

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 December 31, 2023 (Based on Japanese GAAP)

February 9, 2024

Company name: C.E.Management Integrated Laboratory Co.Ltd  
 Stock exchange listing: Tokyo  
 Stock code: 6171 URL <https://www.dksiken.co.jp/>  
 Representative: President Yuji Shimodaira  
 Inquiries: Planning Manager Nao Shioiri TEL 03-5846-8385  
 Scheduled date of ordinary general meeting of shareholders: March 22, 2024  
 Scheduled date to file Securities Report: March 22, 2024  
 Scheduled date to commence dividend payments: March 25, 2024  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended December 31, 2023 (from January 1, 2023 to December 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 December 31, 2023	7,326	4.7	474	(10.9)	488	(13.3)	190	(45.7)
Year ended December 31, 2022	6,998	(4.7)	532	9.6	563	(4.6)	349	64.0

	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, 2023	13.38	13.37	4.1	7.0	6.5
Year ended December 31, 2022	24.62	24.60	7.8	8.1	7.6

#### (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, 2023	6,861	4,631	67.5	326.03
As of December 31, 2022	7,013	4,573	65.2	321.82

#### (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, 2023	952	(82)	(479)	1,958
Year ended December 31, 2022	329	545	(340)	1,566

### 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, 2022	—	5.50	—	5.50	11.00	156	44.7	3.5
Year ended December 31, 2023	—	6.00	—	6.00	12.00	170	89.7	3.7
Year ending December 31, 2024 (Forecast)	—	6.00	—	6.00	12.00		43.1	

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 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
Six months ending June 30, 2024	3,636	(1.4)	280	6.7	284	4.8	167	9.4	11.78
Full year	7,661	4.6	648	36.8	653	33.9	395	107.9	27.82

4. Notes

(1) Changes in significant subsidiaries during the year ended December 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: 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, 2023	14,221,995 shares	As of December 31, 2022	14,221,995 shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2023	17,501 shares	As of December 31, 2022	12,000 shares
-------------------------	---------------	-------------------------	---------------

Average number of shares during the period

Year ended December 31, 2023	14,205,674 shares	Year ended December 31, 2022	14,210,777 shares
------------------------------	-------------------	------------------------------	-------------------

**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,746,778	2,138,332
Notes receivable - trade	72,561	52,654
Accounts receivable - trade	1,100,579	1,001,402
Contract assets	179,011	258,609
Merchandise	2,502	2,012
Work in process	313,881	295,455
Supplies	16,106	15,612
Other	240,928	64,111
Allowance for doubtful accounts	(2,559)	(12,592)
<b>Total current assets</b>	<b>3,669,790</b>	<b>3,815,597</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,333,826	1,280,147
Machinery, equipment and vehicles, net	145,144	115,181
Tools, furniture and fixtures, net	52,822	37,920
Land	547,690	547,690
Leased assets, net	111,990	117,293
Construction in progress	1,143	4,590
<b>Total property, plant and equipment</b>	<b>2,192,615</b>	<b>2,102,823</b>
<b>Intangible assets</b>		
Goodwill	313,408	148,277
Other	258,431	158,137
<b>Total intangible assets</b>	<b>571,840</b>	<b>306,415</b>
<b>Investments and other assets</b>		
Investment securities	342,944	387,064
Deferred tax assets	161,714	157,043
Other	75,088	98,447
Allowance for doubtful accounts	(717)	(6,277)
<b>Total investments and other assets</b>	<b>579,029</b>	<b>636,278</b>
<b>Total non-current assets</b>	<b>3,343,485</b>	<b>3,045,517</b>
<b>Total assets</b>	<b>7,013,275</b>	<b>6,861,115</b>

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	292,782	231,534
Current portion of bonds payable	50,000	–
Current portion of long-term borrowings	216,732	217,423
Lease liabilities	49,634	47,429
Accounts payable - other	292,464	272,502
Income taxes payable	45,308	155,645
Provision for bonuses	4,572	17,700
Provision for loss on construction contracts	5,580	3,585
Other	286,965	307,313
<b>Total current liabilities</b>	<b>1,244,039</b>	<b>1,253,135</b>
<b>Non-current liabilities</b>		
Long-term borrowings	707,615	494,749
Lease liabilities	76,229	81,335
Retirement benefit liability	328,510	355,070
Other	83,783	45,715
<b>Total non-current liabilities</b>	<b>1,196,139</b>	<b>976,871</b>
<b>Total liabilities</b>	<b>2,440,179</b>	<b>2,230,006</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,204,820	1,204,820
Capital surplus	1,154,820	1,154,820
Retained earnings	2,203,853	2,230,530
Treasury shares	–	(0)
<b>Total shareholders' equity</b>	<b>4,563,494</b>	<b>4,590,172</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	8,527	39,027
Foreign currency translation adjustment	1,074	1,909
<b>Total accumulated other comprehensive income</b>	<b>9,601</b>	<b>40,936</b>
<b>Total net assets</b>	<b>4,573,096</b>	<b>4,631,108</b>
<b>Total liabilities and net assets</b>	<b>7,013,275</b>	<b>6,861,115</b>

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

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	6,998,770	7,326,633
Cost of sales	4,345,721	4,590,447
Gross profit	2,653,048	2,736,185
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	247,478	285,667
Salaries, allowances and bonuses	774,974	796,741
Retirement benefit expenses	39,429	46,999
Legal welfare expenses	143,381	152,249
Provision of allowance for doubtful accounts	100	16,223
Depreciation	92,675	98,098
Amortization of goodwill	86,236	95,322
Rent expenses on land and buildings	110,215	118,573
Commission expenses	210,739	232,447
Other	415,695	419,807
Total selling, general and administrative expenses	2,120,925	2,262,130
Operating profit	532,123	474,054
Non-operating income		
Interest income	615	157
Dividend income	10,884	11,498
Rental income	6,688	4,079
Surrender value of insurance policies	10,913	–
Electricity sale income	2,016	2,075
Other	7,037	4,050
Total non-operating income	38,154	21,861
Non-operating expenses		
Interest expenses	3,983	4,677
Litigation expenses	463	354
Cost of electricity sales	1,226	1,088
Share-based payment expenses	342	84
Foreign exchange losses	1,085	767
Other	138	579
Total non-operating expenses	7,239	7,551
Ordinary profit	563,038	488,364
Extraordinary losses		
Loss on valuation of investment securities	8,942	–
Impairment losses	–	113,564
Total extraordinary losses	8,942	113,564
Profit before income taxes	554,096	374,799
Income taxes - current	204,802	228,649
Income taxes - deferred	(527)	(43,909)
Total income taxes	204,275	184,740
Profit	349,821	190,059
Profit attributable to owners of parent	349,821	190,059

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	349,821	190,059
Other comprehensive income		
Valuation difference on available-for-sale securities	13,066	30,500
Foreign currency translation adjustment	1,409	834
Total other comprehensive income	14,475	31,334
Comprehensive income	364,296	221,394
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	364,296	221,394

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	1,204,820	1,154,820	2,003,254	4,362,896
Changes during period				
Dividends of surplus			(149,222)	(149,222)
Profit attributable to owners of parent			349,821	349,821
Net changes in items other than shareholders' equity				
Total changes during period	–	–	200,598	200,598
Balance at end of period	1,204,820	1,154,820	2,203,853	4,563,494

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(4,538)	(334)	(4,873)	4,358,022
Changes during period				
Dividends of surplus				(149,222)
Profit attributable to owners of parent				349,821
Net changes in items other than shareholders' equity	13,066	1,409	14,475	14,475
Total changes during period	13,066	1,409	14,475	215,073
Balance at end of period	8,527	1,074	9,601	4,573,096

Fiscal year ended December 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,204,820	1,154,820	2,203,853	–	4,563,494
Changes during period					
Dividends of surplus			(163,382)		(163,382)
Profit attributable to owners of parent			190,059		190,059
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	26,677	(0)	26,677
Balance at end of period	1,204,820	1,154,820	2,230,530	(0)	4,590,172

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	8,527	1,074	9,601	4,573,096
Changes during period				
Dividends of surplus				(163,382)
Profit attributable to owners of parent				190,059
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	30,500	834	31,334	31,334
Total changes during period	30,500	834	31,334	58,012
Balance at end of period	39,027	1,909	40,936	4,631,108



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	554,096	374,799
Depreciation	277,260	264,341
Impairment losses	–	113,564
Amortization of goodwill	86,236	95,322
Increase (decrease) in allowance for doubtful accounts	(10)	15,591
Increase (decrease) in provision for bonuses	–	13,128
Increase (decrease) in provision for loss on construction contracts	3,282	(1,994)
Increase (decrease) in retirement benefit liability	5,275	26,559
Interest and dividend income	(11,499)	(11,655)
Interest expenses	3,983	4,677
Surrender value of insurance policies	(10,913)	–
Foreign exchange losses (gains)	1,085	767
Loss (gain) on valuation of investment securities	8,942	–
Decrease (increase) in trade receivable and contract assets	22,158	39,487
Decrease (increase) in inventories	38,746	19,409
Increase (decrease) in trade payables	(69,753)	(61,247)
Increase (decrease) in accounts payable - other	8,960	(18,705)
Other, net	(38,865)	35,692
Subtotal	878,985	909,740
Interest and dividends received	11,475	11,655
Interest paid	(4,013)	(4,625)
Proceeds from surrender value of Insurance	10,913	–
Income taxes refund (paid)	(567,868)	35,776
Net cash provided by (used in) operating activities	329,491	952,546
Cash flows from investing activities		
Payments into time deposits	(720,003)	(720,000)
Proceeds from withdrawal of time deposits	1,470,023	720,000
Purchase of property, plant and equipment	(43,798)	(52,706)
Purchase of investment securities	(30,120)	(224)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(163,201)	–
Other, net	32,942	(29,117)
Net cash provided by (used in) investing activities	545,842	(82,048)
Cash flows from financing activities		
Proceeds from long-term borrowings	200,000	5,000
Repayments of long-term borrowings	(334,147)	(217,175)
Repayments of lease liabilities	(57,509)	(54,327)
Redemption of bonds	–	(50,000)
Purchase of treasury shares	–	(0)
Dividends paid	(149,296)	(163,205)
Net cash provided by (used in) financing activities	(340,953)	(479,708)
Effect of exchange rate change on cash and cash equivalents	1,304	765
Net increase (decrease) in cash and cash equivalents	535,686	391,554
Cash and cash equivalents at beginning of period	1,031,092	1,566,778
Cash and cash equivalents at end of period	1,566,778	1,958,332