

Translation

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## Summary of Consolidated Financial Results for the Year Ended September 30, 2022 (Based on Japanese GAAP)

November 11, 2022

Company name: CE Holdings Co.,Ltd.  
 Stock exchange listing: Tokyo, Sapporo  
 Stock code: 4320 URL <https://www.ce-hd.co.jp>  
 Representative: Representative Director and President & CEO(Chief Executive Officer) Naokazu Saito  
 Inquiries: Director & CFO(Chief Financial Officer) Tsunehito Taguchi TEL 011(861)1600  
 Scheduled date of ordinary general meeting of shareholders: December 20, 2022  
 Scheduled date to file Securities Report: December 20, 2022  
 Scheduled date to commence dividend payments: December 21, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)

(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 September 30, 2022	13,702	–	1,031	–	1,044	–	588	–
Year ended September 30, 2021	12,284	15.8	879	60.7	908	100.8	632	421.2

	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 September 30, 2022	39.13	–	11.0	10.3	7.5
Year ended September 30, 2021	42.34	–	13.2	9.9	7.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	10,905	6,082	51.6	373.59
As of September 30, 2021	9,459	5,479	53.6	339.05

(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 September 30, 2022	1,550	(763)	306	3,958
Year ended September 30, 2021	1,004	(109)	(838)	2,865

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 September 30, 2021	–	0.00	–	8.00	8.00	119	18.9	2.5
Year ended September 30, 2022	–	0.00	–	12.00	12.00	180	30.7	3.4
Year ending September 30, 2023 (Forecast)	–	0.00	–	13.00	13.00		32.1	

3. Forecast of consolidated financial results for the year ending September 30, 2023 (from October 1, 2022 to September 30, 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
Six months ending March 31, 2023	7,920	9.5	650	5.5	650	4.7	360	7.3	23.91
Full year	14,350	4.7	1,100	6.7	1,100	5.3	610	3.7	40.51

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2022

(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 September 30, 2022	15,273,500 shares	As of September 30, 2021	15,178,500 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	217,014 shares	As of September 30, 2021	217,014 shares
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Average number of shares during the period

Year ended September 30, 2022	15,027,075 shares	Year ended September 30, 2021	14,949,149 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,869,457	3,958,521
Notes and accounts receivable - trade	2,538,106	–
Notes and accounts receivable - trade, and contract assets	–	2,440,141
Merchandise and finished goods	2,669	3,421
Work in process	642,609	345,520
Raw materials and supplies	2,331	1,272
Accounts receivable - other	801,971	1,996
Other	256,371	359,131
Allowance for doubtful accounts	(9,712)	(9,227)
<b>Total current assets</b>	<b>7,103,804</b>	<b>7,100,777</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	547,225	1,245,310
Accumulated depreciation and impairment	(225,143)	(248,463)
Buildings and structures, net	322,081	996,846
Vehicles	5,134	5,134
Accumulated depreciation	(1,780)	(2,716)
Vehicles, net	3,354	2,418
Tools, furniture and fixtures	409,997	492,436
Accumulated depreciation and impairment	(361,127)	(398,747)
Tools, furniture and fixtures, net	48,870	93,689
Land	188,823	618,090
Construction in progress	89,010	28,807
<b>Total property, plant and equipment</b>	<b>652,139</b>	<b>1,739,851</b>
<b>Intangible assets</b>		
Software	283,515	313,341
Software in progress	186,010	304,188
Trademark right	577	416
Telephone subscription right	250	250
Goodwill	166,480	369,645
<b>Total intangible assets</b>	<b>636,834</b>	<b>987,843</b>
<b>Investments and other assets</b>		
Investment securities	479,763	435,750
Lease and guarantee deposits	124,159	109,250
Distressed receivables	46,119	46,119
Deferred tax assets	221,947	295,682
Retirement benefit asset	138,064	129,607
Long-term prepaid expenses	57,675	63,281
Other	45,049	43,713
Allowance for doubtful accounts	(46,479)	(46,479)
<b>Total investments and other assets</b>	<b>1,066,300</b>	<b>1,076,926</b>
<b>Total non-current assets</b>	<b>2,355,274</b>	<b>3,804,621</b>
<b>Total assets</b>	<b>9,459,079</b>	<b>10,905,398</b>

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,185,870	1,179,379
Short-term borrowings	–	100,000
Current portion of bonds payable	25,000	5,000
Current portion of long-term borrowings	494,878	598,042
Lease liabilities	1,267	1,524
Accounts payable - other	193,658	226,862
Income taxes payable	281,022	305,077
Provision for bonuses	238,375	227,627
Contract liabilities	–	308,229
Other	441,581	310,955
<b>Total current liabilities</b>	<b>2,861,653</b>	<b>3,262,698</b>
<b>Non-current liabilities</b>		
Bonds payable	5,000	–
Long-term borrowings	841,158	1,186,822
Lease liabilities	3,293	2,026
Retirement benefit liability	189,782	194,116
Other	79,019	177,626
<b>Total non-current liabilities</b>	<b>1,118,252</b>	<b>1,560,591</b>
<b>Total liabilities</b>	<b>3,979,906</b>	<b>4,823,289</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,175,942	1,198,552
Capital surplus	1,201,794	1,224,404
Retained earnings	2,763,441	3,291,991
Treasury shares	(100,410)	(100,410)
<b>Total shareholders' equity</b>	<b>5,040,768</b>	<b>5,614,537</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	31,862	10,479
<b>Total accumulated other comprehensive income</b>	<b>31,862</b>	<b>10,479</b>
<b>Non-controlling interests</b>	<b>406,541</b>	<b>457,091</b>
<b>Total net assets</b>	<b>5,479,172</b>	<b>6,082,108</b>
<b>Total liabilities and net assets</b>	<b>9,459,079</b>	<b>10,905,398</b>

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

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net sales	12,284,597	13,702,572
Cost of sales	9,635,710	10,543,926
Gross profit	2,648,887	3,158,646
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	215,108	256,726
Salaries and allowances	656,942	743,644
Bonuses	84,017	71,897
Legal welfare expenses	130,765	149,123
Provision for bonuses	19,501	50,770
Retirement benefit expenses	4,293	16,202
Provision of allowance for doubtful accounts	(15,440)	(831)
Advertising expenses	4,729	16,953
Travel and transportation expenses	66,362	91,507
Rent expenses	52,759	57,842
Taxes and dues	37,899	51,496
Depreciation	31,962	32,266
Commission expenses	137,825	182,587
Research and development expenses	147,152	178,392
Amortization of goodwill	22,602	34,485
Other	173,341	194,365
Total selling, general and administrative expenses	1,769,823	2,127,431
Operating profit	879,063	1,031,214
Non-operating income		
Interest income	164	71
Dividend income	3,365	3,095
Gain on sale of investment securities	2,807	56
Gain on investments in investment partnerships	33,113	428
Foreign exchange gains	544	5,784
Surrender value of insurance policies	1,453	–
Other	10,170	11,859
Total non-operating income	51,620	21,295
Non-operating expenses		
Interest expenses	8,937	7,948
Share of loss of entities accounted for using equity method	12,424	–
Other	522	234
Total non-operating expenses	21,884	8,182
Ordinary profit	908,798	1,044,328

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Extraordinary income		
Gain on redemption of investment securities	120	120
Gain on sale of shares of subsidiaries and associates	114,560	–
Surrender value of insurance policies	–	89,664
Total extraordinary income	114,680	89,784
Extraordinary losses		
Loss on retirement of non-current assets	0	6,827
Provision of allowance for doubtful accounts	22,369	–
Retirement benefits for directors (and other officers)	–	60,800
Total extraordinary losses	22,369	67,627
Profit before income taxes	1,001,108	1,066,484
Income taxes - current	369,391	478,003
Income taxes - deferred	(90,470)	(94,171)
Total income taxes	278,921	383,831
Profit	722,187	682,652
Profit attributable to		
Profit attributable to owners of parent	632,927	588,002
Profit attributable to non-controlling interests	89,260	94,650
Other comprehensive income		
Valuation difference on available-for-sale securities	22,578	(21,383)
Total other comprehensive income	22,578	(21,383)
Comprehensive income	744,766	661,269
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	655,506	566,619
Comprehensive income attributable to non-controlling interests	89,260	94,650

## Consolidated statements of changes in equity

Fiscal year ended September 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,165,415	1,191,267	2,231,984	(100,410)	4,488,257
Changes during period					
Dividends of surplus			(101,469)		(101,469)
Issuance of new shares - Restricted Stock -	10,526	10,526			21,053
Profit attributable to owners of parent			632,927		632,927
Net changes in items other than shareholders' equity					
Total changes during period	10,526	10,526	531,457	-	552,510
Balance at end of period	1,175,942	1,201,794	2,763,441	(100,410)	5,040,768

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	9,283	9,283	341,781	4,839,322
Changes during period				
Dividends of surplus				(101,469)
Issuance of new shares - Restricted Stock -				21,053
Profit attributable to owners of parent				632,927
Net changes in items other than shareholders' equity	22,578	22,578	64,760	87,339
Total changes during period	22,578	22,578	64,760	639,850
Balance at end of period	31,862	31,862	406,541	5,479,172

Fiscal year ended September 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,175,942	1,201,794	2,763,441	(100,410)	5,040,768
Cumulative effects of changes in accounting policies			60,238		60,238
Restated balance	1,175,942	1,201,794	2,823,680	(100,410)	5,101,007
Changes during period					
Dividends of surplus			(119,691)		(119,691)
Issuance of new shares - Restricted Stock -	22,610	22,610			45,220
Profit attributable to owners of parent			588,002		588,002
Net changes in items other than shareholders' equity					
Total changes during period	22,610	22,610	468,310	-	513,530
Balance at end of period	1,198,552	1,224,404	3,291,991	(100,410)	5,614,537

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	31,862	31,862	406,541	5,479,172
Cumulative effects of changes in accounting policies				60,238
Restated balance	31,862	31,862	406,541	5,539,411
Changes during period				
Dividends of surplus				(119,691)
Issuance of new shares - Restricted Stock -				45,220
Profit attributable to owners of parent				588,002
Net changes in items other than shareholders' equity	(21,383)	(21,383)	50,550	29,166
Total changes during period	(21,383)	(21,383)	50,550	542,697
Balance at end of period	10,479	10,479	457,091	6,082,108



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,001,108	1,066,484
Depreciation of fixed assets	62,964	69,537
Depreciation of intangible assets	261,741	265,750
Amortization of goodwill	22,602	34,485
Increase (decrease) in provision for bonuses	33,281	(10,748)
Increase (decrease) in allowance for doubtful accounts	6,929	(831)
Interest and dividend income	(3,529)	(3,166)
Interest expenses	8,937	7,948
Loss (gain) on sale of shares of subsidiaries and associates	(114,560)	–
Share of loss (profit) of entities accounted for using equity method	12,424	–
Decrease (increase) in trade receivables	(234,721)	215,868
Decrease (increase) in distressed receivables	(46,119)	–
Decrease (increase) in inventories	(258,169)	312,198
Increase (decrease) in trade payables	269,559	(19,343)
Other, net	45,081	67,948
Subtotal	1,067,530	2,006,133
Interest and dividends received	27,318	3,155
Interest paid	(8,937)	(7,948)
Income taxes paid	(142,777)	(489,119)
Income taxes refund	60,952	38,458
Net cash provided by (used in) operating activities	1,004,086	1,550,678
Cash flows from investing activities		
Purchase of property, plant and equipment	(171,320)	(1,144,148)
Purchase of intangible assets	(218,855)	(360,894)
Proceeds from sale of shares of subsidiaries and associates	220,000	800,000
Purchase of investment securities	(14,269)	(5,627)
Proceeds from sale of investment securities	22,803	20,142
Proceeds from share of profits on investments in partnership	49,141	9,121
Proceeds from cancellation of insurance funds	2,470	173,878
Payments of leasehold and guarantee deposits	(568)	(554)
Proceeds from refund of leasehold and guarantee deposits	2,931	9,519
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(265,425)
Other, net	(1,719)	157
Net cash provided by (used in) investing activities	(109,386)	(763,830)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	–	100,000
Proceeds from long-term borrowings	–	1,000,000
Repayments of long-term borrowings	(697,879)	(648,270)
Redemption of bonds	(34,000)	(25,000)
Repayments of lease liabilities	(1,267)	(1,460)
Proceeds from issuance of shares	21,053	45,220
Dividends paid	(101,857)	(119,745)
Dividends paid to non-controlling interests	(24,500)	(44,100)
Net cash provided by (used in) financing activities	(838,450)	306,644
Net increase (decrease) in cash and cash equivalents	56,249	1,093,491
Cash and cash equivalents at beginning of period	2,808,780	2,865,030
Cash and cash equivalents at end of period	2,865,030	3,958,521