

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 9, 2023

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 10, 2023
 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, 2023 (from January 1, 2023 to June 30, 2023)

(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, 2023	17,196	6.0	2,259	(15.1)	2,725	(11.2)	1,855	(14.1)
Six months ended June 30, 2022	16,219	(4.4)	2,662	20.0	3,071	18.6	2,159	21.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	71.07		70.31	
Six months ended June 30, 2022	81.72		80.26	

(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, 2023	73,925	61,427	82.6	2,342.99
As of December 31, 2022	72,132	58,024	79.9	2,207.88

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, 2022	–	0.00	–	50.00	50.00
Year ending December 31, 2023	–	0.00			
Year ending December 31, 2023 (Forecast)			–	50.00	50.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	32,000	7.0	3,200	(28.2)	4,000	(24.5)	2,800	(23.5)	107.20

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2023
 (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, 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 June 30, 2023	1,385,902 shares	As of December 31, 2022	1,332,555 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, 2023	26,103,137 shares	Six months ended June 30, 2022	26,420,646 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	16,122,875	17,368,255
Notes and accounts receivable - trade, and contract assets	6,665,427	4,829,276
Securities	5,999,975	5,999,975
Merchandise and finished goods	5,523,505	4,218,094
Work in process	1,422,232	1,338,272
Raw materials and supplies	845,230	900,035
Other	1,152,637	911,698
Total current assets	37,731,884	35,565,607
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,459,840	7,273,243
Machinery, equipment and vehicles, net	580,678	541,968
Tools, furniture and fixtures, net	322,999	391,357
Land	3,917,154	3,917,154
Construction in progress	162,408	306,711
Total property, plant and equipment	12,443,082	12,430,434
Intangible assets	68,581	68,864
Investments and other assets		
Investment securities	21,496,667	25,452,865
Retirement benefit asset	98,884	73,502
Deferred tax assets	117,298	157,688
Other	176,458	176,402
Total investments and other assets	21,889,309	25,860,458
Total non-current assets	34,400,973	38,359,757
Total assets	72,132,858	73,925,365

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,328,343	1,756,297
Current portion of long-term borrowings	45,000	23,000
Income taxes payable	683,579	869,887
Provision for bonuses for directors (and other officers)	5,000	–
Other	1,882,245	1,481,902
Total current liabilities	6,944,168	4,131,087
Non-current liabilities		
Long-term guarantee deposits	536,490	506,132
Deferred tax liabilities	5,680,918	6,919,186
Retirement benefit liability	119,219	126,705
Provision for share awards for directors (and other officers)	519,715	519,715
Asset retirement obligations	76,465	76,468
Long-term accounts payable - other	78,650	78,650
Other	152,837	139,932
Total non-current liabilities	7,164,296	8,366,790
Total liabilities	14,108,465	12,497,877
Net assets		
Shareholders' equity		
Share capital	1,582,867	1,582,867
Capital surplus	957,371	957,371
Retained earnings	42,950,232	43,480,464
Treasury shares	(980,485)	(1,067,433)
Total shareholders' equity	44,509,985	44,953,269
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,110,602	15,791,431
Deferred gains or losses on hedges	31,159	310,142
Total accumulated other comprehensive income	13,141,761	16,101,573
Share acquisition rights	372,646	372,646
Total net assets	58,024,393	61,427,488
Total liabilities and net assets	72,132,858	73,925,365

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, 2022	Six months ended June 30, 2023
Net sales	16,219,621	17,196,483
Cost of sales	11,424,761	12,572,932
Gross profit	4,794,859	4,623,550
Selling, general and administrative expenses	2,132,253	2,364,202
Operating profit	2,662,606	2,259,348
Non-operating income		
Interest income	228	217
Dividend income	405,520	452,643
Other	16,354	22,944
Total non-operating income	422,104	475,805
Non-operating expenses		
Interest expenses	4,411	1,392
Share of loss of entities accounted for using equity method	1,518	1,108
Foreign exchange losses	2,687	3,853
Commission expenses	3,726	2,465
Other	1,182	508
Total non-operating expenses	13,525	9,329
Ordinary profit	3,071,185	2,725,824
Extraordinary income		
Gain on sale of non-current assets	227	–
Total extraordinary income	227	–
Extraordinary losses		
Loss on disposal of non-current assets	353	62,483
Total extraordinary losses	353	62,483
Profit before income taxes	3,071,058	2,663,341
Income taxes - current	924,337	910,397
Income taxes - deferred	(12,321)	(102,325)
Total income taxes	912,016	808,071
Profit	2,159,042	1,855,269
Profit attributable to owners of parent	2,159,042	1,855,269

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	2,159,042	1,855,269
Other comprehensive income		
Valuation difference on available-for-sale securities	(605,837)	2,680,828
Deferred gains or losses on hedges	120,892	278,982
Total other comprehensive income	(484,945)	2,959,811
Comprehensive income	1,674,097	4,815,080
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,674,097	4,815,080

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,071,058	2,663,341
Depreciation	254,873	303,474
Interest and dividend income	(405,749)	(452,860)
Interest expenses	4,411	1,392
Share of loss (profit) of entities accounted for using equity method	1,518	1,108
Increase (decrease) in provision for bonuses for directors (and other officers)	(2,500)	(5,000)
Decrease (increase) in retirement benefit asset	15,508	25,382
Increase (decrease) in retirement benefit liability	1,488	7,485
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	(307,780)	–
Loss (gain) on disposal of non-current assets	126	62,483
Decrease (increase) in trade receivables	9,186,000	1,748,514
Decrease (increase) in inventories	1,865,331	1,333,904
Increase (decrease) in trade payables	(3,214,528)	(2,304,336)
Increase (decrease) in guarantee deposits received	(30,523)	(30,376)
Decrease (increase) in other current assets	123,959	375,618
Increase (decrease) in other current liabilities	63,131	(308,455)
Other, net	(117,589)	(4,897)
Subtotal	10,813,879	3,416,779
Interest and dividends received	405,714	452,810
Interest paid	(3,755)	(1,277)
Income taxes refund	31,380	–
Income taxes paid	(1,181,179)	(723,641)
Net cash provided by (used in) operating activities	10,066,040	3,144,672
Cash flows from investing activities		
Payments into time deposits	(1,953,077)	(1,953,077)
Proceeds from withdrawal of time deposits	1,603,077	1,953,077
Purchase of securities	(5,499,949)	(5,499,950)
Proceeds from redemption of securities	9,850,000	5,000,000
Purchase of property, plant and equipment	(1,142,696)	(308,499)
Proceeds from sale of property, plant and equipment	45	–
Payments for retirement of property, plant and equipment	(1,009)	(2,750)
Purchase of intangible assets	(2,565)	(48,448)
Purchase of investment securities	(276,192)	(99,399)
Net cash provided by (used in) investing activities	2,577,631	(959,046)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	3,720,000	720,000
Repayments of short-term borrowings	(4,720,000)	(720,000)
Repayments of long-term borrowings	(22,000)	(22,000)
Repayments of lease liabilities	(11,061)	(12,905)
Proceeds from issuance of shares	50	–
Purchase of treasury shares	(572,336)	(86,948)
Dividends paid	(1,184,670)	(1,318,391)
Net cash provided by (used in) financing activities	(2,790,018)	(1,440,245)
Net increase (decrease) in cash and cash equivalents	9,853,653	745,380
Cash and cash equivalents at beginning of period	7,104,446	15,169,798
Cash and cash equivalents at end of period	16,958,099	15,915,178