

Translation

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

May 11, 2023

Company name: Tenpo Innovation CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 3484 URL <https://www.tenpo-r.co.jp>
 Representative: President Yasuo Hara
 Inquiries: Senior Managing Director Yohei Shimura TEL 03-6274-8733
 Scheduled date of ordinary general meeting of shareholders: June 13, 2023
 Scheduled date to file Securities Report: June 14, 2023
 Scheduled date to commence dividend payments: June 14, 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	13,070	–	1,212	–	1,266	–	885	–
Year ended March 31, 2022	–	–	–	–	–	–	–	–

	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	50.33	–	27.7	9.8	9.3
Year ended March 31, 2022	–	–	–	–	–

(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	12,882	3,195	24.8	187.69
As of March 31, 2022	–	–	–	–

(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	1,073	(21)	(1,018)	3,501
Year ended March 31, 2022	–	–	–	–

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	–	0.00	–	12.00	12.00	212	–	–
Year ended March 31, 2023	–	0.00	–	16.00	16.00	272	31.8	8.5
Year ending March 31, 2024 (Forecast)	–	0.00	–	20.00	20.00		38.2	

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
Six months ending September 30, 2023	7,158	17.3	610	10.1	625	7.6	427	7.1	25.09
Full year	14,844	13.6	1,276	5.3	1,306	3.2	891	0.7	52.37

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):

Yes

(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:

No

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	17,674,400 shares	As of March 31, 2022	17,674,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	650,588 shares	As of March 31, 2022	514 shares
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Average number of shares during the period

Year ended March 31, 2023	17,593,740 shares	Year ended March 31, 2022	17,725,667 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

As of March 31, 2023

Assets	
Current assets	
Cash and deposits	3,501,245
Accounts receivable - trade	16,707
Real estate for sale	337,396
Prepaid expenses	1,103,740
Other	168,947
Total current assets	5,128,037
Non-current assets	
Property, plant and equipment	
Buildings, net	651,857
Other	14,658
Total property, plant and equipment	666,515
Intangible assets	41,863
Investments and other assets	
Deferred tax assets	316,219
Guarantee deposits	6,423,205
Other	306,546
Total investments and other assets	7,045,971
Total non-current assets	7,754,351
Total assets	12,882,388
Liabilities	
Current liabilities	
Income taxes payable	265,275
Provision for bonuses	46,872
Unearned revenue	1,356,757
Other	644,363
Total current liabilities	2,313,269
Non-current liabilities	
Asset retirement obligations	48,609
Retirement benefit liability	21,500
Guarantee deposits received	6,969,768
Other	333,945
Total non-current liabilities	7,373,823
Total liabilities	9,687,092
Net assets	
Shareholders' equity	
Share capital	308,394
Capital surplus	539,930
Retained earnings	3,153,526
Treasury shares	(806,554)
Total shareholders' equity	3,195,296
Total net assets	3,195,296
Total liabilities and net assets	12,882,388

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

(Thousands of yen)

	Fiscal year ended March 31, 2023
Net sales	13,070,402
Cost of sales	10,551,488
Gross profit	2,518,914
Selling, general and administrative expenses	1,306,738
Operating profit	1,212,175
Non-operating income	
Subsidy income	19,888
Penalty income	29,223
Compensation income	107,558
Other	5,832
Total non-operating income	162,502
Non-operating expenses	
Compensation expenses	92,931
Nonrecoverable consumption taxes	12,553
Other	2,892
Total non-operating expenses	108,377
Ordinary profit	1,266,301
Extraordinary income	
Gain on termination of retirement benefit plan	211
Total extraordinary income	211
Profit before income taxes	1,266,512
Income taxes - current	428,603
Income taxes - deferred	(47,598)
Total income taxes	381,004
Profit	885,507
Profit attributable to owners of parent	885,507

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023
Profit	885,507
Comprehensive income	885,507
Comprehensive income attributable to Comprehensive income attributable to owners of parent	885,507

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	308,394	539,930	2,480,104	(463)	3,327,966	3,327,966
Changes during period						
Dividends of surplus			(212,086)		(212,086)	(212,086)
Profit attributable to owners of parent			885,507		885,507	885,507
Purchase of treasury shares				(806,091)	(806,091)	(806,091)
Total changes during period	–	–	673,421	(806,091)	(132,670)	(132,670)
Balance at end of period	308,394	539,930	3,153,526	(806,554)	3,195,296	3,195,296

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023
Cash flows from operating activities	
Profit before income taxes	1,266,512
Depreciation	36,675
Increase (decrease) in provision for bonuses	(6,562)
Increase (decrease) in retirement benefit liability	21,500
Subsidy income	(19,888)
Decrease (increase) in prepaid expenses	(150,042)
Decrease (increase) in guarantee deposits	(639,394)
Increase (decrease) in unearned revenue	158,434
Increase (decrease) in guarantee deposits received	660,847
Decrease (increase) in real estate for sale	(7,663)
Other, net	150,853
Subtotal	1,471,271
Income taxes paid	(417,378)
Subsidies received	19,888
Other, net	32
Net cash provided by (used in) operating activities	1,073,814
Cash flows from investing activities	
Purchase of property, plant and equipment	(470)
Purchase of intangible assets	(11,608)
Other, net	(9,830)
Net cash provided by (used in) investing activities	(21,908)
Cash flows from financing activities	
Purchase of treasury shares	(806,091)
Dividends paid	(212,086)
Net cash provided by (used in) financing activities	(1,018,178)
Net increase (decrease) in cash and cash equivalents	33,727
Cash and cash equivalents at beginning of period	3,467,517
Cash and cash equivalents at end of period	3,501,245