

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

May 12, 2023

Company name: TENOX CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1905 URL <https://www.tenox.co.jp/>
 Representative: President and Representative Director Masayuki Sato
 Inquiries: Accounting Manager Kazuhiko Sakoda TEL 03-3455-7758
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 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	18,317	23.6	653	40.0	694	34.6	482	34.9
Year ended March 31, 2022	14,817	(6.9)	466	51.0	516	55.7	357	106.5

	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	73.29	71.77	4.0	3.8	3.6
Year ended March 31, 2022	53.42	52.32	3.0	2.9	3.1

(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	18,770	12,467	64.4	1,850.63
As of March 31, 2022	17,681	12,300	67.4	1,781.85

(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	955	(622)	(404)	9,515
Year ended March 31, 2022	1,795	(107)	(514)	9,581

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	—	10.00	—	15.00	25.00	172	46.8	1.4
Year ended March 31, 2023	—	12.00	—	23.00	35.00	236	47.8	1.9
Year ending March 31, 2024 (Forecast)	—	19.00	—	19.00	38.00		44.3	

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
Full year	21,200	15.7	810	24.0	840	20.9	560	16.0	85.76

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): 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: 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	7,347,680 shares	As of March 31, 2022	7,694,080 shares
----------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of March 31, 2023	818,204 shares	As of March 31, 2022	1,004,808 shares
----------------------	----------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2023	6,587,793 shares	Year ended March 31, 2022	6,697,239 shares
---------------------------	------------------	---------------------------	------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	9,612,254	9,545,508
Notes receivable, accounts receivable from completed construction contracts, contract assets and other	2,683,049	3,493,874
Electronically recorded monetary claims - operating	1,405,880	1,244,489
Costs on construction contracts in progress	721,800	832,536
Accounts receivable - other	348,216	453,004
Other	80,166	74,930
Allowance for doubtful accounts	(1,299)	(1,443)
Total current assets	14,850,067	15,642,901
Non-current assets		
Property, plant and equipment		
Buildings and structures	551,014	566,976
Accumulated depreciation	(274,421)	(296,964)
Buildings and structures, net	276,593	270,011
Machinery, equipment and vehicles	7,116,850	7,150,739
Accumulated depreciation	(6,209,697)	(6,302,025)
Machinery, equipment and vehicles, net	907,152	848,713
Tools, furniture and fixtures	1,676,286	1,750,977
Accumulated depreciation	(1,565,858)	(1,615,472)
Tools, furniture and fixtures, net	110,428	135,505
Land	954,278	954,278
Other	64,790	18,001
Accumulated depreciation	(4,344)	(7,574)
Other, net	60,446	10,427
Total property, plant and equipment	2,308,899	2,218,937
Intangible assets		
Goodwill	20,592	16,257
Other	19,530	40,930
Total intangible assets	40,123	57,188
Investments and other assets		
Investment securities	280,263	315,274
Deferred tax assets	95,814	129,880
Other	117,442	409,770
Allowance for doubtful accounts	(11,112)	(3,072)
Total investments and other assets	482,407	851,852
Total non-current assets	2,831,430	3,127,978
Total assets	17,681,498	18,770,879

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	3,681,737	4,392,628
Current portion of long-term borrowings	9,940	9,940
Income taxes payable	189,149	206,100
Contract liabilities	128,586	203,459
Provision for bonuses	108,096	113,091
Provision for bonuses for directors	–	25,600
Provision for warranties for completed construction	3,400	4,000
Provision for loss on construction contracts	8,793	27,800
Other	565,573	697,373
Total current liabilities	4,695,275	5,679,993
Non-current liabilities		
Long-term borrowings	19,880	9,940
Retirement benefit liability	503,134	493,365
Provision for share awards	62,455	68,682
Other	100,548	51,500
Total non-current liabilities	686,018	623,488
Total liabilities	5,381,294	6,303,482
Net assets		
Shareholders' equity		
Share capital	1,710,900	1,710,900
Capital surplus	2,447,772	2,330,219
Retained earnings	8,380,240	8,581,570
Treasury shares	(630,462)	(557,014)
Total shareholders' equity	11,908,450	12,065,674
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,469	29,098
Foreign currency translation adjustment	(8,621)	(11,115)
Total accumulated other comprehensive income	10,848	17,983
Share acquisition rights	91,045	89,636
Non-controlling interests	289,859	294,103
Total net assets	12,300,204	12,467,397
Total liabilities and net assets	17,681,498	18,770,879

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	14,817,057	18,317,876
Cost of sales	12,461,643	15,553,454
Gross profit	2,355,413	2,764,421
Selling, general and administrative expenses	1,888,857	2,111,326
Operating profit	466,556	653,094
Non-operating income		
Interest income	216	164
Dividend income	9,757	8,333
Foreign exchange gains	6,116	5,243
Other	35,564	28,148
Total non-operating income	51,655	41,890
Non-operating expenses		
Interest expenses	580	231
Other	1,457	229
Total non-operating expenses	2,038	460
Ordinary profit	516,173	694,524
Extraordinary income		
Gain on sale of non-current assets	12,699	37,499
Gain on sale of investment securities	1,235	–
Total extraordinary income	13,935	37,499
Extraordinary losses		
Loss on disposal of non-current assets	2,635	0
Total extraordinary losses	2,635	0
Profit before income taxes	527,473	732,024
Income taxes - current	207,589	283,285
Income taxes - deferred	(34,693)	(39,229)
Total income taxes	172,896	244,056
Profit	354,577	487,968
Profit (loss) attributable to non-controlling interests	(3,214)	5,143
Profit attributable to owners of parent	357,792	482,824

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	354,577	487,968
Other comprehensive income		
Valuation difference on available-for-sale securities	(30,983)	9,629
Foreign currency translation adjustment	(664)	(2,494)
Total other comprehensive income	(31,647)	7,134
Comprehensive income	322,929	495,103
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	326,144	489,959
Comprehensive income attributable to non-controlling interests	(3,214)	5,143

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,710,900	2,397,716	8,187,745	(511,410)	11,784,951
Changes during period					
Dividends of surplus			(165,297)		(165,297)
Profit attributable to owners of parent			357,792		357,792
Purchase of treasury shares				(206,528)	(206,528)
Disposal of treasury shares		41,417		70,428	111,845
Exercise of share acquisition rights		1,786		4,272	6,058
Restricted share awards		6,852		12,776	19,629
Net changes in items other than shareholders' equity					
Total changes during period	-	50,056	192,494	(119,051)	123,499
Balance at end of period	1,710,900	2,447,772	8,380,240	(630,462)	11,908,450

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	50,453	(7,957)	42,496	94,210	293,973	12,215,632
Changes during period						
Dividends of surplus						(165,297)
Profit attributable to owners of parent						357,792
Purchase of treasury shares						(206,528)
Disposal of treasury shares						111,845
Exercise of share acquisition rights						6,058
Restricted share awards						19,629
Net changes in items other than shareholders' equity	(30,983)	(664)	(31,647)	(3,165)	(4,114)	(38,927)
Total changes during period	(30,983)	(664)	(31,647)	(3,165)	(4,114)	84,571
Balance at end of period	19,469	(8,621)	10,848	91,045	289,859	12,300,204

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,710,900	2,447,772	8,380,240	(630,462)	11,908,450
Changes during period					
Dividends of surplus			(185,329)		(185,329)
Profit attributable to owners of parent			482,824		482,824
Purchase of treasury shares				(169,976)	(169,976)
Disposal of treasury shares				3,434	3,434
Cancellation of treasury shares		(220,808)		220,808	–
Transfer to capital surplus for negative balance		96,164	(96,164)		–
Exercise of share acquisition rights		197		1,213	1,411
Restricted share awards		6,892		17,967	24,860
Net changes in items other than shareholders' equity					
Total changes during period	–	(117,553)	201,329	73,447	157,223
Balance at end of period	1,710,900	2,330,219	8,581,570	(557,014)	12,065,674

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	19,469	(8,621)	10,848	91,045	289,859	12,300,204
Changes during period						
Dividends of surplus						(185,329)
Profit attributable to owners of parent						482,824
Purchase of treasury shares						(169,976)
Disposal of treasury shares						3,434
Cancellation of treasury shares						–
Transfer to capital surplus for negative balance						–
Exercise of share acquisition rights						1,411
Restricted share awards						24,860
Net changes in items other than shareholders' equity	9,629	(2,494)	7,134	(1,409)	4,243	9,969
Total changes during period	9,629	(2,494)	7,134	(1,409)	4,243	167,193
Balance at end of period	29,098	(11,115)	17,983	89,636	294,103	12,467,397

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	527,473	732,024
Depreciation	465,492	430,196
Amortization of goodwill	4,335	4,335
Increase (decrease) in provision for loss on construction contracts	(3,706)	19,006
Increase (decrease) in allowance for doubtful accounts	(8,253)	(7,896)
Increase (decrease) in provision for bonuses	4,532	4,995
Increase (decrease) in provision for bonuses for directors	–	25,600
Increase (decrease) in provision for warranties for completed construction	300	600
Increase (decrease) in retirement benefit liability	6,843	(9,768)
Increase (decrease) in provision for share awards	5,960	6,227
Interest and dividend income	(9,974)	(8,497)
Interest expenses	580	231
Loss (gain) on sale of property, plant and equipment	(12,699)	(37,499)
Loss (gain) on disposal of property, plant and equipment	2,635	0
Loss (gain) on sale of investment securities	(1,235)	–
Foreign exchange losses (gains)	(8,181)	(9,835)
Decrease (increase) in trade receivables and contract assets	1,166,663	(743,717)
Decrease (increase) in costs on construction contracts in progress	(51,787)	(110,731)
Increase (decrease) in trade payables	(701,999)	710,911
Increase (decrease) in contract liabilities	(42,067)	74,900
Other, net	439,990	165,834
Subtotal	1,784,899	1,246,916
Interest and dividends received	9,804	9,394
Interest paid	(638)	(231)
Income taxes refund (paid)	1,387	(300,193)
Net cash provided by (used in) operating activities	1,795,452	955,886
Cash flows from investing activities		
Payments into long-term time deposits	–	(300,000)
Purchase of property, plant and equipment	(187,314)	(319,312)
Proceeds from sale of property, plant and equipment	17,060	37,500
Purchase of investment securities	(720)	(20,753)
Proceeds from sale and redemption of short-term and long-term investment securities	7,582	–
Loan advances	(761)	(2,373)
Proceeds from collection of loans receivable	1,501	953
Other, net	55,014	(18,794)
Net cash provided by (used in) investing activities	(107,637)	(622,780)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	(204,172)	(9,940)
Purchase of treasury shares	(206,528)	(169,976)
Proceeds from disposal of treasury shares	109,995	–
Dividends paid	(164,725)	(183,704)
Dividends paid to non-controlling interests	(900)	(900)
Other, net	(48,052)	(39,969)
Net cash provided by (used in) financing activities	(514,383)	(404,491)
Effect of exchange rate change on cash and cash equivalents	5,437	5,432
Net increase (decrease) in cash and cash equivalents	1,178,869	(65,952)
Cash and cash equivalents at beginning of period	8,402,414	9,581,283
Cash and cash equivalents at end of period	9,581,283	9,515,331