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## Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



February 8, 2024

Company name: TENMA CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 7958

URL: <https://www.tenmacorp.co.jp>

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Scheduled date of filing quarterly securities report: February 8, 2024

Scheduled date of commencing dividend payments: –

Availability of supplementary briefing material on quarterly financial results: None

Schedule of quarterly financial results briefing session: None

(Amounts of less than one million yen are rounded off.)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2023	70,796	(4.0)	1,244	(28.7)	3,053	20.8	2,228	38.3
December 31, 2022	73,751	22.7	1,744	46.7	2,527	61.6	1,611	108.9

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥7,055 million [(33.0) %]

Nine months ended December 31, 2022: ¥10,525 million [284.0 %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	104.06	–
December 31, 2022	73.06	–

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2023	103,236	81,597	79.0	3,896.50
March 31, 2023	102,802	78,310	76.2	3,603.34

(Reference) Equity: As of December 31, 2023: ¥81,597 million

As of March 31, 2023: ¥78,310 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 40.00	Yen —	Yen 42.00	Yen 82.00
Fiscal year ending March 31, 2024	—	40.00	—		
Fiscal year ending March 31, 2024 (Forecast)				42.00	82.00

(Note) Revision of dividend forecast from recently announced figures: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	94,000	(7.9)	1,200	(60.1)	3,800	(0.0)	2,900	3.6	138.39

(Note) Revision of results forecast from recently announced figures: None

### \* Notes:

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes  
(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 8 of the Attachments.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

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

December 31, 2023:	24,313,026 shares
March 31, 2023:	25,313,026 shares

2) Total number of treasury shares at the end of the period:

December 31, 2023:	3,371,945 shares
March 31, 2023:	3,580,340 shares

3) Average number of shares during the period:

Nine months ended December 31, 2023: 21,405,254 shares

Nine months ended December 31, 2022: 22,045,078 shares

(Note) The Company's shares owned by the stock granting trust for Officers and employees are included in the treasury shares to be deducted in the calculation of total number of treasury shares at the end of the period.

\* These quarterly consolidated financial results are outside the scope of quarterly reviews by certified public accountants or audit firms.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to "1. Qualitative Information on the Financial Results for the Period Under Review, (3) Consolidated Financial Results Forecast and Other Forward-Looking Information" on page 3 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

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## 1. Qualitative Information on the Financial Results for the Period Under Review

### (1) Explanation on Operating Results

The world economy during the nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023) saw greater concern than ever before over a future slowdown amid depressed demand caused by persistent inflation, continued tension in the Middle East and Ukraine, and the materialization of the issue of excessive debt against the backdrop of the real estate market deterioration in China.

In the Japanese economy, although economic normalization is progressing in the form of increased wages and price pass-throughs, the rate of inflation is outpacing the rate of increase in wages, and real wages are down on a year-on-year basis. However, given the anticipated recovery in production in the automobile industry and increased consumption by inbound tourists, among other factors, a revitalization of the overall economy is expected.

In these circumstances, the Group promoted building a foundation for achievement of the mid- to long-term growth strategy based on the “Third Medium-term Management Plan” released in May 2021. Meanwhile, the Group has been working to optimize and streamline production systems.

As a result, net sales amounted to 70,796 million yen (down 4.0% year on year), operating profit amounted to 1,244 million yen (down 28.7% year on year), ordinary profit amounted to 3,053 million yen (up 20.8% year on year), and profit attributable to owners of parent amounted to 2,228 million yen (up 38.3% year on year).

Operating results by segment are as follows.

#### (Japan)

In the field of household synthetic resin products and related products, the decrease in sales was limited to a slight drop due to the effect of price revisions and efforts to increase our product lineup including new products, despite stagnant consumption of consumer goods. In the field of industrial synthetic resin products, overall sales increased with continued strength in vehicle-related sales.

Profits improved significantly due in part to the effect of price revisions in the field of household synthetic resin products and related products, and the effect of new product sales.

As a result, net sales for this segment amounted to 15,143 million yen (up 0.1% year on year), and segment profit (operating profit) amounted to 442 million yen (segment loss of 88 million yen in the same period of the previous fiscal year).

#### (China)

In the field of industrial synthetic resin products, sales decreased significantly due to factors that include the effects of a shift in production to Southeast Asia and manufacturing adjustments by business partners. In the field of household synthetic resin products and related products, sales declined as the recovery in private consumption remained sluggish and the real estate market continued to struggle.

Profits fell below those in the same period of the previous fiscal year due to the significant impact of declining sales, despite continued efforts to improve production efficiency in part by revamping the personnel structure and adopting automation.

As a result, net sales for this segment amounted to 16,070 million yen (down 17.2% year on year), and segment profit (operating profit) amounted to 666 million yen (down 38.0% year on year).

#### (Southeast Asia)

Although production adjustments were observed at our business partners, the decrease in sales was limited to a slight drop in the field of industrial synthetic resin products mainly due to strong first-half sales and the effect of the weak yen. In the field of household synthetic resin products and related products, while the volume is still small at present, we will proceed with full-fledged sales in Indonesia and are considering expanding into other regions as well in the future.

Profits fell below those in the same period of the previous fiscal year due in part to a deterioration in manufacturing efficiency with the launch of new models at certain locations, despite continued efforts to control fixed costs through measures including reducing personnel.

As a result, net sales for this segment amounted to 39,011 million yen (down 0.5% year on year), and segment profit (operating profit) amounted to 1,149 million yen (down 31.3% year on year).

(North America)

In May 2023, we newly acquired shares in Tenma Plastic Mexico, S.A. de C.V., which manufactures automobile parts in Mexico, as well as in its parent company Tenma America Corporation, which sells automobile parts in the United States of America, and began to record these companies in our consolidated statements of income from this third quarter. In North America, the Group mainly manufactures and sells safety-related automobile parts. Net sales for this segment amounted to 571 million yen.

In terms of profits, North America produced a segment loss (operating loss) of 52 million yen due to strong appreciation of the Mexican peso against the U.S. dollar and rising wages in Mexico that acted to increase U.S. dollar-denominated payments costs.

(2) Explanation on Financial Position

(Assets)

The total assets at the end of this third quarter increased by 434 million yen compared to the end of the previous fiscal year to 103,236 million yen. This was due to factors including increases in total property, plant and equipment by 2,168 million yen and intangible assets by 816 million yen, as well as decreases in notes and accounts receivable - trade by 1,496 million yen and cash and deposits by 1,435 million yen.

(Liabilities)

The total liabilities at the end of this third quarter decreased by 2,852 million yen compared to the end of the previous fiscal year to 21,639 million yen. This was due to factors including a decrease in notes and accounts payable - trade by 2,639 million yen.

(Net assets)

The total net assets at the end of this third quarter increased by 3,287 million yen compared to the end of the previous fiscal year to 81,597 million yen. This was due to an increase in foreign currency translation adjustment by 4,810 million yen, while capital surplus decreased by 1,872 million yen.

(3) Consolidated Financial Results Forecast and Other Forward-Looking Information

Regarding our financial results forecast for the fiscal year ending March 31, 2024, please refer to the “Notice of Differences from Financial Results Forecast for the First Half of the Fiscal Year Ending March 31, 2024 and Revision of Full-Year Results Forecast” announced on November 9, 2023.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	30,677,991	29,243,390
Notes and accounts receivable - trade	19,787,672	18,291,592
Merchandise and finished goods	3,669,068	3,189,677
Work in process	688,595	663,876
Raw materials and supplies	5,077,348	4,975,030
Other	1,688,442	2,050,744
Allowance for doubtful accounts	(1,258)	(1,360)
Total current assets	61,587,858	58,412,950
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,305,325	14,761,455
Machinery, equipment and vehicles, net	8,928,151	9,821,301
Right-of-use assets, net	3,118,451	3,066,197
Other, net	3,674,909	4,545,769
Total property, plant and equipment	30,026,836	32,194,721
Intangible assets	2,736,059	3,552,503
Investments and other assets		
Investment securities	4,756,915	5,186,423
Retirement benefit asset	2,817,877	2,831,767
Deferred tax assets	177,474	248,125
Other	706,232	817,310
Allowance for doubtful accounts	(7,407)	(7,827)
Total investments and other assets	8,451,091	9,075,798
Total non-current assets	41,213,986	44,823,023
<b>Total assets</b>	<b>102,801,844</b>	<b>103,235,973</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,791,252	9,152,217
Income taxes payable	608,039	414,967
Provision for bonuses	868,627	1,113,847
Provision for taxes related expenses	127,781	144,292
Provision for loss on business liquidation	32,840	–
Other	4,492,167	4,635,476
Total current liabilities	17,920,707	15,460,799
Non-current liabilities		
Long-term accounts payable - other	13,632	4,872
Provision for share awards for directors (and other officers)	108,326	122,667
Provision for share awards for employees	3,757	4,264
Retirement benefit liability	393,806	448,012
Lease liabilities	3,139,649	3,095,245
Asset retirement obligations	502,178	564,503
Deferred tax liabilities	2,344,388	1,874,044
Provision for business restructuring	64,994	64,584
Total non-current liabilities	6,570,730	6,178,192
<b>Total liabilities</b>	<b>24,491,437</b>	<b>21,638,991</b>

(Thousand yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	19,225,350	19,225,350
Capital surplus	14,856,522	12,984,521
Retained earnings	40,582,374	41,034,196
Treasury shares	(6,592,755)	(6,713,659)
Total shareholders' equity	68,071,491	66,530,408
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,560,749	1,697,313
Foreign currency translation adjustment	7,636,873	12,447,295
Remeasurements of defined benefit plans	1,041,215	921,873
Total accumulated other comprehensive income	10,238,837	15,066,481
Non-controlling interests	79	92
Total net assets	78,310,407	81,596,982
Total liabilities and net assets	102,801,844	103,235,973



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Nine months ended December 31

(Thousand yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	73,750,591	70,795,502
Cost of sales	63,335,726	60,834,225
Gross profit	10,414,865	9,961,277
Selling, general and administrative expenses	8,670,400	8,716,818
Operating profit	1,744,465	1,244,459
Non-operating income		
Interest income	151,083	355,302
Dividend income	129,588	146,401
Share of profit of entities accounted for using equity method	43,860	87,827
Foreign exchange gains	345,562	287,812
Gain on sale of investment securities	–	943,372
Other	224,317	143,045
Total non-operating income	894,410	1,963,759
Non-operating expenses		
Interest expenses	92,166	89,293
Other	19,440	66,041
Total non-operating expenses	111,606	155,334
Ordinary profit	2,527,268	3,052,885
Extraordinary income		
Gain on sale of non-current assets	26,610	82,006
Settlement income	105,000	–
Gain on bargain purchase	–	136,876
Reversal of provision for taxes related expenses	124,632	–
Total extraordinary income	256,242	218,882
Extraordinary losses		
Loss on sale of non-current assets	826	1,775
Loss on retirement of non-current assets	10,794	125,965
Loss on liquidation of subsidiaries and associates	7,882	–
Provision for loss on litigation	25,000	–
Provision for loss on business liquidation	51,000	2,700
Loss related to COVID-19	119,208	–
Loss on liquidation of business	–	4,300
Litigation settlement	–	30,000
Employee housing reserve contribution	–	199,091
Total extraordinary losses	214,710	363,831
Profit before income taxes	2,568,800	2,907,937
Income taxes	958,242	680,407
Profit	1,610,558	2,227,529
Profit attributable to non-controlling interests	2	3
Profit attributable to owners of parent	1,610,556	2,227,526

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended December 31

(Thousand yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	1,610,558	2,227,529
Other comprehensive income		
Valuation difference on available-for-sale securities	504,990	136,563
Foreign currency translation adjustment	8,422,089	4,734,590
Remeasurements of defined benefit plans, net of tax	(96,874)	(119,342)
Share of other comprehensive income of entities accounted for using equity method	84,680	75,842
Total other comprehensive income	8,914,885	4,827,654
Comprehensive income	10,525,443	7,055,183
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,525,428	7,055,170
Comprehensive income attributable to non-controlling interests	15	14

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the event of significant changes in the amount of shareholders' equity)

(Acquisition of treasury shares)

In accordance with the resolution at the Board of Directors meeting held on May 12, 2023, the Company acquired 794,600 shares of its common stock for a total amount of 2,000 million yen during the nine months ended December 31, 2023 as a result of the acquisition of treasury shares on the market based on the provisions of Article 156 of the Companies Act as applied by replacing the terms and phrases pursuant to the provisions of Article 165, Paragraph (3) of the same act, resulting in an increase in treasury shares of the same amount.

(Cancellation of treasury shares)

Based on the resolution at the Board of Directors meeting held on May 12, 2023, the Company cancelled 1,000,000 shares of treasury shares on May 31, 2023.

(Disposal of treasury shares)

At the Board of Directors meeting held on May 12, 2023, the Company resolved to dispose of treasury shares through third-party allotment in connection with the introduction and continuation of share-based remuneration plan. Based on this resolution, 220,000 shares of treasury shares were disposed of on May 30, 2023.

As a result of the above, capital surplus decreased by 1,872 million yen and treasury shares decreased by 121 million yen during the nine months ended December 31, 2023. Consequently, at the end of the nine months ended December 31, 2023, capital surplus amounted to 12,985 million yen and treasury shares amounted to 6,714 million yen.

(Changes in significant subsidiaries during the nine months ended December 31, 2023)

Not applicable.

Although not applicable to changes in specified subsidiaries, Tenma America Corporation and Tenma Plastic Mexico, S.A. de C.V. are included in the scope of consolidation due to the acquisition of their shares in the first quarter ended June 30, 2023.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the current fiscal year, including this third quarter, and multiplying the profit before income taxes for the nine months ended December 31, 2023 by the estimated effective tax rate.

(Changes in accounting policies)

Not applicable.

(Significant subsequent events)

Not applicable.

(Segment information, etc.)  
[Segment information]

For the nine months ended December 31, 2022

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Total
	Japan	China	Southeast Asia	North America	
Net sales					
Net sales to outside customers	15,124,438	19,411,919	39,214,234	–	73,750,591
Inter-segment net sales or transfers	62,569	316,075	12,396	–	391,040
Total	15,187,007	19,727,994	39,226,629	–	74,141,631
Segment profit (loss)	(88,227)	1,074,901	1,673,654	–	2,660,328

2. Difference between the total reportable segment and the amount recorded in quarterly consolidated statements of income, and description of said difference (comparability adjustment)

(Thousand yen)

Profit	For the nine months ended December 31, 2022
Total reportable segment	2,660,328
Inter-segment eliminations	2,762
Corporate expenses*	(918,625)
Operating profit in Quarterly Consolidated Statements of Income	1,744,465

\* Corporate expenses are mainly the expenses of the head office's management department which does not belong to a reportable segment.

3. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment  
Not applicable.

4. Information regarding changes, etc. to reportable segments  
Not applicable.

For the nine months ended December 31, 2023

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Total
	Japan	China	Southeast Asia	North America	
Net sales					
Net sales to outside customers	15,143,140	16,069,556	39,011,378	571,428	70,795,502
Inter-segment net sales or transfers	143,561	239,058	83,694	–	466,313
Total	15,286,701	16,308,614	39,095,072	571,428	71,261,815
Segment profit (loss)	441,536	666,054	1,149,493	(51,636)	2,205,447

2. Difference between the total reportable segment and the amount recorded in quarterly consolidated statements of income, and description of said difference (comparability adjustment)

(Thousand yen)

Profit	For the nine months ended December 31, 2023
Total reportable segment	2,205,447
Inter-segment eliminations	11,565
Corporate expenses*	(972,552)
Operating profit in Quarterly Consolidated Statements of Income	1,244,459

\* Corporate expenses are mainly the expenses of the head office's management department which does not belong to a reportable segment.

3. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment  
(Significant gain on bargain purchase)

In North America, a gain on bargain purchase was recognized as Tenma America Corporation and Tenma Plastic Mexico, S.A. de C.V. became consolidated subsidiaries due to the acquisition of their shares. The amount of gain on bargain purchase recorded due to this matter is 136,876 thousand yen. Since the gain on bargain purchase is recorded in extraordinary income, it is not included in the segment profit above.

4. Information regarding changes, etc. to reportable segments

With the inclusion of Tenma America Corporation and Tenma Plastic Mexico, S.A. de C.V. in the scope of consolidation from the first quarter ended June 30, 2023, starting in this third quarter, the segment classifications were changed from the previous three classifications of "Japan," "China," and "Southeast Asia" to the four classifications of "Japan," "China," "Southeast Asia," and "North America."

Furthermore, segment information for the nine months ended December 31, 2022 has been created and disclosed according to the reportable segments following the changes.