

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

May 12, 2023

Company name: TEIKOKU ELECTRIC MFG.CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 6333 URL <https://www.teikokudenki.co.jp/>
 Representative: President & CEO Yoshihiro Koroyasu
 Director, Managing Executive Officer,
 Inquiries: Chief of Administration H.Q. Kiyoshi Murata TEL 0791-75-4160
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 29, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 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 March 31, 2023	28,450	27.9	5,023	101.4	5,472	85.3	3,996	101.1
Year ended March 31, 2022	22,244	11.7	2,494	10.2	2,953	17.5	1,987	(14.5)

	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 March 31, 2023	214.95	–	13.1	13.6	17.7
Year ended March 31, 2022	103.29	–	6.8	7.9	11.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	41,596	31,506	74.7	1,716.10
As of March 31, 2022	39,001	30,291	77.0	1,579.60

(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 March 31, 2023	4,853	281	(3,713)	14,903
Year ended March 31, 2022	3,766	(1,474)	(1,651)	13,036

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 March 31, 2022	–	18.00	–	32.00	50.00	953	48.4	3.3
Year ended March 31, 2023	–	58.00	–	58.00	116.00	2,134	54.0	7.0
Year ending March 31, 2024 (Forecast)	–	46.00	–	46.00	92.00		50.8	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 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	28,190	(0.9)	4,520	(10.0)	4,680	(14.5)	3,280	(17.9)	181.03

4. Notes

(1) Changes in significant subsidiaries during the year ended March 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 March 31, 2023	18,990,038 shares	As of March 31, 2022	20,440,038 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2023	871,399 shares	As of March 31, 2022	1,435,876 shares
----------------------	----------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2023	18,593,291 shares	Year ended March 31, 2022	19,244,014 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	14,441,811	16,141,306
Notes and accounts receivable - trade, and contract assets	6,604,424	7,689,537
Electronically recorded monetary claims - operating	1,278,989	1,231,831
Finished goods	1,805,280	2,111,222
Work in process	1,846,682	1,959,027
Raw materials and supplies	1,558,859	1,953,954
Other	1,177,334	581,697
Allowance for doubtful accounts	(613,722)	(727,878)
Total current assets	28,099,659	30,940,699
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,599,440	8,726,595
Accumulated depreciation	(3,976,650)	(4,343,554)
Buildings and structures, net	4,622,790	4,383,040
Machinery, equipment and vehicles	6,496,633	6,785,842
Accumulated depreciation	(4,813,904)	(5,125,974)
Machinery, equipment and vehicles, net	1,682,728	1,659,868
Land	1,837,243	1,860,834
Leased assets	1,635,112	2,369,832
Accumulated depreciation	(1,356,802)	(1,463,814)
Leased assets, net	278,310	906,018
Construction in progress	52,310	20,057
Other	1,655,398	1,720,980
Accumulated depreciation	(1,438,901)	(1,550,488)
Other, net	216,497	170,492
Total property, plant and equipment	8,689,880	9,000,312
Intangible assets	181,692	127,870
Investments and other assets		
Investment securities	1,062,830	766,469
Long-term loans receivable	8,842	7,218
Deferred tax assets	348,605	419,076
Retirement benefit asset	170,010	168,661
Other	467,802	194,822
Allowance for doubtful accounts	(28,200)	(28,200)
Total investments and other assets	2,029,891	1,528,048
Total non-current assets	10,901,464	10,656,230
Total assets	39,001,124	41,596,930

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,110,839	2,006,645
Electronically recorded obligations - operating	635,722	645,198
Short-term borrowings	340,000	320,000
Lease liabilities	97,070	226,227
Income taxes payable	497,494	865,024
Provision for product warranties	35,911	49,584
Provision for bonuses	520,341	653,697
Other	3,130,778	3,455,410
Total current liabilities	7,368,157	8,221,788
Non-current liabilities		
Long-term borrowings	79,380	79,870
Lease liabilities	215,351	779,882
Deferred tax liabilities	204,111	383,569
Retirement benefit liability	533,544	608,109
Other	309,512	17,483
Total non-current liabilities	1,341,899	1,868,915
Total liabilities	8,710,057	10,090,703
Net assets		
Shareholders' equity		
Share capital	3,143,675	3,143,675
Capital surplus	3,331,904	2,931,466
Retained earnings	23,882,434	24,353,090
Treasury shares	(1,864,953)	(1,476,255)
Total shareholders' equity	28,493,060	28,951,976
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	419,567	357,202
Foreign currency translation adjustment	1,110,077	1,827,048
Remeasurements of defined benefit plans	(3,691)	(42,856)
Total accumulated other comprehensive income	1,525,953	2,141,394
Non-controlling interests	272,053	412,855
Total net assets	30,291,067	31,506,226
Total liabilities and net assets	39,001,124	41,596,930

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	22,244,497	28,450,684
Cost of sales	13,192,206	16,377,558
Gross profit	9,052,290	12,073,125
Selling, general and administrative expenses		
Selling expenses	3,013,858	3,252,758
General and administrative expenses	3,543,736	3,796,979
Total selling, general and administrative expenses	6,557,594	7,049,738
Operating profit	2,494,696	5,023,387
Non-operating income		
Interest income	64,026	115,588
Dividend income	31,149	33,558
Rental income	33,214	31,212
Foreign exchange gains	154,649	170,526
Gain on sale of scraps	82,997	55,734
Subsidies for employment adjustment	52,725	8,954
Sunlight selling income	11,500	11,966
Other	64,339	70,062
Total non-operating income	494,603	497,603
Non-operating expenses		
Interest expenses	17,394	35,044
Sunlight selling production cost	7,513	6,621
Other	10,642	6,877
Total non-operating expenses	35,549	48,543
Ordinary profit	2,953,749	5,472,448
Extraordinary income		
Gain on sale of investment securities	1,360	204,746
Total extraordinary income	1,360	204,746
Extraordinary losses		
Loss on sale of non-current assets	22,206	–
Loss on sale of investment securities	–	10,557
Loss on valuation of investment securities	–	2,141
Total extraordinary losses	22,206	12,699
Profit before income taxes	2,932,903	5,664,495
Income taxes - current	818,411	1,351,767
Income taxes - deferred	39,574	171,828
Total income taxes	857,986	1,523,595
Profit	2,074,917	4,140,899
Profit attributable to non-controlling interests	87,218	144,243
Profit attributable to owners of parent	1,987,699	3,996,655

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,074,917	4,140,899
Other comprehensive income		
Valuation difference on available-for-sale securities	(62,259)	(62,365)
Foreign currency translation adjustment	934,266	713,528
Remeasurements of defined benefit plans, net of tax	12,597	(39,164)
Total other comprehensive income	884,604	611,998
Comprehensive income	2,959,522	4,752,898
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,853,831	4,612,096
Comprehensive income attributable to non-controlling interests	105,691	140,802

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,132,976	3,321,205	22,555,470	(1,000,919)	28,008,733
Cumulative effects of changes in accounting policies			37,663		37,663
Restated balance	3,132,976	3,321,205	22,593,133	(1,000,919)	28,046,396
Changes during period					
Issuance of new shares	10,698	10,698			21,397
Dividends of surplus			(698,399)		(698,399)
Profit attributable to owners of parent			1,987,699		1,987,699
Purchase of treasury shares				(864,034)	(864,034)
Disposal of treasury shares					
Cancellation of treasury shares					
Transfer from retained earnings to capital surplus					
Net changes in items other than shareholders' equity					
Total changes during period	10,698	10,698	1,289,300	(864,034)	446,663
Balance at end of period	3,143,675	3,331,904	23,882,434	(1,864,953)	28,493,060

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	481,826	194,283	(16,288)	659,821	166,362	28,834,917
Cumulative effects of changes in accounting policies						37,663
Restated balance	481,826	194,283	(16,288)	659,821	166,362	28,872,580
Changes during period						
Issuance of new shares						21,397
Dividends of surplus						(698,399)
Profit attributable to owners of parent						1,987,699
Purchase of treasury shares						(864,034)
Disposal of treasury shares						-
Cancellation of treasury shares						-
Transfer from retained earnings to capital surplus						-
Net changes in items other than shareholders' equity	(62,259)	915,793	12,597	866,131	105,691	971,822
Total changes during period	(62,259)	915,793	12,597	866,131	105,691	1,418,486
Balance at end of period	419,567	1,110,077	(3,691)	1,525,953	272,053	30,291,067

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,143,675	3,331,904	23,882,434	(1,864,953)	28,493,060
Cumulative effects of changes in accounting policies					–
Restated balance	3,143,675	3,331,904	23,882,434	(1,864,953)	28,493,060
Changes during period					
Issuance of new shares					
Dividends of surplus			(1,692,042)		(1,692,042)
Profit attributable to owners of parent			3,996,655		3,996,655
Purchase of treasury shares				(1,862,976)	(1,862,976)
Disposal of treasury shares		2,803		14,476	17,280
Cancellation of treasury shares		(2,237,198)		2,237,198	–
Transfer from retained earnings to capital surplus		1,833,956	(1,833,956)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(400,438)	470,656	388,698	458,916
Balance at end of period	3,143,675	2,931,466	24,353,090	(1,476,255)	28,951,976

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	419,567	1,110,077	(3,691)	1,525,953	272,053	30,291,067
Cumulative effects of changes in accounting policies						–
Restated balance	419,567	1,110,077	(3,691)	1,525,953	272,053	30,291,067
Changes during period						
Issuance of new shares						–
Dividends of surplus						(1,692,042)
Profit attributable to owners of parent						3,996,655
Purchase of treasury shares						(1,862,976)
Disposal of treasury shares						17,280
Cancellation of treasury shares						–
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	(62,365)	716,970	(39,164)	615,440	140,802	756,242
Total changes during period	(62,365)	716,970	(39,164)	615,440	140,802	1,215,159
Balance at end of period	357,202	1,827,048	(42,856)	2,141,394	412,855	31,506,226

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,932,903	5,664,495
Depreciation	922,174	992,986
Amortization of goodwill	160,129	–
Increase (decrease) in allowance for doubtful accounts	60,986	84,133
Increase (decrease) in net defined benefit asset or liability	18,993	19,503
Interest and dividend income	(95,176)	(149,146)
Interest expenses	17,394	35,044
Foreign exchange losses (gains)	(66,534)	(33,084)
Decrease (increase) in trade receivables	(12,244)	(744,944)
Decrease (increase) in inventories	(632,941)	(554,946)
Increase (decrease) in trade payables	737,615	(180,236)
Loss (gain) on sale of property, plant and equipment	22,206	–
Loss (gain) on sale of investment securities	(1,360)	(194,188)
Loss (gain) on valuation of investment securities	–	2,141
Decrease (increase) in other current assets	(78,875)	620,029
Increase (decrease) in accrued consumption taxes	(126,853)	36,345
Increase (decrease) in other current liabilities	428,927	246,485
Other, net	34,178	(113,654)
Subtotal	4,321,523	5,730,962
Interest and dividends received	95,176	149,146
Interest paid	(17,394)	(35,044)
Income taxes paid	(632,681)	(991,864)
Net cash provided by (used in) operating activities	3,766,624	4,853,199
Cash flows from investing activities		
Payments into time deposits	(573,632)	(331,958)
Proceeds from withdrawal of time deposits	3,398	585,027
Purchase of property, plant and equipment	(898,886)	(359,297)
Purchase of intangible assets	(38,863)	(14,986)
Purchase of investment securities	(2,783)	(2,810)
Proceeds from sale of investment securities	5,109	401,693
Loan advances	(5,915)	(1,492)
Proceeds from collection of loans receivable	3,464	3,116
Other, net	33,184	2,629
Net cash provided by (used in) investing activities	(1,474,924)	281,920
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	20,000	(20,000)
Repayments of lease liabilities	(109,445)	(138,603)
Purchase of treasury shares	(864,034)	(1,862,976)
Dividends paid	(698,399)	(1,692,042)
Net cash provided by (used in) financing activities	(1,651,878)	(3,713,623)
Effect of exchange rate change on cash and cash equivalents	586,193	445,488
Net increase (decrease) in cash and cash equivalents	1,226,015	1,866,985
Cash and cash equivalents at beginning of period	11,810,351	13,036,366
Cash and cash equivalents at end of period	13,036,366	14,903,351