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

February 9, 2024

Company name: CERES INC.
 Stock exchange listing: Tokyo
 Stock code: 3696 URL <https://ceres-inc.jp/ir/English/>
 Representative: President and Representative Director Satoshi Takagi
 Inquiries: Managing Director and General Manager of Yasuhiro Kobayashi TEL +81 3-5797-3347
 the Administrative Division
 Scheduled date of ordinary general meeting of shareholders: March 26, 2024
 Scheduled date to file Securities Report: March 27, 2024
 Scheduled date to commence dividend payments: March 27, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2023 (from January 1, 2023 to December 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	%
Year ended December 31, 2023	24,070	17.2	1,707	48.8	1,118	(10.3)	1,217	79.1	451	868.0
Year ended December 31, 2022	20,536	-	1,147	(75.5)	1,246	(45.9)	679	(80.6)	46	(98.3)

	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 December 31, 2023	39.57	-	5.0	5.0	4.6
Year ended December 31, 2022	4.12	4.11	0.5	3.2	6.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	25,915	10,045	35.4	804.7
As of December 31, 2022	22,597	9,696	39.3	779.84

(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 December 31, 2023	1,061	(738)	1,233	8,051
Year ended December 31, 2022	101	(1,685)	1,191	6,491

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 December 31, 2022	-	0.00	-	20.00	20.00	227	484.9	2.5
Year ending December 31, 2023	-	0.00	-	20.00	20.00	228	50.5	2.5
Year ending December 31, 2024 (Forecast)	-	0.00	-	20.00	20.00		28.5	

3.Forecast of consolidated financial results for the year ending December 31,2024(from January 1,2024 to December 31,2024)

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	27,000	12.2	21,000	23.0	1,600	43.1	1,600	31.4	800	77.3	70.09

4.Notes

(1) Changes in significant subsidiaries during the year ended December 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

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31,2023	11,984,500 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 December 31,2023	571,232 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)

Year ended December 31, 2023	11,402,701 shares	Year ended December 31, 2022	11,299,747 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31,2022	As of December 31,2023
Assets		
Current assets		
Cash and deposits	6,547,200	8,112,206
Notes receivable - trade	686	—
Accounts receivable - trade	3,544,607	3,643,349
Operational investment securities	2,744,225	2,976,200
Merchandise and finished goods	208,119	384,326
Work in process	125,284	76,619
Raw materials and supplies	127,374	93,741
Other	1,132,049	2,339,178
Allowance for doubtful accounts	(16,103)	(38,658)
Total current assets	14,413,443	17,586,962
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	262,938	268,530
Accumulated depreciation	(135,507)	(220,674)
Facilities attached to buildings, net	127,431	47,856
Tools, furniture and fixtures	493,655	573,566
Accumulated depreciation	(357,268)	(436,554)
Tools, furniture and fixtures, net	136,386	137,012
Construction in progress	—	176,800
Total property, plant and equipment	263,818	361,668
Intangible assets		
Goodwill	1,743,240	1,537,615
Other	386,326	192,068
Total intangible assets	2,129,566	1,729,683
Investments and other assets		
Investment securities	1,095,604	1,139,796
Shares of subsidiaries and associates	3,116,212	3,194,221
Deferred tax assets	1,111,044	1,435,625
Other	470,900	470,855
Allowance for doubtful accounts	(3,512)	(3,728)
Total investments and other assets	5,790,249	6,236,771
Total non-current assets	8,183,633	8,328,123
Total assets	22,597,077	25,915,085

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31,2022	As of December 31,2023
Liabilities		
Current liabilities		
Accounts payable - trade	832,483	783,868
Short-term borrowings	2,450,000	3,413,000
Current portion of long-term borrowings	1,263,269	1,635,478
Lease liabilities	372	—
Accounts payable - other	971,645	1,188,068
Income taxes payable	372,397	246,857
Contract liabilities	65,602	96,571
Provision for point card certificates	3,182,962	3,921,484
Provision for bonuses for directors (and other officers)	30,000	30,000
Allowance for head office relocation expenses	—	40,781
Asset retirement obligations	—	88,100
Other	1,389,365	2,007,237
Total current liabilities	10,558,099	13,451,447
Non-current liabilities		
Bonds payable	55,000	—
Long-term borrowings	2,117,828	2,314,085
Asset retirement obligations	82,705	—
Other	87,354	103,724
Total non-current liabilities	2,342,888	2,417,809
Total liabilities	12,900,987	15,869,257
Net assets		
Shareholders' equity		
Share capital	2,025,683	2,046,390
Capital surplus	2,547,138	2,567,845
Retained earnings	4,496,200	4,719,572
Treasury shares	(307,778)	(307,818)
Total shareholders' equity	8,761,244	9,025,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	120,204	158,312
Total accumulated other comprehensive income	120,204	158,312
Share acquisition rights	1,266	1,266
Non-controlling interests	813,375	860,258
Total net assets	9,696,089	10,045,828
Total liabilities and net assets	22,597,077	25,915,085

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

(Thousands of yen)

	Fiscal year ended December 31,2022	Fiscal year ended December 31,2023
Net sales	20,536,320	24,070,608
Cost of sales	12,472,880	13,483,574
Gross profit	8,063,440	10,587,033
Selling, general and administrative expenses	6,816,648	9,468,602
Operating profit	1,246,792	1,118,431
Non-operating income		
Interest income	783	605
Share of profit of entities accounted for using equity method	—	78,396
Subsidy income	4,207	—
Rebates received	7,908	9,882
Refund of consumption tax, etc.	—	53,147
Other	981	5,555
Total non-operating income	13,880	147,587
Non-operating expenses		
Interest expenses	20,885	25,111
Share of loss of entities accounted for using equity method	489,728	—
Loss on investments in investment partnerships	26,350	8,254
Other	43,731	14,682
Total non-operating expenses	580,695	48,048
Ordinary profit	679,976	1,217,970
Extraordinary income		
Gain on sale of businesses	42,098	—
Other	1,151	—
Total extraordinary income	43,249	—
Extraordinary losses		
Impairment loss	—	343,530
Loss on change in equity	1,807	—
Provision of allowance for head office relocation expenses	—	40,781
Other	—	3,558
Total extraordinary losses	1,807	387,869
Profit before income taxes	721,419	830,101
Income taxes - current	910,969	660,771
Income taxes - deferred	(304,723)	(328,701)
Total income taxes	606,245	332,069
Profit	115,173	498,031
Profit attributable to non-controlling interests	68,566	46,883
Profit attributable to owners of parent	46,606	451,148

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Fiscal year ended December 31,2022	Fiscal year ended December 31,2023
Profit	115,173	498,031
Other comprehensive income		
Valuation difference on available-for-sale securities	46,470	38,496
Share of other comprehensive income of entities accounted for using equity method	3,628	(388)
Total other comprehensive income	50,099	38,108
Comprehensive income	165,273	536,140
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	96,706	489,256
Comprehensive income attributable to non-controlling interests	68,566	46,883

Consolidated statements of changes in equity

Fiscal year ended December 31,2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,944,479	2,465,934	4,899,089	(307,778)	9,001,725
Changes during period					
Issuance of new shares	81,204	81,204			162,408
Dividends of surplus			(449,496)		(449,496)
Profit attributable to owners of parent			46,606		46,606
Treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	81,204	81,204	(402,889)	-	(240,480)
Balance at end of period	2,025,683	2,547,138	4,496,200	(307,778)	8,761,244

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	70,104	70,104	3,329	744,808	9,819,967
Changes during period					
Issuance of new shares					162,408
Dividends of surplus					(449,496)
Profit attributable to owners of parent					46,606
Treasury shares					
Net changes in items other than shareholders' equity	50,099	50,099	(2,063)	68,566	116,602
Total changes during period	50,099	50,099	(2,063)	68,566	(123,877)
Balance at end of period	120,204	120,204	1,266	813,375	9,696,089

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,025,683	2,547,138	4,496,200	(307,778)	8,761,244
Changes during period					
Issuance of new shares	20,707	20,707			41,414
Dividends of surplus			(227,776)		(227,776)
Profit attributable to owners of parent			451,148		451,148
Treasury shares				(39)	(39)
Net changes in items other than shareholders' equity					
Total changes during period	20,707	20,707	223,372	(39)	264,746
Balance at end of period	2,046,390	2,567,845	4,719,572	(307,818)	9,025,991

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	120,204	120,204	1,266	813,375	9,696,089
Changes during period					
Issuance of new shares					41,414
Dividends of surplus					(227,776)
Profit attributable to owners of parent					451,148
Treasury shares					(39)
Net changes in items other than shareholders' equity	38,108	38,108	-	46,883	84,991
Total changes during period	38,108	38,108	-	46,883	349,738
Balance at end of period	158,312	158,312	1,266	860,258	10,045,828

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31,2022	Fiscal year ended December 31,2023
Net cash provided by (used in) operating activities		
Profit before income taxes	721,419	830,101
Depreciation	190,459	272,110
Impairment losses	—	343,530
Amortization of goodwill	183,327	205,624
Increase (decrease) in provision for point card certificates	899,238	738,521
Increase (decrease) in allowance for doubtful accounts	10,369	22,771
Increase (decrease) in allowance for head office relocation expenses	—	40,781
Interest income	(783)	(605)
Interest expenses	20,885	25,111
Share of loss (profit) of entities accounted for using equity method	489,728	(78,396)
Loss (gain) on sale of businesses	(42,098)	—
Loss (gain) on investments in investment partnerships	26,350	8,254
Loss (gain) on change in equity	1,807	—
Decrease (increase) in trade receivables and contract assets	(666,998)	(148,818)
Decrease (increase) in investment securities for sale	(385,211)	(170,832)
Decrease (increase) products - assets (liabilities)	(175,506)	(176,207)
Decrease (increase) in work in process	(67,458)	48,665
Decrease (increase) in raw materials and supplies	30,182	33,632
Increase (decrease) in trade payables	(101,976)	(48,615)
Increase (decrease) in accounts payable - other	116,251	197,495
Increase (decrease) in accrued consumption taxes	105,772	(128,746)
Increase (decrease) in contract liabilities	52,246	30,969
Other, net	72,728	(147,066)
Subtotal	1,480,731	1,898,279
Interest received	782	605
Interest paid	(21,742)	(25,864)
Income taxes paid	(1,357,986)	(811,551)
Net cash provided by (used in) operating activities	101,784	1,061,468
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(123,910)	(269,346)
Purchase of intangible assets	(292,063)	(234,598)
Purchase of investment securities	(290,779)	(106,250)
Payments of leasehold and guarantee deposits	(186,353)	(179,096)
Proceeds from refund of leasehold and guarantee deposits	3,694	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(884,091)	—
Proceeds from sale of businesses	42,275	—
Other, net	46,043	50,380
Net cash provided by (used in) investing activities	(1,685,187)	(738,910)

(Thousands of yen)

	Fiscal year ended December 31,2022	Fiscal year ended December 31,2023
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	600,000	963,000
Proceeds from long-term borrowings	2,400,000	2,050,000
Repayments of long-term borrowings	(1,271,480)	(1,481,534)
Redemption of bonds	(190,000)	(70,000)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	104,538	—
Dividends paid	(448,828)	(227,630)
Other, net	(2,621)	(412)
Net cash provided by (used in) financing activities	1,191,607	1,233,423
Net increase (decrease) in cash and cash equivalents	(391,794)	1,555,981
Cash and cash equivalents at beginning of period	6,883,425	6,491,630
Increase in cash and cash equivalents resulting from merger of unconsolidated	—	4,026
Cash and cash equivalents at end of period	6,491,630	8,051,638