

Translation

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

May 12, 2023

Company name: CE Holdings Co.,Ltd.  
 Stock exchange listing: Tokyo, Sapporo  
 Stock code: 4320 URL <https://www.ce-hd.co.jp>  
 Representative: Representative Director and President & CEO(Chief Executive Officer) Naokazu Saito  
 Inquiries: Director & CFO(Chief Financial Officer) Tsunehito Taguchi TEL 011(861)1600  
 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 six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)

(1) Consolidated operating results (cumulative)

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	%
Six months ended March 31, 2023	7,341	1.5	839	36.3	837	34.9	494	47.5
Six months ended March 31, 2022	7,233	–	616	–	620	–	335	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2023	32.99	–
Six months ended March 31, 2022	22.38	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	11,204	6,348	52.6
As of September 30, 2022	10,905	6,082	51.6

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 September 30, 2022	–	0.00	–	12.00	12.00
Year ending September 30, 2023	–	0.00			
Year ending September 30, 2023 (Forecast)			–	13.00	13.00

3. Forecast of consolidated financial results for the year ending September 30, 2023 (from October 1, 2022 to September 30, 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	14,350	4.7	1,250	21.2	1,250	19.7	690	17.3	46.08

4. Notes

- (1) Changes in significant subsidiaries during the six 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	15,347,600 shares	As of September 30, 2022	15,273,500 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	398,114 shares	As of September 30, 2022	217,014 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2023	15,001,106 shares	Six months ended March 31, 2022	14,997,502 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of September 30, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	3,958,521	3,221,562
Notes and accounts receivable - trade, and contract assets	2,440,141	3,589,815
Merchandise and finished goods	3,421	3,773
Work in process	345,520	242,902
Raw materials and supplies	1,272	1,279
Accounts receivable - other	1,996	4,084
Other	359,131	336,993
Allowance for doubtful accounts	(9,227)	(13,426)
Total current assets	7,100,777	7,386,986
Non-current assets		
Property, plant and equipment	1,739,851	1,710,903
Intangible assets		
Goodwill	369,645	346,461
Other	618,197	679,785
Total intangible assets	987,843	1,026,246
Investments and other assets		
Investment securities	435,750	439,856
Other	687,655	640,973
Allowance for doubtful accounts	(46,479)	(360)
Total investments and other assets	1,076,926	1,080,469
Total non-current assets	3,804,621	3,817,620
Total assets	10,905,398	11,204,607
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,179,379	1,108,182
Short-term borrowings	100,000	490,000
Current portion of bonds payable	5,000	–
Current portion of long-term borrowings	598,042	541,540
Income taxes payable	305,077	291,050
Provision for bonuses	227,627	229,974
Contract liabilities	308,229	399,272
Other	539,342	470,754
Total current liabilities	3,262,698	3,530,774
Non-current liabilities		
Long-term borrowings	1,186,822	945,769
Retirement benefit liability	194,116	204,152
Other	179,652	175,798
Total non-current liabilities	1,560,591	1,325,719
Total liabilities	4,823,289	4,856,494

(Thousands of yen)

	As of September 30, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	1,198,552	1,218,077
Capital surplus	1,224,404	1,243,929
Retained earnings	3,291,991	3,606,168
Treasury shares	(100,410)	(200,373)
Total shareholders' equity	5,614,537	5,867,802
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,479	21,658
Total accumulated other comprehensive income	10,479	21,658
Non-controlling interests	457,091	458,652
Total net assets	6,082,108	6,348,112
Total liabilities and net assets	10,905,398	11,204,607

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

(Thousands of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Net sales	7,233,223	7,341,341
Cost of sales	5,620,516	5,378,975
Gross profit	1,612,707	1,962,366
Selling, general and administrative expenses	996,556	1,122,790
Operating profit	616,150	839,575
Non-operating income		
Interest income	21	229
Dividend income	1,315	1,180
Other	7,195	4,801
Total non-operating income	8,532	6,211
Non-operating expenses		
Interest expenses	3,291	3,642
Foreign exchange losses	–	1,590
Loss on investments in investment partnerships	665	1,537
Other	–	1,444
Total non-operating expenses	3,957	8,214
Ordinary profit	620,725	837,571
Extraordinary income		
Reversal of allowance for doubtful accounts	–	25,277
Gain on redemption of investment securities	120	120
Total extraordinary income	120	25,397
Extraordinary losses		
Loss on retirement of non-current assets	–	1,582
Total extraordinary losses	–	1,582
Profit before income taxes	620,845	861,387
Income taxes - current	279,895	289,277
Income taxes - deferred	(36,994)	36,494
Total income taxes	242,900	325,771
Profit	377,944	535,615
Profit attributable to		
Profit attributable to owners of parent	335,602	494,855
Profit attributable to non-controlling interests	42,342	40,760
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,042)	11,179
Total other comprehensive income	(6,042)	11,179
Comprehensive income	371,902	546,794
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	329,560	506,034
Comprehensive income attributable to non-controlling interests	42,342	40,760

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	620,845	861,387
Depreciation	146,849	172,340
Amortization of goodwill	11,301	23,183
Increase (decrease) in allowance for doubtful accounts	92	(41,921)
Interest and dividend income	(1,336)	(1,409)
Interest expenses	3,291	3,642
Decrease (increase) in trade receivables	(216,501)	(1,149,674)
Decrease (increase) in distressed receivables	–	46,119
Decrease (increase) in inventories	483,785	102,258
Increase (decrease) in trade payables	722,007	(71,196)
Other, net	(32,737)	84,868
Subtotal	1,737,597	29,597
Interest and dividends received	1,330	1,404
Interest paid	(3,291)	(3,642)
Income taxes paid	(297,924)	(368,417)
Income taxes refund	38,458	52,163
Net cash provided by (used in) operating activities	1,476,170	(288,894)
Cash flows from investing activities		
Purchase of property, plant and equipment	(844,668)	(38,149)
Purchase of intangible assets	(185,671)	(185,288)
Proceeds from sale of shares of subsidiaries and associates	400,000	–
Purchase of investment securities	(4,900)	(700)
Proceeds from sale of investment securities	9,511	9,483
Proceeds from share of profits on investments in partnership	3,961	1,572
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(265,425)	–
Other, net	(3,878)	(41,011)
Net cash provided by (used in) investing activities	(891,070)	(254,093)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	–	390,000
Proceeds from long-term borrowings	1,000,000	–
Repayments of long-term borrowings	(326,197)	(297,555)
Redemption of bonds	(20,000)	(5,000)
Purchase of treasury shares	–	(99,963)
Repayments of lease liabilities	(633)	(894)
Proceeds from issuance of shares	45,220	39,050
Dividends paid	(119,511)	(180,407)
Dividends paid to non-controlling interests	(44,100)	(39,200)
Net cash provided by (used in) financing activities	534,778	(193,970)
Net increase (decrease) in cash and cash equivalents	1,119,877	(736,958)
Cash and cash equivalents at beginning of period	2,865,030	3,958,521
Cash and cash equivalents at end of period	3,984,907	3,221,562