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

January 30, 2024

Company name: TERAOKA SEISAKUSHO CO.,LTD.

Stock exchange listing: Tokyo

Code number: 4987

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

Representative: Keishiro Teraoka

Representative Director, Chairman & President

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Director

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Scheduled date of filing quarterly securities report: February 14, 2024

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

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

### 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	13,702	(5.7)	(635)	-	(410)	-	22	-
December 31, 2022	14,528	(12.4)	(1,161)	-	(891)	-	(651)	-

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥ 449 million [ -%]  
 Nine months ended December 31, 2022: ¥ (368) million [ -%]

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2023	Yen 0.87	Yen -
December 31, 2022	(25.72)	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of December 31, 2023	Millions of yen 32,724	Millions of yen 26,081	79.7%
March 31, 2023	32,630	25,708	78.8%

(Reference) Equity: As of December 31, 2023: ¥ 26,081 million  
 As of March 31, 2023: ¥ 25,708 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	3.00	-	3.00	6.00
Fiscal year ending March 31, 2024	-	0.00	-		
Fiscal year ending March 31, 2024 (Forecast)				0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: No

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

Financial results forecast for the fiscal year ending March 31, 2024 is not provided because TERAOKA SEISAKUSHO CO., LTD. is to be delisted on March 11, 2024 after going through a series of procedures, as announced on January 18, 2024 in the "Notice Concerning Consolidation of Shares, Abolition of the Provisions Regarding the Number of Shares Constituting One Unit of Shares, and Partial Amendments to the Articles of Incorporation."

### \* 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): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(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: 26,687,955 shares

March 31, 2023: 26,687,955 shares

2) Number of treasury shares at the end of the period:

December 31, 2023: 1,356,716 shares

March 31, 2023: 1,356,004 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 25,331,716 shares

Nine months ended December 31, 2022: 25,331,999 shares

## Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information ..	3
2. Quarterly Consolidated Financial Statements and Principal Notes .....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	6
(3) Notes to Quarterly Consolidated Financial Statements .....	8
(Notes on going concern assumption) .....	8
(Notes in case of significant changes in shareholders' equity) .....	8
(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements) .....	8

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023), the Japanese economy was on an improving trend in both the manufacturing and non-manufacturing sectors. In particular, accommodations and eating and drinking services remained robust due to the recovery of inbound tourism demand. A broader range of industries also experienced improvements as they passed on costs to customers. However, the outlook for the manufacturing sector continues to be unpredictable due to concerns about sluggish global demand for goods, rising prices, including soaring fuel prices, and the prolonged depreciation of the yen.

Meanwhile, turning our attention to the global economy, prolonged inflation and tightening financial conditions in the US and Europe are gradually slowing down the economy, while in China, one of our major markets, sluggish real estate sales and declining personal consumption are negatively affecting the economy.

Within the context of this business environment, the Group saw net sales decrease year on year, as sales of electrical insulation and electronic equipment tapes declined significantly due to sluggish market conditions in China and prolonged inventory adjustments in the electronic components market, although sales of packing tapes and other industrial tapes were strong. On the other hand, operating loss decreased year on year due to the measures we had taken since the beginning of the fiscal year to reduce long-term immovable inventories and pass some of the increases in raw material prices to product prices. The decrease in operating loss was also due to a decrease in factory expenses and SG&A expenses, which resulted from group-wide efforts for exhaustive cost reduction. The Group, however, failed to return to profitability.

As a result, net sales for the nine months ended December 31, 2023 were 13,702 million yen (down 5.7% year on year). Operating loss was 635 million yen (operating loss of 1,161 million yen in the same period of the previous fiscal year). Ordinary loss was 410 million yen (ordinary loss of 891 million yen in the same period of the previous fiscal year), primarily due to foreign exchange gains of 182 million yen recorded under non-operating income as a result of the valuation of monetary claims denominated in foreign currencies amid the depreciation of the yen. Profit attributable to owners of parent was 22 million yen (loss attributable to owners of parent of 651 million yen in the same period of the previous fiscal year) due to a gain on sale of investment securities of 369 million yen and a gain on sale of non-current assets of 135 million yen.

The Group engages in the manufacture and sale of adhesive tapes. Net sales by product category are as presented below.

#### (Packing tapes)

As a result of the acquisition of new trade areas through new products and the spread of price increases, the category's net sales were 2,239 million yen (up 14.4% year on year).

#### (Electrical insulation and electronic equipment tapes)

Sales of electrical insulation and electronic equipment tapes were sluggish, mainly due to prolonged inventory adjustments in the electronic components market. As a result, the category's net sales were 6,085 million yen (down 15.7% year on year).

#### (Other industrial tapes)

Sales of automotive bundling tapes and masking tapes increased year on year. As a result, the category's net sales were 5,377 million yen (up 0.5% year on year).

#### (Reference) Sales performance

(Million yen)

Adhesive tape business by category	Nine months ended December 31, 2022		Nine months ended December 31, 2023		Year-on-year change	
	Net sales	Composition ratio	Net sales	Composition ratio	Net sales change	Percentage change
Packing tapes	1,958 [135]	13.5%	2,239 [284]	16.3%	281	14.4%
Electrical insulation and electronic equipment tapes	7,217 [3,759]	49.7%	6,085 [2,969]	44.4%	(1,131)	(15.7%)
Other industrial tapes	5,352 [361]	36.8%	5,377 [672]	39.2%	24	0.5%
Total	14,528 [4,256]	100.0%	13,702 [3,926]	100.0%	(825)	(5.7%)

(Note) Figures in brackets [ ] indicate overseas net sales.

## (2) Explanation of Financial Position

### Assets, Liabilities and Net Assets

Total assets at the end of the third quarter under review were 32,724 million yen, up 0.3% from the end of the previous fiscal year.

Current assets were 16,007 million yen, down 1.0% from the end of the previous fiscal year. This was primarily due to a decrease in notes receivable - trade.

Non-current assets were 16,717 million yen, up 1.6% from the end of the previous fiscal year. This was primarily due to an increase in construction in progress.

Total liabilities at the end of the third quarter under review were 6,643 million yen, down 4.0% from the end of the previous fiscal year.

Current liabilities were 5,417 million yen, up 7.0% from the end of the previous fiscal year. This was primarily due to an increase in short-term borrowings and a decrease in electronically recorded obligations - operating.

Non-current liabilities were 1,226 million yen, down 34.1% from the end of the previous fiscal year. This was primarily due to a decrease in long-term borrowings.

Total net assets at the end of the third quarter under review were 26,081 million yen, up 1.5% from the end of the previous fiscal year. This was primarily due to increases in valuation difference on available-for-sale securities and foreign currency translation adjustment.

As a result of the above, the capital adequacy ratio was 79.7% (78.8% at the end of the previous fiscal year).

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Financial results forecast for the fiscal year ending March 31, 2024 is not provided because TERAOKA SEISAKUSHO CO., LTD. is to be delisted on March 11, 2024 after going through a series of procedures, as announced on January 18, 2024 in the "Notice Concerning Consolidation of Shares, Abolition of the Provisions Regarding the Number of Shares Constituting One Unit of Shares, and Partial Amendments to the Articles of Incorporation."

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	4,820	5,298
Notes receivable - trade	1,188	778
Electronically recorded monetary claims - operating	1,684	2,188
Accounts receivable - trade	2,753	2,556
Merchandise and finished goods	2,327	2,089
Work in process	1,585	1,561
Raw materials and supplies	1,469	1,351
Other	348	190
Allowance for doubtful accounts	(7)	(7)
Total current assets	16,170	16,007
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,048	15,253
Accumulated depreciation	(11,025)	(11,306)
Buildings and structures, net	4,022	3,947
Machinery, equipment and vehicles	23,063	23,279
Accumulated depreciation	(20,230)	(20,555)
Machinery, equipment and vehicles, net	2,832	2,724
Land	4,108	4,110
Leased assets	269	269
Accumulated depreciation	(112)	(125)
Leased assets, net	157	143
Construction in progress	464	1,028
Other	2,388	2,399
Accumulated depreciation	(2,013)	(2,108)
Other, net	374	291
Total property, plant and equipment	11,960	12,245
Intangible assets	323	290
Investments and other assets		
Investment securities	3,055	3,013
Retirement benefit asset	947	926
Other	173	240
Total investments and other assets	4,176	4,180
Total non-current assets	16,460	16,717
Total assets	32,630	32,724

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,047	1,082
Electronically recorded obligations - operating	2,563	2,262
Short-term borrowings	21	700
Lease liabilities	19	19
Income taxes payable	40	89
Accrued expenses	365	354
Other	1,002	908
Total current liabilities	5,060	5,417
Non-current liabilities		
Long-term borrowings	703	-
Lease liabilities	151	137
Deferred tax liabilities	291	352
Provision for repairs	6	9
Retirement benefit liability	64	79
Asset retirement obligations	512	512
Long-term accounts payable - other	56	56
Other	74	77
Total non-current liabilities	1,861	1,226
Total liabilities	6,922	6,643
Net assets		
Shareholders' equity		
Share capital	5,057	5,057
Capital surplus	4,643	4,643
Retained earnings	13,822	13,768
Treasury shares	(462)	(463)
Total shareholders' equity	23,060	23,006
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,252	1,470
Foreign currency translation adjustment	1,012	1,275
Remeasurements of defined benefit plans	383	329
Total accumulated other comprehensive income	2,647	3,075
Total net assets	25,708	26,081
Total liabilities and net assets	32,630	32,724

Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	14,528	13,702
Cost of sales	12,268	10,999
Gross profit	2,259	2,703
Selling, general and administrative expenses	3,420	3,338
Operating loss	(1,161)	(635)
Non-operating income		
Interest income	4	13
Dividend income	77	74
Foreign exchange gains	176	182
Rent revenue of real estate	45	53
Other	44	28
Total non-operating income	349	354
Non-operating expenses		
Consulting fee	-	63
Rental expenses on real estate	35	37
Cost to deal with COVID	26	-
Other	17	28
Total non-operating expenses	79	129
Ordinary loss	(891)	(410)
Extraordinary income		
Gain on sale of non-current assets	150	135
Gain on sale of investment securities	3	369
Total extraordinary income	154	504
Profit (loss) before income taxes	(737)	94
Income taxes	(86)	71
Profit (loss)	(651)	22
Profit attributable to non-controlling interests	-	-
Profit (loss) attributable to owners of parent	(651)	22



Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit (loss)	(651)	22
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	218
Foreign currency translation adjustment	361	263
Remeasurements of defined benefit plans, net of tax	(75)	(54)
Total other comprehensive income	283	427
Comprehensive income	(368)	449
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(368)	449
Comprehensive income attributable to non-controlling interests	-	-

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

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by reasonably estimating the effective tax rate expected to be imposed on profit before income taxes (after tax effect accounting) for the consolidated fiscal year, in which the third quarter under review is included, and multiplying this estimated effective tax rate by the quarterly profit before income taxes. However, in cases where the estimated effective tax rate cannot be used, the statutory effective tax rate is used. Income taxes – deferred is included under income taxes.