

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2022 (Based on Japanese GAAP)

February 10, 2023

Company name: EBARA JITSUGYO CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 6328 URL <https://www.ejk.co.jp/>
 Representative: President and COO Toshinori Yoshida
 Inquiries: Managing Executive Officer, Head of Planning & Strategy Office Shuji Ohno TEL 03-5565-2885
 Scheduled date of ordinary general meeting of shareholders: March 23, 2023
 Scheduled date to file Securities Report: March 23, 2023
 Scheduled date to commence dividend payments: March 24, 2023
 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, 2022 (from January 1, 2022 to December 31, 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 December 31, 2022	30,229	(6.9)	2,756	(30.8)	2,929	(28.7)	2,169	(31.3)
Year ended December 31, 2021	32,485	7.4	3,982	23.9	4,110	22.2	3,159	34.9

	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, 2022	177.15	–	11.6	8.5	9.1
Year ended December 31, 2021	253.05	–	17.6	12.0	12.3

(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, 2022	33,528	18,396	54.9	1,515.25
As of December 31, 2021	35,725	19,152	53.6	1,566.10

(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, 2022	1,615	9	(1,614)	10,965
Year ended December 31, 2021	3,147	108	(1,681)	10,955

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, 2021	–	75.00	–	47.50	–	1,062	33.6	5.9
Year ended December 31, 2022	–	42.50	–	42.50	85.00	1,043	48.0	5.5
Year ending December 31, 2023 (Forecast)	–	42.50	–	42.50	85.00		40.0	

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		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
Full year	35,000	15.8	3,500	27.0	3,650	24.6	2,600	19.9	212.33

4. Notes

- (1) Changes in significant subsidiaries during the year ended December 31, 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 December 31, 2022	12,930,000 shares	As of December 31, 2021	13,430,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	788,816 shares	As of December 31, 2021	1,200,454 shares
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Average number of shares during the period

Year ended December 31, 2022	12,245,033 shares	Year ended December 31, 2021	12,486,436 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	11,100	11,296
Notes and accounts receivable - trade	10,447	–
Notes and accounts receivable - trade, and contract assets	–	10,631
Merchandise and finished goods	863	1,159
Work in process	281	331
Costs on construction contracts in progress	489	173
Raw materials and supplies	389	481
Other	352	359
Allowance for doubtful accounts	(1)	(1)
Total current assets	23,921	24,432
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,634	3,704
Accumulated depreciation	(1,938)	(2,020)
Buildings and structures, net	1,696	1,684
Machinery, equipment and vehicles	196	206
Accumulated depreciation	(147)	(160)
Machinery, equipment and vehicles, net	49	46
Tools, furniture and fixtures	670	691
Accumulated depreciation	(581)	(599)
Tools, furniture and fixtures, net	89	91
Land	1,356	1,356
Construction in progress	–	2
Other	–	7
Accumulated depreciation	–	(1)
Other, net	–	6
Total property, plant and equipment	3,191	3,187
Intangible assets	120	86
Investments and other assets		
Investment securities	7,166	4,494
Insurance funds	408	410
Investment property, net	683	636
Deferred tax assets	66	117
Other	272	268
Allowance for doubtful accounts	(105)	(105)
Total investments and other assets	8,491	5,822
Total non-current assets	11,804	9,096
Total assets	35,725	33,528

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,829	9,809
Short-term borrowings	1,090	1,010
Current portion of long-term borrowings	80	80
Income taxes payable	818	329
Accrued consumption taxes	334	21
Advances received	1,369	–
Contract liabilities	–	1,661
Provision for loss on construction contracts	78	22
Other	746	714
Total current liabilities	14,346	13,647
Non-current liabilities		
Long-term borrowings	176	91
Deferred tax liabilities	1,598	868
Provision for retirement benefits for directors (and other officers)	158	158
Retirement benefit liability	182	241
Other	110	122
Total non-current liabilities	2,227	1,483
Total liabilities	16,573	15,131
Net assets		
Shareholders' equity		
Share capital	1,001	1,001
Capital surplus	1,032	831
Retained earnings	15,133	15,700
Treasury shares	(1,974)	(1,378)
Total shareholders' equity	15,192	16,154
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,944	2,228
Remeasurements of defined benefit plans	15	14
Total accumulated other comprehensive income	3,959	2,242
Total net assets	19,152	18,396
Total liabilities and net assets	35,725	33,528

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

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales		
Net sales of finished goods and construction sales	27,351	24,455
Net sales of goods	5,134	5,773
Total net sales	32,485	30,229
Cost of sales		
Cost of finished goods sold and construction sales	18,094	16,657
Cost of goods sold	3,901	4,289
Total cost of sales	21,995	20,947
Gross profit		
Gross profit-finished goods and construction sales	9,256	7,798
Gross profit - merchandise	1,232	1,483
Total gross profit	10,489	9,282
Selling, general and administrative expenses	6,507	6,525
Operating profit	3,982	2,756
Non-operating income		
Interest income	2	0
Dividend income	103	114
Rental income from investment property	101	100
Other	23	25
Total non-operating income	230	241
Non-operating expenses		
Interest expenses	6	5
Rental expenses on real estate	43	40
Foreign exchange losses	6	14
Loss on cancellation of insurance policies	21	1
Commission expenses	19	4
Other	5	3
Total non-operating expenses	102	68
Ordinary profit	4,110	2,929
Extraordinary income		
Gain on sale of investment securities	338	140
Other	0	–
Total extraordinary income	338	140
Extraordinary losses		
Impairment losses	30	–
Loss on sale of investment securities	26	–
Loss on disposal of non-current assets	0	11
Loss on investments in silent partnerships	–	9
Other	0	0
Total extraordinary losses	57	21
Profit before income taxes	4,392	3,048
Income taxes - current	1,294	945
Income taxes - deferred	(62)	(66)
Total income taxes	1,232	879
Profit	3,159	2,169
Profit attributable to owners of parent	3,159	2,169

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	3,159	2,169
Other comprehensive income		
Valuation difference on available-for-sale securities	1,132	(1,716)
Remeasurements of defined benefit plans, net of tax	46	(0)
Total other comprehensive income	1,179	(1,717)
Comprehensive income	4,338	451
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,338	451
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended December 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,001	831	12,952	(862)	13,923
Changes during period					
Dividends of surplus			(979)		(979)
Profit attributable to owners of parent			3,159		3,159
Purchase of treasury shares				(1,287)	(1,287)
Disposal of treasury shares		201		175	377
Net changes in items other than shareholders' equity					
Total changes during period	–	201	2,180	(1,112)	1,269
Balance at end of period	1,001	1,032	15,133	(1,974)	15,192

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,811	(31)	2,780	16,703
Changes during period				
Dividends of surplus				(979)
Profit attributable to owners of parent				3,159
Purchase of treasury shares				(1,287)
Disposal of treasury shares				377
Net changes in items other than shareholders' equity	1,132	46	1,179	1,179
Total changes during period	1,132	46	1,179	2,448
Balance at end of period	3,944	15	3,959	19,152

Fiscal year ended December 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,001	1,032	15,133	(1,974)	15,192
Cumulative effects of changes in accounting policies			95		95
Restated balance	1,001	1,032	15,228	(1,974)	15,287
Changes during period					
Dividends of surplus			(1,110)		(1,110)
Profit attributable to owners of parent			2,169		2,169
Purchase of treasury shares				(326)	(326)
Disposal of treasury shares		13		120	134
Cancellation of treasury shares		(801)		801	–
Transfer from retained earnings to capital surplus		586	(586)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(201)	472	595	866
Balance at end of period	1,001	831	15,700	(1,378)	16,154

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,944	15	3,959	19,152
Cumulative effects of changes in accounting policies				95
Restated balance	3,944	15	3,959	19,247
Changes during period				
Dividends of surplus				(1,110)
Profit attributable to owners of parent				2,169
Purchase of treasury shares				(326)
Disposal of treasury shares				134
Cancellation of treasury shares				–
Transfer from retained earnings to capital surplus				–
Net changes in items other than shareholders' equity	(1,716)	(0)	(1,717)	(1,717)
Total changes during period	(1,716)	(0)	(1,717)	(850)
Balance at end of period	2,228	14	2,242	18,396

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	4,392	3,048
Depreciation	207	231
Impairment losses	30	–
Share-based payment expenses	24	37
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for loss on construction contracts	(73)	(56)
Increase (decrease) in retirement benefit liability	53	57
Interest and dividend income	(105)	(115)
Interest expenses	6	5
Loss (gain) on cancellation of insurance policies	17	1
Loss (gain) on sale of investment securities	(323)	(140)
Loss (gain) on disposal of non-current assets	0	11
Loss (gain) on investments in silent partnerships	–	9
Decrease (increase) in trade receivables	357	–
Decrease (increase) in trade receivables and contract assets	–	(184)
Decrease (increase) in inventories	(127)	(122)
Increase (decrease) in trade payables	(117)	(19)
Increase (decrease) in advances received	(42)	–
Increase (decrease) in contract liabilities	–	291
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	72	(312)
Other, net	18	241
Subtotal	4,390	2,983
Interest and dividends received	104	116
Proceeds from insurance income	–	17
Interest paid	(6)	(5)
Income taxes paid	(1,341)	(1,496)
Net cash provided by (used in) operating activities	3,147	1,615
Cash flows from investing activities		
Net decrease (increase) in forced deposits	(136)	(186)
Purchase of property, plant and equipment	(446)	(242)
Purchase of intangible assets	(30)	(2)
Purchase of investment securities	(132)	(5)
Proceeds from sale and redemption of investment securities	626	332
Proceeds from cancellation of insurance funds	298	53
Proceeds from collection of loans receivable	10	0
Purchase of investment property	–	(20)
Proceeds from sale of investment property	–	49
Proceeds from withdrawal of investments in silent partnerships	–	3
Other, net	(80)	27
Net cash provided by (used in) investing activities	108	9

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(80)
Proceeds from long-term borrowings	300	–
Repayments of long-term borrowings	(43)	(85)
Repayments of lease liabilities	–	(1)
Dividends paid	(978)	(1,113)
Purchase of treasury shares	(1,011)	(399)
Proceeds from disposal of treasury shares	51	64
Net cash provided by (used in) financing activities	(1,681)	(1,614)
Net increase (decrease) in cash and cash equivalents	1,574	9
Cash and cash equivalents at beginning of period	9,381	10,955
Cash and cash equivalents at end of period	10,955	10,965