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Consolidated Financial Results for the Year Ended December 31, 2022 [Japanese GAAP]

February 9, 2023

Company name: Altech Corporation
 Stock exchange listing: Tokyo
 Code number: 4641
 URL: <https://www.alpsgiken.co.jp/>
 Representative: Atsushi Imamura President
 Contact: Nobuyuki Watanabe Senior Managing Director General Manager
 Phone: +81-42 (774) 3333
 Scheduled date of Annual General Meeting of Shareholders: March 24, 2023
 Scheduled date of commencing dividend payments: March 27, 2023
 Scheduled date of filing annual securities report: March 27, 2023
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(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	%
Fiscal year ended December 31, 2022	43,647	11.2	4,649	19.9	4,560	(0.3)	3,416	10.4
December 31, 2021	39,261	9.8	3,875	6.5	4,574	(0.5)	3,095	1.2

(Note) Comprehensive income: Fiscal year ended December 31, 2022: ¥ 3,398 million [1.4%]
 Fiscal year ended December 31, 2021: ¥ 3,353 million [7.8%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended December 31, 2022	Yen 169.47	Yen -	% 22.6	% 19.5	% 10.7
December 31, 2021	151.00	-	22.6	21.0	9.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2022: ¥ - million
 Fiscal year ended December 31, 2021: ¥ - million

(Notes) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 issued on March 31, 2020) has been adopted from the start of the first quarter of the current consolidated fiscal year, and the figures for the fiscal year ending December 2022 are the figures after application of this accounting standard.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of December 31, 2022	Millions of yen 24,274	Millions of yen 15,741	% 64.6	Yen 778.68
December 31, 2021	22,545	14,635	64.8	711.48

(Reference) Equity: As of December 31, 2022: ¥ 15,687 million
 As of December 31, 2021: ¥ 14,601 million

(Notes) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 issued on March 31, 2020) has been adopted from the start of the first quarter of the current consolidated fiscal year, and the figures for the fiscal year ending December 2022 are the figures after application of this accounting standard.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended December 31, 2022	Millions of yen 3,662	Millions of yen (124)	Millions of yen (2,880)	Millions of yen 10,004
December 31, 2021	3,169	(222)	(1,733)	9,293

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2021	-	37.00	-	39.00	76.00	1,558	50.3	11.4
December 31, 2022	-	38.00	-	47.00	85.00	1,711	50.2	11.4
Fiscal year ending December 31, 2023 (Forecast)	-	52.00	-	43.00	95.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended December 31, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2023	22,200	6.7	2,200	0.2	2,200	6.2	1,400	(11.0)	69.43
Full year	46,600	6.8	5,000	7.5	5,060	10.9	3,420	0.1	169.62

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation):

		Yes
New	1	(Company name: DONKEY Corporation)
Exclusion:	-	(Company name:)

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

1) Changes in accounting policies due to the revision of accounting standards:	Yes
2) Changes in accounting policies other than 1) above:	No
3) Changes in accounting estimates:	No
4) Retrospective restatement:	No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):	
December 31, 2022:	21,746,675 shares
December 31, 2021:	24,746,675 shares

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

December 31, 2022:	1,600,065 shares
December 31, 2021:	4,223,393 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended December 31, 2022:	20,162,291 shares
Fiscal Year ended December 31, 2021:	20,501,786 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2022	33,435	8.2	4,271	25.0	4,461	7.7	3,384	18.0
December 31, 2021	30,902	4.3	3,416	3.1	4,142	(0.7)	2,868	1.0

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended December 31, 2022	167.84		-	
December 31, 2021	139.91		-	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of December 31, 2022	20,702		14,011		67.7		695.47	
December 31, 2021	19,222		13,010		67.7		633.92	

(Reference) Equity: As of December 31, 2022: ¥ 14,011 million
As of December 31, 2021: ¥ 13,010 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Net income		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Six months ending June 30, 2023	17,100	5.2	2,300	7.6	1,600	(7.2)	79.35	
Full year	35,100	5.0	4,700	5.3	3,200	(5.4)	158.71	

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	9,984,642	10,696,566
Notes and accounts receivable - trade	5,465,492	-
Notes and accounts receivable - trade, and contract assets	-	6,622,872
Securities	1,301	-
Merchandise and finished goods	-	1,074
Work in process	303,014	238,003
Raw materials and supplies	46,659	57,597
Other	530,370	535,665
Total current assets	16,331,481	18,151,780
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,294,499	3,301,101
Accumulated depreciation	(1,635,998)	(1,737,179)
Buildings and structures, net	1,658,501	1,563,922
Machinery, equipment and vehicles	191,705	213,831
Accumulated depreciation	(168,020)	(180,412)
Machinery, equipment and vehicles, net	23,685	33,418
Land	1,529,365	1,527,337
Other	336,748	346,955
Accumulated depreciation	(275,634)	(293,246)
Other, net	61,114	53,708
Total property, plant and equipment	3,272,666	3,178,388
Intangible assets		
Goodwill	327,133	243,122
Other	145,514	141,115
Total intangible assets	472,647	384,237
Investments and other assets		
Investment securities	1,139,226	1,049,802
Shares of subsidiaries and associates	77,575	32,218
Deferred tax assets	617,141	862,242
Other	634,320	615,857
Total investments and other assets	2,468,264	2,560,120
Total non-current assets	6,213,578	6,122,746
Total assets	22,545,059	24,274,526

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	310,198	459,100
Short-term borrowings	773,730	274,391
Accounts payable - other	1,712,506	1,978,431
Income taxes payable	657,257	897,393
Accrued consumption taxes	760,431	929,610
Provision for bonuses	1,421,931	1,704,119
Provision for bonuses for directors (and other officers)	32,260	28,497
Other	1,774,041	1,861,504
Total current liabilities	7,442,358	8,133,048
Non-current liabilities		
Long-term borrowings	120,167	45,276
Provision for retirement benefits for directors (and other officers)	1,470	1,470
Deferred tax liabilities	-	4,012
Retirement benefit liability	192,332	177,916
Other	153,565	170,861
Total non-current liabilities	467,535	399,535
Total liabilities	7,909,893	8,532,583
Net assets		
Shareholders' equity		
Share capital	2,347,163	2,347,163
Capital surplus	3,124,180	2,784,651
Retained earnings	13,489,035	11,973,136
Treasury shares	(4,931,131)	(1,987,433)
Total shareholders' equity	14,029,247	15,117,517
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	439,412	385,442
Foreign currency translation adjustment	133,287	184,722
Total accumulated other comprehensive income	572,700	570,165
Non-controlling interests	33,218	54,259
Total net assets	14,635,166	15,741,943
Total liabilities and net assets	22,545,059	24,274,526

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Net sales	39,261,578	43,647,698
Cost of sales	30,322,570	33,159,104
Gross profit	8,939,007	10,488,594
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	170,299	173,765
Employees' salaries	1,632,604	1,704,393
Provision for bonuses	144,212	239,803
Retirement benefit expenses	32,597	32,352
Depreciation	268,471	285,719
Provision for bonuses for directors (and other officers)	32,260	28,497
Provision of allowance for doubtful accounts	(30)	(3,817)
Other	2,782,648	3,378,702
Total selling, general and administrative expenses	5,063,064	5,839,416
Operating profit	3,875,943	4,649,178
Non-operating income		
Interest income	4,436	6,074
Dividend income	23,889	30,107
Subsidy income	830,334	139,293
Other	98,382	90,838
Total non-operating income	957,043	266,313
Non-operating expenses		
Interest expenses	5,043	2,613
Donations	202,714	309,703
Foreign exchange losses	8,938	3,447
Other	41,710	38,730
Total non-operating expenses	258,406	354,493
Ordinary profit	4,574,579	4,560,997
Extraordinary income		
Gain on sale of non-current assets	171	253
Donation income	-	300,000
Total extraordinary income	171	300,253
Extraordinary losses		
Impairment losses	3,606	128,330
Loss on retirement of non-current assets	1,588	8
Loss on valuation of shares of subsidiaries and associates	52,143	-
Total extraordinary losses	57,338	128,338
Profit before income taxes	4,517,413	4,732,912
Income taxes - current	1,415,566	1,542,833
Income taxes - deferred	978	(214,369)
Total income taxes	1,416,545	1,328,463
Profit	3,100,868	3,404,448
Profit (loss) attributable to non-controlling interests	5,135	(12,483)
Profit attributable to owners of parent	3,095,732	3,416,932

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Profit	3,100,868	3,404,448
Other comprehensive income		
Valuation difference on available-for-sale securities	139,235	(53,969)
Foreign currency translation adjustment	113,414	48,380
Total other comprehensive income	252,650	(5,588)
Comprehensive income	3,353,518	3,398,860
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,345,415	3,414,398
Comprehensive income attributable to non-controlling interests	8,103	(15,538)

Consolidated Statements of Changes in Equity

For the fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,347,163	3,086,165	11,971,018	(4,981,321)	12,423,026
Changes during period					
Dividends of surplus			(1,577,715)		(1,577,715)
Profit attributable to owners of parent			3,095,732		3,095,732
Purchase of treasury shares				(938)	(938)
Disposal of treasury shares		38,014		51,127	89,142
Net changes in items other than shareholders' equity					
Total changes during period	-	38,014	1,518,017	50,189	1,606,221
Balance at end of period	2,347,163	3,124,180	13,489,035	(4,931,131)	14,029,247

	Accumulated other comprehensive income			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	300,176	22,840	323,017	25,115	12,771,158
Changes during period					
Dividends of surplus					(1,577,715)
Profit attributable to owners of parent					3,095,732
Purchase of treasury shares					(938)
Disposal of treasury shares					89,142
Net changes in items other than shareholders' equity	139,235	110,447	249,682	8,103	257,785
Total changes during period	139,235	110,447	249,682	8,103	1,864,007
Balance at end of period	439,412	133,287	572,700	33,218	14,635,166

For the fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,347,163	3,124,180	13,489,035	(4,931,131)	14,029,247
Changes during period					
Dividends of surplus			(1,565,052)		(1,565,052)
Profit attributable to owners of parent			3,416,932		3,416,932
Purchase of treasury shares				(843,970)	(843,970)
Disposal of treasury shares		27,691		52,668	80,360
Cancellation of treasury shares		(3,735,000)		3,735,000	(3,367,779)
Transfer from retained earnings to capital surplus		3,367,779	(3,367,779)		3,367,779
Net changes in items other than shareholders' equity					
Total changes during period	-	(339,529)	(1,515,899)	2,943,698	1,088,269
Balance at end of period	2,347,163	2,784,651	11,973,136	(1,987,433)	15,117,517

	Accumulated other comprehensive income			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	439,412	133,287	572,700	33,218	14,635,166
Changes during period					
Dividends of surplus					(1,565,052)
Profit attributable to owners of parent					3,416,932
Purchase of treasury shares					(843,970)
Disposal of treasury shares					80,360
Cancellation of treasury shares					(3,367,779)
Transfer from retained earnings to capital surplus					3,367,779
Net changes in items other than shareholders' equity	(53,969)	51,435	(2,534)	21,041	18,506
Total changes during period	(53,969)	51,435	(2,534)	21,041	1,106,776
Balance at end of period	385,442	184,722	570,165	54,259	15,741,943

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	4,517,413	4,732,912
Depreciation	193,810	200,483
Impairment losses	3,606	128,330
Amortization of goodwill	84,010	101,220
Increase (decrease) in allowance for doubtful accounts	(8)	(3,839)
Increase (decrease) in provision for bonuses for directors (and other officers)	6,185	(3,762)
Increase (decrease) in provision for bonuses	88,265	278,894
Increase (decrease) in retirement benefit liability	(5,828)	(14,415)
Interest and dividend income	(28,326)	(36,181)
Subsidy income	(830,334)	(139,293)
Interest expenses	5,043	2,613
Donation	202,714	309,703
Donation income	-	(300,000)
Loss (gain) on sale of non-current assets	(171)	(253)
Loss on retirement of non-current assets	1,588	8
Loss on valuation of shares of subsidiaries and associates	52,143	-
Other non-operating income	(98,382)	(90,838)
Other non-operating expenses	41,710	38,730
Decrease (increase) in trade receivables	(192,409)	(1,132,369)
Decrease (increase) in inventories	(18,502)	79,898
Increase (decrease) in trade payables	121,109	121,647
Increase (decrease) in accounts payable - other	72,224	254,827
Increase (decrease) in accrued consumption taxes	(202,255)	169,178
Decrease (increase) in consumption taxes refund receivable	5,004	(11,943)
Other, net	302,899	266,154
Subtotal	4,321,510	4,951,704
Interest and dividends received	28,084	36,181
Interest paid	(5,050)	(2,528)
Subsidies received	882,983	132,469
Proceeds from contribution revenues	-	300,000
Payment of contribution	(202,714)	(309,703)
Income taxes paid	(1,855,032)	(1,444,575)
Net cash provided by (used in) operating activities	3,169,781	3,663,548

(Thousands of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Cash flows from investing activities		
Payments into time deposits	(70,003)	-
Purchase of property, plant and equipment	(50,440)	(57,134)
Proceeds from sale of property, plant and equipment	171	292
Loan advances	(45,000)	-
Proceeds from collection of loans receivable	-	45,000
Purchase of intangible assets	(50,611)	(45,543)
Purchase of noncurrent assets for rent	(3,695)	(852)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(65,776)
Other, net	(2,450)	(1,918)
Net cash provided by (used in) investing activities	(222,030)	(125,932)
Cash flows from financing activities		
Proceeds from long-term borrowings	80,000	-
Net increase (decrease) in short-term borrowings	(330,000)	(519,339)
Repayments of long-term borrowings	(28,716)	(54,891)
Purchase of treasury shares	(952)	(844,595)
Dividends paid to non-controlling interests	(528)	(10,833)
Dividends paid	(1,453,028)	(1,451,682)
Proceeds from sale of treasury shares	-	300
Net cash provided by (used in) financing activities	(1,733,226)	(2,881,041)
Effect of exchange rate change on cash and cash equivalents	80,358	54,044
Net increase (decrease) in cash and cash equivalents	1,294,883	710,618
Cash and cash equivalents at beginning of period	7,998,171	9,293,055
Cash and cash equivalents at end of period	9,293,055	10,003,673

Non-consolidated Financial Statements

Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Net sales	30,902,108	33,435,192
Cost of sales	23,515,038	24,784,535
Gross profit	7,387,070	8,650,657
Selling, general and administrative expenses	3,970,653	4,378,972
Operating profit	3,416,417	4,271,684
Non-operating income		
Interest income	313	1,478
Dividend income	214,889	336,076
Subsidy income	624,270	112,326
Other	131,045	89,948
Total non-operating income	970,518	539,829
Non-operating expenses		
Interest expenses	1,939	845
Donations	202,714	309,703
Foreign exchange losses	3,974	1,562
Other	35,816	37,511
Total non-operating expenses	244,444	349,621
Ordinary profit	4,142,492	4,461,892
Extraordinary income		
Gain on sale of non-current assets	171	101
Donation income	-	300,000
Total extraordinary income	171	300,101
Extraordinary losses		
Impairment losses	3,606	2,782
Loss on retirement of non-current assets	1,588	8
Loss on valuation of shares of subsidiaries and associates	52,143	230,790
Total extraordinary losses	57,338	233,581
Profit before income taxes	4,085,325	4,528,412
Income taxes - current	1,215,453	1,305,804
Income taxes - deferred	1,552	(161,443)
Total income taxes	1,217,006	1,144,361
Profit	2,868,318	3,384,051