

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

August 10, 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 to file Quarterly Securities Report: August 12, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

(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 June 30, 2022	16,219	(4.4)	2,662	20.0	3,071	18.6	2,159	21.0
Six months ended June 30, 2021	16,963	(17.2)	2,219	(24.1)	2,590	(21.1)	1,785	(21.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2022	81.72		80.26	
Six months ended June 30, 2021	67.54		66.24	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	69,595	57,082	81.5	2,170.25
As of December 31, 2021	74,280	57,645	76.6	2,151.26

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2021	–	0.00	–	45.00	45.00
Year ending December 31, 2022	–	0.00			
Year ending December 31, 2022 (Forecast)			–	45.00	45.00

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 six months ended June 30, 2022  
(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, 2022	27,444,400 shares	As of December 31, 2021	27,394,400 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	1,314,015 shares	As of December 31, 2021	943,495 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2022	26,420,646 shares	Six months ended June 30, 2021	26,429,954 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	6,207,523	18,411,176
Notes and accounts receivable - trade	12,615,357	3,315,676
Securities	12,349,975	5,999,974
Merchandise and finished goods	6,973,647	5,514,646
Work in process	1,075,943	1,131,640
Raw materials and supplies	687,761	591,338
Other	931,842	762,026
Total current assets	40,842,050	35,726,479
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,441,659	4,315,165
Machinery, equipment and vehicles, net	612,827	596,867
Tools, furniture and fixtures, net	240,450	244,726
Land	3,718,906	3,718,906
Construction in progress	1,291,394	2,422,734
Total property, plant and equipment	10,305,237	11,298,399
Intangible assets	396,284	396,082
Investments and other assets		
Investment securities	22,391,327	21,791,330
Retirement benefit asset	84,880	69,371
Deferred tax assets	83,518	131,326
Other	177,359	182,971
Total investments and other assets	22,737,084	22,174,999
Total non-current assets	33,438,606	33,869,481
Total assets	74,280,657	69,595,961

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	6,037,970	2,643,760
Short-term borrowings	1,000,000	–
Current portion of long-term borrowings	44,000	44,000
Income taxes payable	1,162,546	894,006
Provision for bonuses for directors (and other officers)	5,000	2,500
Other	1,047,125	1,597,784
<b>Total current liabilities</b>	<b>9,296,643</b>	<b>5,182,051</b>
<b>Non-current liabilities</b>		
Long-term borrowings	45,000	23,000
Long-term guarantee deposits	597,503	566,998
Deferred tax liabilities	6,143,970	5,890,391
Retirement benefit liability	117,696	119,185
Provision for retirement benefits for directors (and other officers)	110,000	–
Provision for share awards for directors (and other officers)	–	415,141
Asset retirement obligations	73,054	76,462
Long-term accounts payable - other	78,650	78,650
Other	173,116	162,055
<b>Total non-current liabilities</b>	<b>7,338,991</b>	<b>7,331,884</b>
<b>Total liabilities</b>	<b>16,635,634</b>	<b>12,513,936</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,551,917	1,582,867
Capital surplus	926,421	957,371
Retained earnings	40,648,223	41,450,238
Treasury shares	(377,357)	(949,693)
<b>Total shareholders' equity</b>	<b>42,749,204</b>	<b>43,040,782</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	14,159,568	13,553,730
Deferred gains or losses on hedges	(6,027)	114,865
<b>Total accumulated other comprehensive income</b>	<b>14,153,541</b>	<b>13,668,596</b>
Share acquisition rights	742,276	372,646
<b>Total net assets</b>	<b>57,645,022</b>	<b>57,082,025</b>
<b>Total liabilities and net assets</b>	<b>74,280,657</b>	<b>69,595,961</b>

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	16,963,524	16,219,621
Cost of sales	12,540,613	11,424,761
Gross profit	4,422,911	4,794,859
Selling, general and administrative expenses	2,203,696	2,132,253
Operating profit	2,219,214	2,662,606
Non-operating income		
Interest income	234	228
Dividend income	363,662	405,520
Share of profit of entities accounted for using equity method	468	–
Other	15,125	16,354
Total non-operating income	379,490	422,104
Non-operating expenses		
Interest expenses	1,822	4,411
Share of loss of entities accounted for using equity method	–	1,518
Foreign exchange losses	2,454	2,687
Commission expenses	3,712	3,726
Other	571	1,182
Total non-operating expenses	8,560	13,525
Ordinary profit	2,590,143	3,071,185
Extraordinary income		
Gain on sale of non-current assets	53	227
Total extraordinary income	53	227
Extraordinary losses		
Loss on disposal of non-current assets	3,499	353
Business place transfer expenses	8,087	–
Total extraordinary losses	11,586	353
Profit before income taxes	2,578,610	3,071,058
Income taxes - current	921,802	924,337
Income taxes - deferred	(128,200)	(12,321)
Total income taxes	793,602	912,016
Profit	1,785,008	2,159,042
Profit attributable to owners of parent	1,785,008	2,159,042

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	1,785,008	2,159,042
Other comprehensive income		
Valuation difference on available-for-sale securities	1,443,228	(605,837)
Deferred gains or losses on hedges	24,111	120,892
Total other comprehensive income	1,467,339	(484,945)
Comprehensive income	3,252,348	1,674,097
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,252,348	1,674,097

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,578,610	3,071,058
Depreciation	208,706	254,873
Interest and dividend income	(363,896)	(405,749)
Interest expenses	1,822	4,411
Share of loss (profit) of entities accounted for using equity method	(468)	1,518
Increase (decrease) in provision for bonuses for directors (and other officers)	(2,000)	(2,500)
Decrease (increase) in retirement benefit asset	17,002	15,508
Increase (decrease) in retirement benefit liability	7,625	1,488
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)	–	415,141
Share-based payment expenses	50,344	(307,780)
Loss (gain) on disposal of non-current assets	3,445	126
Business place transfer expenses	8,087	–
Decrease (increase) in trade receivables	3,435,776	9,186,000
Decrease (increase) in inventories	284,025	1,865,331
Increase (decrease) in trade payables	(957,087)	(3,214,528)
Increase (decrease) in guarantee deposits received	(30,376)	(30,523)
Decrease (increase) in other current assets	(8,236)	123,959
Increase (decrease) in other current liabilities	29,390	63,131
Other, net	23,318	(117,589)
Subtotal	5,286,090	10,813,879
Interest and dividends received	363,862	405,714
Interest paid	(2,271)	(3,755)
Income taxes refund	3,079	31,380
Income taxes paid	(365,813)	(1,181,179)
Payment Of business place Relocation Expenses	(2,911)	–
Net cash provided by (used in) operating activities	5,282,036	10,066,040
Cash flows from investing activities		
Payments into time deposits	(1,603,077)	(1,953,077)
Proceeds from withdrawal of time deposits	1,603,077	1,603,077
Purchase of securities	(11,349,949)	(5,499,949)
Proceeds from redemption of securities	11,350,000	9,850,000
Purchase of property, plant and equipment	(993,362)	(1,142,696)
Proceeds from sale of property, plant and equipment	121	45
Payments for retirement of property, plant and equipment	(1,030)	(1,009)
Purchase of intangible assets	(6,958)	(2,565)
Purchase of investment securities	(1,004,257)	(276,192)
Proceeds from collection of loans receivable	175	–
Payments of leasehold and guarantee deposits	(36,441)	–
Net cash provided by (used in) investing activities	(2,041,702)	2,577,631

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	720,000	3,720,000
Repayments of short-term borrowings	(720,000)	(4,720,000)
Repayments of long-term borrowings	–	(22,000)
Repayments of lease obligations	–	(11,061)
Proceeds from issuance of shares	40	50
Purchase of treasury shares	(104)	(572,336)
Proceeds from sale of treasury shares	122	–
Dividends paid	(1,181,570)	(1,184,670)
Net cash provided by (used in) financing activities	(1,181,512)	(2,790,018)
Net increase (decrease) in cash and cash equivalents	2,058,820	9,853,653
Cash and cash equivalents at beginning of period	11,897,885	7,104,446
Cash and cash equivalents at end of period	13,956,706	16,958,099