

Translation

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

May 10, 2023

Company name: CERES INC.  
 Stock exchange listing: Tokyo  
 Stock code: 3696 URL <https://ceres-inc.jp/>  
 Representative: President and Representative Director Satoshi Takagi  
 Managing Director and General Manager of the Administrative Division Yasuhiro Kobayashi TEL 03-5797-3347  
 Inquiries:   
 Scheduled date to file Quarterly Securities Report: May 12, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2023	5,525	17.3	483	(37.6)	253	(57.3)	352	(46.5)	201	(48.4)
Three months ended March 31, 2022	4,709	–	774	(59.7)	594	(43.4)	657	(64.5)	389	(70.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2023	17.67		–	
Three months ended March 31, 2022	34.63		34.37	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	22,418	9,734	39.6
As of December 31, 2022	22,597	9,696	39.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2022	–	0.00	–	20.00	20.00
Year ending December 31, 2023	–	–	–	–	–
Year ending December 31, 2023 (Forecast)	–	0.00	–	20.00	20.00

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		EBITDA		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	%	Millions of yen	%	Yen
Full year	23,000	12.0	2,100	83.0	1,600	28.3	1,600	135.3	800	–	70.24

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 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 March 31, 2023	11,955,800 shares	As of December 31, 2022	11,955,800 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	570,596 shares	As of December 31, 2022	566,996 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2023	11,385,204 shares	Three months ended March 31, 2022	11,247,826 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	6,547,200	5,701,155
Notes and accounts receivable - trade, and contract assets	3,545,294	3,587,767
Operational investment securities	2,744,225	2,805,289
Merchandise and finished goods	208,119	208,322
Work in process	125,284	148,069
Raw materials and supplies	127,374	89,617
Other	1,132,049	1,550,289
Allowance for doubtful accounts	(16,103)	(20,145)
Total current assets	14,413,443	14,070,365
Non-current assets		
Property, plant and equipment	263,818	255,885
Intangible assets		
Goodwill	1,743,240	1,691,834
Other	386,326	417,351
Total intangible assets	2,129,566	2,109,185
Investments and other assets		
Shares of subsidiaries and associates	3,116,212	3,232,563
Other	2,677,548	2,756,967
Allowance for doubtful accounts	(3,512)	(6,366)
Total investments and other assets	5,790,249	5,983,165
Total non-current assets	8,183,633	8,348,236
Total assets	22,597,077	22,418,601
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	832,483	1,097,843
Short-term borrowings	2,450,000	2,456,000
Current portion of long-term borrowings	1,263,269	1,187,386
Income taxes payable	372,397	134,652
Provision for point card certificates	3,182,962	3,311,971
Provision for bonuses	–	11,172
Provision for bonuses for directors (and other officers)	30,000	–
Other	2,426,986	2,421,976
Total current liabilities	10,558,099	10,621,002
Non-current liabilities		
Bonds payable	55,000	35,000
Long-term borrowings	2,117,828	1,857,371
Asset retirement obligations	82,705	82,729
Other	87,354	88,354
Total non-current liabilities	2,342,888	2,063,455
Total liabilities	12,900,987	12,684,458

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	2,025,683	2,025,683
Capital surplus	2,547,138	2,547,138
Retained earnings	4,496,200	4,469,582
Treasury shares	(307,778)	(307,778)
Total shareholders' equity	8,761,244	8,734,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	120,204	134,818
Total accumulated other comprehensive income	120,204	134,818
Share acquisition rights	1,266	1,266
Non-controlling interests	813,375	863,432
Total net assets	9,696,089	9,734,143
Total liabilities and net assets	22,597,077	22,418,601

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	4,709,064	5,525,486
Cost of sales	2,752,705	3,346,356
Gross profit	1,956,359	2,179,130
Selling, general and administrative expenses	1,362,139	1,925,522
Operating profit	594,219	253,607
Non-operating income		
Interest income	229	300
Share of profit of entities accounted for using equity method	2,411	109,525
Gain on valuation of Crypto assets	64,717	4,861
Other	1,429	1,489
Total non-operating income	68,787	116,177
Non-operating expenses		
Interest expenses	4,571	5,377
Loss on investments in investment partnerships	267	9,603
Other	632	2,724
Total non-operating expenses	5,471	17,706
Ordinary profit	657,535	352,078
Extraordinary income		
Gain on sale of businesses	42,098	–
Other	783	–
Total extraordinary income	42,881	–
Profit before income taxes	700,416	352,078
Income taxes - current	261,405	121,398
Income taxes - deferred	20,923	(20,536)
Total income taxes	282,328	100,862
Profit	418,087	251,215
Profit attributable to non-controlling interests	28,599	50,057
Profit attributable to owners of parent	389,488	201,158

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

(Thousands of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Profit	418,087	251,215
Other comprehensive income		
Valuation difference on available-for-sale securities	(34,252)	14,789
Share of other comprehensive income of entities accounted for using equity method	–	(175)
Total other comprehensive income	(34,252)	14,614
Comprehensive income	383,835	265,829
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	355,235	215,772
Comprehensive income attributable to non-controlling interests	28,599	50,057