	20,564,806	20,392,693
Gross profit	9,339,851	7,640,020
Selling, general and administrative expenses	4,880,772	5,054,906
Operating profit	4,459,078	2,585,113
Non-operating income		
Interest income	450	437
Dividend income	807,890	912,253
Share of profit of entities accounted for using equity method	751	111
Other	47,490	84,909
Total non-operating income	856,584	997,713
Non-operating expenses		
Interest expenses	6,025	2,565
Foreign exchange losses	3,292	4,738
Commission expenses	8,767	4,561
Other	853	1,205
Total non-operating expenses	18,937	13,071
Ordinary profit	5,296,724	3,569,755
Extraordinary income		
Gain on sale of non-current assets	227	–
Gain on sale of investment securities	375,894	20,063
Total extraordinary income	376,121	20,063
Extraordinary losses		
Loss on disposal of non-current assets	376,942	69,846
Other	2,399	–
Total extraordinary losses	379,342	69,846
Profit before income taxes	5,293,503	3,519,972
Income taxes - current	1,604,151	1,079,989
Income taxes - deferred	30,315	(5,322)
Total income taxes	1,634,466	1,074,666
Profit	3,659,036	2,445,306
Profit attributable to owners of parent	3,659,036	2,445,306

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	3,659,036	2,445,306
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,048,966)	5,901,424
Deferred gains or losses on hedges	37,186	17,409
Total other comprehensive income	(1,011,779)	5,918,834
Comprehensive income	2,647,256	8,364,140
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,647,256	8,364,140

Consolidated statements of changes in equity

Fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,551,917	926,421	40,648,223	(377,357)	42,749,204
Cumulative effects of changes in accounting policies			(166,736)		(166,736)
Restated balance	1,551,917	926,421	40,481,486	(377,357)	42,582,468
Changes during period					
Issuance of new shares - exercise of share acquisition rights	30,950	30,950			61,900
Dividends of surplus			(1,190,290)		(1,190,290)
Profit attributable to owners of parent			3,659,036		3,659,036
Purchase of treasury shares				(603,128)	(603,128)
Net changes in items other than shareholders' equity					
Total changes during period	30,950	30,950	2,468,745	(603,128)	1,927,517
Balance at end of period	1,582,867	957,371	42,950,232	(980,485)	44,509,985

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	14,159,568	(6,027)	14,153,541	742,276	57,645,022
Cumulative effects of changes in accounting policies					(166,736)
Restated balance	14,159,568	(6,027)	14,153,541	742,276	57,478,285
Changes during period					
Issuance of new shares - exercise of share acquisition rights					61,900
Dividends of surplus					(1,190,290)
Profit attributable to owners of parent					3,659,036
Purchase of treasury shares					(603,128)
Net changes in items other than shareholders' equity	(1,048,966)	37,186	(1,011,779)	(369,630)	(1,381,409)
Total changes during period	(1,048,966)	37,186	(1,011,779)	(369,630)	546,107
Balance at end of period	13,110,602	31,159	13,141,761	372,646	58,024,393

Fiscal year ended December 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,582,867	957,371	42,950,232	(980,485)	44,509,985
Changes during period					
Dividends of surplus			(1,325,037)		(1,325,037)
Profit attributable to owners of parent			2,445,306		2,445,306
Purchase of treasury shares				(86,960)	(86,960)
Net changes in items other than shareholders' equity					
Total changes during period			1,120,269	(86,960)	1,033,308
Balance at end of period	1,582,867	957,371	44,070,500	(1,067,446)	45,543,293

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	13,110,602	31,159	13,141,761	372,646	58,024,393
Changes during period					
Dividends of surplus					(1,325,037)
Profit attributable to owners of parent					2,445,306
Purchase of treasury shares					(86,960)
Net changes in items other than shareholders' equity	5,901,424	17,409	5,918,834		5,918,834
Total changes during period	5,901,424	17,409	5,918,834		6,952,142
Balance at end of period	19,012,026	48,569	19,060,595	372,646	64,976,535

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,293,503	3,519,972
Depreciation	558,037	700,745
Interest and dividend income	(808,341)	(912,691)
Interest expenses	6,025	2,565
Share of loss (profit) of entities accounted for using equity method	(751)	(111)
Increase (decrease) in provision for bonuses for directors (and other officers)	–	(5,000)
Decrease (increase) in retirement benefit asset	(14,004)	(27,549)
Increase (decrease) in retirement benefit liability	1,522	2,729
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(110,000)	–
Increase (decrease) in provision for share awards for directors (and other officers)	519,715	62,337
Share-based payment expenses	(307,780)	–
Loss (gain) on disposal of non-current assets	376,715	69,846
Loss (gain) on sale of investment securities	(375,894)	(20,063)
Decrease (increase) in trade receivables	5,818,083	273,284
Decrease (increase) in inventories	1,311,988	(1,020,442)
Increase (decrease) in trade payables	(1,601,873)	(2,769,296)
Increase (decrease) in guarantee deposits received	(61,050)	(60,753)
Decrease (increase) in other current assets	(316,182)	262,864
Increase (decrease) in other current liabilities	285,502	(420,293)
Other, net	104,460	25,279
Subtotal	10,679,677	(316,574)
Interest and dividends received	809,422	913,757
Interest paid	(5,097)	(2,357)
Income taxes refund	31,380	–
Income taxes paid	(2,069,020)	(1,527,612)
Net cash provided by (used in) operating activities	9,446,361	(932,786)
Cash flows from investing activities		
Payments into time deposits	(3,906,154)	(3,906,155)
Proceeds from withdrawal of time deposits	3,556,154	3,906,155
Purchase of securities	(10,999,900)	(10,499,900)
Proceeds from redemption of securities	15,850,000	10,500,000
Purchase of property, plant and equipment	(2,771,446)	(508,569)
Proceeds from sale of property, plant and equipment	227	–
Payments for retirement of property, plant and equipment	(3,803)	(3,480)
Purchase of intangible assets	(4,293)	(15,440)
Purchase of investment securities	(626,388)	(99,399)
Proceeds from sale of investment securities	377,589	24,341
Purchase of long-term prepaid expenses	–	(115,600)
Net cash provided by (used in) investing activities	1,471,984	(718,048)

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	4,440,000	1,440,000
Repayments of short-term borrowings	(5,440,000)	(1,440,000)
Repayments of long-term borrowings	(44,000)	(45,000)
Repayments of lease liabilities	(20,279)	(22,123)
Proceeds from issuance of shares	50	–
Purchase of treasury shares	(603,128)	(86,960)
Dividends paid	(1,185,636)	(1,319,356)
Net cash provided by (used in) financing activities	(2,852,994)	(1,473,440)
Net increase (decrease) in cash and cash equivalents	8,065,351	(3,124,274)
Cash and cash equivalents at beginning of period	7,104,446	15,169,798
Cash and cash equivalents at end of period	15,169,798	12,045,523