

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2021 (Based on Japanese GAAP)

February 14, 2022

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 30, 2022
 Scheduled date to file Securities Report: March 30, 2022
 Scheduled date to commence dividend payments: March 31, 2022
 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, 2021 (from January 1, 2021 to December 31, 2021)

(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, 2021	32,993	2.0	4,910	17.2	5,693	17.0	3,978	17.7
Year ended December 31, 2020	32,332	(8.6)	4,189	(25.3)	4,865	(21.5)	3,379	(20.6)

	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, 2021	150.48	147.60	7.1	8.0	14.9
Year ended December 31, 2020	128.16	125.60	6.2	6.9	13.0

(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, 2021	74,280	57,645	76.6	2,151.26
As of December 31, 2020	68,479	55,180	79.5	2,062.07

(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, 2021	19	(4,615)	(197)	7,104
Year ended December 31, 2020	6,099	(4,208)	(1,156)	11,897

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, 2020	—	0.00	—	45.00	45.00	1,188	35.1	2.2
Year ended December 31, 2021	—	0.00	—	45.00	45.00	1,190	29.9	2.1
Year ending December 31, 2022 (Forecast)	—	0.00	—	45.00	45.00		34.0	

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	33,000	–	4,300	(12.4)	5,000	(12.2)	3,500	(12.0)	132.32

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2021

(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 December 31, 2021	27,394,400 shares	As of December 31, 2020	27,354,400 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	943,495 shares	As of December 31, 2020	943,446 shares
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Average number of shares during the period

Year ended December 31, 2021	26,440,537 shares	Year ended December 31, 2020	26,369,349 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	10,500,962	6,207,523
Notes and accounts receivable - trade	7,760,849	12,615,357
Securities	12,349,990	12,349,975
Merchandise and finished goods	4,855,160	6,973,647
Work in process	1,266,785	1,075,943
Raw materials and supplies	719,995	687,761
Other	711,373	931,842
Total current assets	38,165,117	40,842,050
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,659,458	7,293,142
Accumulated depreciation	(2,986,171)	(2,851,483)
Buildings and structures, net	2,673,287	4,441,659
Machinery, equipment and vehicles	2,725,444	2,987,663
Accumulated depreciation	(2,314,302)	(2,374,836)
Machinery, equipment and vehicles, net	411,142	612,827
Tools, furniture and fixtures	1,157,379	1,115,227
Accumulated depreciation	(880,416)	(874,777)
Tools, furniture and fixtures, net	276,963	240,450
Land	3,593,735	3,718,906
Construction in progress	860,604	1,291,394
Total property, plant and equipment	7,815,733	10,305,237
Intangible assets	281,598	396,284
Investments and other assets		
Investment securities	21,891,563	22,391,327
Retirement benefit asset	76,476	84,880
Deferred tax assets	66,009	83,518
Other	182,823	177,359
Total investments and other assets	22,216,871	22,737,084
Total non-current assets	30,314,204	33,438,606
Total assets	68,479,321	74,280,657

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,265,488	6,037,970
Short-term borrowings	–	1,000,000
Current portion of long-term borrowings	11,000	44,000
Income taxes payable	322,467	1,162,546
Provision for bonuses for directors (and other officers)	4,000	5,000
Other	1,356,608	1,047,125
Total current liabilities	5,959,564	9,296,643
Non-current liabilities		
Long-term borrowings	89,000	45,000
Long-term guarantee deposits	658,458	597,503
Deferred tax liabilities	6,326,972	6,143,970
Retirement benefit liability	105,711	117,696
Provision for retirement benefits for directors (and other officers)	50,000	110,000
Asset retirement obligations	30,104	73,054
Long-term accounts payable - other	78,650	78,650
Other	–	173,116
Total non-current liabilities	7,338,896	7,338,991
Total liabilities	13,298,460	16,635,634
Net assets		
Shareholders' equity		
Share capital	1,538,002	1,551,917
Capital surplus	912,407	926,421
Retained earnings	37,857,981	40,648,223
Treasury shares	(377,146)	(377,357)
Total shareholders' equity	39,931,245	42,749,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,491,960	14,159,568
Deferred gains or losses on hedges	37,933	(6,027)
Total accumulated other comprehensive income	14,529,893	14,153,541
Share acquisition rights	719,722	742,276
Total net assets	55,180,860	57,645,022
Total liabilities and net assets	68,479,321	74,280,657

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

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	32,332,494	32,993,215
Cost of sales	23,657,580	23,266,062
Gross profit	8,674,914	9,727,153
Selling, general and administrative expenses	4,484,932	4,816,290
Operating profit	4,189,982	4,910,863
Non-operating income		
Interest income	528	642
Dividend income	671,635	740,662
Share of profit of entities accounted for using equity method	2,279	2,328
Other	27,871	53,640
Total non-operating income	702,315	797,274
Non-operating expenses		
Interest expenses	2,902	3,871
Foreign exchange losses	4,409	3,520
Loss on cancellation of insurance policies	1,036	–
Commission expenses	18,369	6,232
Other	204	718
Total non-operating expenses	26,923	14,342
Ordinary profit	4,865,375	5,693,794
Extraordinary income		
Gain on sale of non-current assets	10	53
Gain on sale of investment securities	46,238	389,341
Total extraordinary income	46,248	389,395
Extraordinary losses		
Loss on disposal of non-current assets	45,158	312,477
Business place transfer expenses	–	41,137
Total extraordinary losses	45,158	353,614
Profit before income taxes	4,866,465	5,729,575
Income taxes - current	1,298,678	1,782,468
Income taxes - deferred	188,414	(31,627)
Total income taxes	1,487,093	1,750,841
Profit	3,379,372	3,978,734
Profit attributable to owners of parent	3,379,372	3,978,734

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	3,379,372	3,978,734
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,350,606)	(332,391)
Deferred gains or losses on hedges	19,986	(43,960)
Total other comprehensive income	(2,330,619)	(376,351)
Comprehensive income	1,048,752	3,602,382
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,048,752	3,602,382

Consolidated statements of changes in equity

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,444,090	818,495	35,660,983	(377,096)	37,546,472
Changes during period					
Issuance of new shares - exercise of share acquisition rights	93,912	93,912			187,825
Dividends of surplus			(1,182,373)		(1,182,373)
Profit attributable to owners of parent			3,379,372		3,379,372
Purchase of treasury shares				(49)	(49)
Net changes in items other than shareholders' equity					
Total changes during period	93,912	93,912	2,196,998	(49)	2,384,773
Balance at end of period	1,538,002	912,407	37,857,981	(377,146)	39,931,245

	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	16,842,566	17,946	16,860,513	750,411	55,157,396
Changes during period					
Issuance of new shares - exercise of share acquisition rights					187,825
Dividends of surplus					(1,182,373)
Profit attributable to owners of parent					3,379,372
Purchase of treasury shares					(49)
Net changes in items other than shareholders' equity	(2,350,606)	19,986	(2,330,619)	(30,689)	(2,361,308)
Total changes during period	(2,350,606)	19,986	(2,330,619)	(30,689)	23,464
Balance at end of period	14,491,960	37,933	14,529,893	719,722	55,180,860

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,538,002	912,407	37,857,981	(377,146)	39,931,245
Changes during period					
Issuance of new shares - exercise of share acquisition rights	13,915	13,915			27,830
Dividends of surplus			(1,188,492)		(1,188,492)
Profit attributable to owners of parent			3,978,734		3,978,734
Purchase of treasury shares				(234)	(234)
Disposal of treasury shares		98		23	122
Net changes in items other than shareholders' equity					
Total changes during period	13,915	14,013	2,790,241	(210)	2,817,959
Balance at end of period	1,551,917	926,421	40,648,223	(377,357)	42,749,204

	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	14,491,960	37,933	14,529,893	719,722	55,180,860
Changes during period					
Issuance of new shares - exercise of share acquisition rights					27,830
Dividends of surplus					(1,188,492)
Profit attributable to owners of parent					3,978,734
Purchase of treasury shares					(234)
Disposal of treasury shares					122
Net changes in items other than shareholders' equity	(332,391)	(43,960)	(376,351)	22,554	(353,797)
Total changes during period	(332,391)	(43,960)	(376,351)	22,554	2,464,161
Balance at end of period	14,159,568	(6,027)	14,153,541	742,276	57,645,022

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	4,866,465	5,729,575
Depreciation	392,098	494,984
Increase (decrease) in allowance for doubtful accounts	(3,159)	–
Interest and dividend income	(672,164)	(741,305)
Interest expenses	2,902	3,871
Share of loss (profit) of entities accounted for using equity method	(2,279)	(2,328)
Increase (decrease) in provision for bonuses for directors (and other officers)	(7,000)	1,000
Decrease (increase) in retirement benefit asset	(24,139)	(8,403)
Increase (decrease) in retirement benefit liability	9,138	11,985
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(250,000)	60,000
Share-based payment expenses	157,000	50,344
Loss (gain) on disposal of non-current assets	45,148	312,423
Business place transfer expenses	–	41,137
Loss (gain) on sale of investment securities	(46,238)	(389,341)
Decrease (increase) in trade receivables	4,257,601	(4,671,508)
Decrease (increase) in inventories	1,323,522	(1,895,410)
Increase (decrease) in trade payables	(1,614,873)	1,689,932
Increase (decrease) in guarantee deposits received	(61,173)	(60,993)
Increase (decrease) in long-term accounts payable - other	(40,040)	–
Decrease (increase) in other current assets	(112,811)	(161,752)
Increase (decrease) in other current liabilities	(453,001)	(167,760)
Other, net	(33,988)	28,037
Subtotal	7,733,007	324,487
Interest and dividends received	673,289	742,389
Interest paid	(2,957)	(4,593)
Income taxes refund	–	3,079
Income taxes paid	(2,303,881)	(1,004,938)
Payment Of business place Relocation Expenses	–	(41,137)
Net cash provided by (used in) operating activities	6,099,458	19,287
Cash flows from investing activities		
Payments into time deposits	(3,206,154)	(3,206,154)
Proceeds from withdrawal of time deposits	3,206,154	3,206,154
Purchase of securities	(18,699,960)	(21,199,899)
Proceeds from redemption of securities	17,700,000	20,700,000
Purchase of property, plant and equipment	(2,858,191)	(3,249,182)
Proceeds from sale of property, plant and equipment	10	121
Payments for retirement of property, plant and equipment	(23,303)	(139,562)
Purchase of intangible assets	(110,490)	(120,066)
Purchase of investment securities	(271,068)	(1,004,257)
Proceeds from sale of investment securities	59,529	413,119
Loan advances	(5,000)	–
Proceeds from collection of loans receivable	195	5,225
Payments of leasehold and guarantee deposits	–	(36,441)
Proceeds from refund of leasehold and guarantee deposits	–	23,316
Payments for asset retirement obligations	–	(7,900)
Net cash provided by (used in) investing activities	(4,208,279)	(4,615,527)

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from financing activities		
Proceeds from short-term borrowings	1,440,000	3,440,000
Repayments of short-term borrowings	(1,440,000)	(2,440,000)
Proceeds from long-term borrowings	100,000	–
Repayments of long-term borrowings	(78,600)	(11,000)
Repayments of lease obligations	–	(3,687)
Proceeds from issuance of shares	136	40
Purchase of treasury shares	(49)	(234)
Proceeds from sale of treasury shares	–	122
Dividends paid	(1,177,886)	(1,182,440)
Net cash provided by (used in) financing activities	(1,156,400)	(197,199)
Net increase (decrease) in cash and cash equivalents	734,777	(4,793,439)
Cash and cash equivalents at beginning of period	11,163,107	11,897,885
Cash and cash equivalents at end of period	11,897,885	7,104,446