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July 12, 2023

**Summary of Financial Results**  
**for the Second Quarter of the Fiscal Year 2023 (FY11/2023)**  
**[Japanese GAAP] (non-consolidated)**

Company name: TIEMCO Ltd.  
 Stock exchange listing: Tokyo  
 Securities code: 7501 URL: <https://www.tiemco.co.jp>  
 Representative: President Seiji Sakai  
 Inquiries: Director & Manager of Administration Dept. Koji Ogiwara TEL: 81-3-5600-0122  
 Scheduled date to file Quarterly Report: July 14, 2023  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results meeting: No

(Amounts less than one mil. yen are rounded down)

**1. Financial results of the second quarter of FY11/2023 (December 1, 2022 – May 31, 2023)****(1) Operating results (cumulative)**

(Percentages indicate year-on-year changes)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss)	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
2Q of FY11/2023	1,814	7.4	125	82.4	124	64.9	98	44.9
2Q of FY11/2022	1,689	12.3	68	—	75	—	67	—

	Net profit (loss) per share		Diluted net profit (loss) per share	
	yen		yen	
2Q of FY11/2023	39.66		—	
2Q of FY11/2022	27.38		—	

**(2) Financial position**

	Total assets		Net assets		Equity ratio	Net assets per share
	mil. yen		mil. yen		%	yen
2Q of FY11/2023	5,985		4,672		78.1	1,886.57
FY11/2022	5,727		4,597		80.3	1,856.56

(Reference) Shareholders equity 2Q of FY11/2023: 4,672 mil. yen  
 FY11/2022: 4,597 mil. yen

**2. Cash dividends**

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	yen				
FY11/2022	—	0.00	—	12.00	12.00
FY11/2023	—	0.00	—	12.00	12.00
FY11/2023 (forecasts)	—	—	—	12.00	12.00

(Note) Revisions to dividend forecasts published most recently: No

**3. Performance forecasts for FY11/2023 (December 1, 2022 – November 30, 2023)**

(Percentages indicate year-on-year changes)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss)		Net profit (loss) per share
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%	yen
Full term	3,490	6.1	149	31.8	151	26.7	128	2.1	51.94

(Note) Revisions to performance forecasts published most recently: No

**\*Notes**

(1) Application of special accounting methods to the preparation of quarterly financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatements

① Changes in accounting policies due to revisions to accounting standards and other regulations: No

② Changes in accounting policies due to other reasons: No

③ Changes in accounting estimates: No

④ Restatements: No

(3) Number of issued shares (common shares)

① Total number of issued shares at the end of the period (including treasury stock)

2Q of FY11/2023:	3,339,995 shares	FY11/2022:	3,339,995 shares
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② Number of treasury stock at the end of the period

2Q of FY11/2023:	863,481 shares	FY11/2022:	863,481 shares
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③ Average number of shares during the period (quarterly cumulative)

2Q of FY11/2023:	2,476,514 shares	2Q of FY11/2022:	2,476,514 shares
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\* Quarterly summary of financial results is not included in a quarterly review by a certified public accountant or an auditing firm.

\* Explanation regarding appropriate use of the earnings forecast and other special notes

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company, and therefore actual business performance and other elements may differ substantially due to various factors. For performance forecasts and other matters, please see “(3) Descriptions regarding future prospects such as performance forecasts” given below.

## 1. Qualitative Information regarding the Financial Results of the Current Quarter

### (1) Descriptions regarding operating results

During the current second quarter cumulative period (December 1, 2022 - May 31, 2023), Japanese economy has experienced progressive normalization of social and economic activities from the COVID-19 pandemic. But at the same time, unpredictable economic situations for the future still remain such as ongoingly unstable situations in Ukraine and price escalation.

With respect to the outdoors-related industry in which the Company has engaged, we had a hard time in the fishing-gear market with decline in demand due to retroaction from the period during which fishing gathered much attention as an outdoor activity where we could avoid the so-called “Three Cs (closed spaces, crowded places, and close contact)”. However, we could achieve largely smooth sales growth in the outdoor clothing market thanks to recovery of customers’ foot traffic into commercial facilities such as department stores and shopping centers around major terminals, as well as effects brought about by recovery of tourism-related demands.

In such a situation, the Company put its efforts to ensuring profitability and the financial results of the current second quarter were as follows: Net sales: 1,814 mil. yen (increase by 7.4% YoY); Operating profit: 125 mil. yen (increase by 82.4% YoY); Ordinary profit: 124 mil. yen (increase by 64.9% YoY); and Net profit: 98 mil. yen (increase by 44.9% YoY).

Operating results of individual business segments are as follows.

#### *(Fishing Business)*

Concerning Fishing Business, there seemed to be some retroaction from the heightened demand in the field of fishing as an outdoor activity where we could avoid the “Three Cs” amid the COVID-19 pandemic, and also holding-off buying by customers due to price rise of merchandise caused by steep cost rise and weaker yen. Consequently, we had a hard time with sales activities in general during the current second quarter.

As for sales of lure-fishing/fly-fishing gears which the Company deals with, while we showed actual results exceeding the same period of the previous year mainly by new products which we could procure smoothly, sales of polarized sunglasses included in the category of other fishing gears slowed down due to market downturn.

As a result, Net sales in the Fishing Business segment during the current second quarter was 529 mil. yen (decrease by 3.5% YoY). Meanwhile, improved profit rate associated with price rise of merchandise resulted in Segment profit (Operating profit) of 98 mil. yen (increase by 3.6% YoY).

#### *(Outdoor Business)*

With respect to the Outdoor Business segment, there seemed to be recovery of customers’ foot traffic into commercial facilities such as department stores and shopping centers around major terminals where COVID-19 pandemic had caused economic downturn, as well as recovery of tourism-related demands, and hence we could achieve smooth sales growth. In particular, sales of warm clothing as well as light-weight jackets using moisture-permeable & waterproof materials (GORE-TEX) and a variety of fishing gears could achieve greater results than the same period of the previous year.

As a result, Net sales in the Outdoor Business segment during the current second quarter was 1,274 mil. yen (increase by 12.8% YoY). In addition, since there were less discounted sales of merchandise which had remained in stock for a long time, this segment could achieve Segment profit (Operating profit) of 117 mil. yen (increase by 85.5% YoY).

#### *(Other Business)*

Principal activity of the Other Business segment is gaining income from real estate rental. Net sales in the Other Business segment during the current second quarter was 10 mil. yen (decrease by 0.4% YoY) and its Segment profit (Operating profit) was 5 mil. yen (decrease by 1.8% YoY).

### (2) Descriptions regarding financial position

#### **Assets, liabilities, and net assets**

##### *(Assets)*

Total assets at the end of the current second quarter fiscal period increased from the end of the previous FY by 257 mil. yen to 5,985 mil. yen.

Current assets increased from the end of the previous FY by 251 mil. yen to 4,261 mil. yen. This is mainly due to increase in Notes and accounts receivable - trade by 52 mil. yen, increase in Electronically recorded monetary claims by 52 mil. yen, and increase in Merchandise by 190 mil. yen on one hand, whereas decrease in Cash and deposits by 47 mil. yen on the other.

Non-current assets increased from the end of the previous FY by 6 mil. yen to 1,724 mil. yen. This is mainly due to increase in Investment securities included in Investments and other assets by 8 mil. yen on one hand, whereas decrease in Intangible assets by 3 mil. yen because of depreciation on the other.

*(Liabilities)*

Total liabilities at the end of the current second quarter fiscal period increased from the end of the previous FY by 183 mil. yen to 1,313 mil. yen.

Current liabilities increased from the end of the previous FY by 181 mil. yen to 1,075 mil. yen. This is mainly due to increase in Notes and accounts payable - trade by 207 mil. yen on one hand, whereas decrease in Income taxes payable by 1 mil. yen, decreases in Accrued consumption taxes by 8 mil. yen and in Refund liabilities by 15 mil. yen (both of which are included in Others) on the other.

Non-current liabilities increased from the end of the previous FY by 1 mil. yen to 238 mil. yen. This is mainly due to increase in Provision for retirement benefits by 2 mil. yen and increase in Asset retirement obligations included in Others by 1 mil. yen on one hand, whereas decrease in Lease obligations included in Others by 2 mil. yen on the other.

*(Net assets)*

Net assets at the end of the current second quarter fiscal period increased from the end of the previous FY by 74 mil. yen to 4,672 mil. yen. This is mainly due to recording Net profit of 98 mil. yen and increase in Valuation difference on available-for-sale securities by 5 mil. yen on one hand, whereas Dividends paid of 29 mil. yen in consideration of closing account of the previous FY on the other.

### **Cash flow status**

Cash and cash equivalents (hereinafter, "business fund") as of the end of the current second quarter fiscal period decreased from the end of the previous FY by 46 mil. yen to 836 mil. yen.

Cash flow status for each activity category and main factors thereof are as follows.

*(Cash flows from operating activities)*

Business fund provided by operating activities was 5 million yen (which was 105 million yen in the 2Q of the previous FY). This is mainly due to increase in business fund because of such as Net profit before income taxes of 124 mil. yen, Depreciation of 30 mil. yen, and Increase in notes and accounts payable - trade by 199 mil. yen on one hand, whereas decrease in business fund because of Increase in notes and accounts receivable - trade by 104 mil. yen, Increase in inventories by 192 mil. yen, Decrease in accrued consumption taxes by 8 mil. yen, Decrease in other current liabilities by 34 mil. yen, and Income taxes paid of 9 mil. yen on the other.

*(Cash flows from investing activities)*

Business fund used in investing activities was 20 mil. yen (which was 23 mil. yen in the 2Q of the previous FY). This is mainly due to decrease in business fund because of such as Purchase of property, plant and equipment of 14 mil. yen and Expense by payment of guarantee deposits of 7 mil. yen.

*(Cash flows from financing activities)*

Business fund used in financial activities was 32 mil. yen (which was 16 mil. yen in the 2Q of the previous FY). This is mainly due to Dividends paid of 29 mil. yen in consideration of closing account of the previous FY and Repayments of lease obligations of 2 mil. yen.

### **(3) Descriptions regarding future prospects such as performance forecasts**

For the current second quarter cumulative period, the Company could make a progress greater than as planned in the full-term performance forecasts published in "Summary of Financial Results for the Full-term of FY11/2022 [Japanese GAAP] (non-consolidated) dated on January 19, 2023.

In addition, as announced in "Notice regarding the prospect of recording Gain on sales of investment securities (Extraordinary profit)" dated on June 16, 2023, the Company expects it would record Gain on sales of investment securities during the next third quarter.

However, assuming that unpredictable situations for the future would still remain, such as repeated price escalation, steep price rise of raw materials and energies, and concerns about weather due to the suspect of occurrence of El Nino phenomenon after four years of non-occurrence, the Company intends to keep the full-term performance forecasts as it is for the time being.

Please note that if it becomes necessary to revise the performance forecasts in the future, the Company will promptly inform that effect.

## 2. Quarterly Financial Statements

## (1) Quarterly Balance Sheets

	(thousand yen)	
	Previous FY (November 30, 2022)	Current second quarter fiscal period (May 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	1,855,543	1,807,658
Notes and accounts receivable - trade	524,311	576,462
Electronically recorded monetary claims	87,423	139,673
Securities	99,996	99,980
Merchandise	1,361,026	1,551,106
Others	82,033	86,414
Allowance for doubtful accounts	(394)	(143)
Total current assets	4,009,939	4,261,152
Non-current assets		
Property, plant and equipment		
Buildings (net)	460,222	461,604
Land	653,376	653,376
Others (net)	21,282	21,252
Total property, plant and equipment	1,134,881	1,136,233
Intangible assets	23,410	20,167
Investments and other assets	559,197	567,810
Total non-current assets	1,717,489	1,724,211
Total assets	5,727,429	5,985,363
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	624,649	832,408
Income taxes payable	39,925	38,475
Provision for bonuses	2,067	1,958
Others	226,583	202,163
Total current liabilities	893,225	1,075,006
Non-current liabilities		
Provision for retirement benefits	165,052	167,722
Others	71,352	70,520
Total non-current liabilities	236,404	238,243
Total liabilities	1,129,629	1,313,249
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,079,998	1,079,998
Capital surplus	3,834,701	3,834,701
Retained earnings	155,921	224,421
Treasury stock	(478,060)	(478,060)
Total shareholders' equity	4,592,562	4,661,061
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,237	11,052
Total valuation and translation adjustments	5,237	11,052
Total net assets	4,597,799	4,672,114
Total liabilities and net assets	5,727,429	5,985,363

**(2) Quarterly Statements of Income**

(For the second quarter cumulative period)

(thousand yen)

	Previous second quarter cumulative period (Dec. 1, 2021 – May 31, 2022)	Current second quarter cumulative period (Dec. 1, 2022 – May 31, 2023)
Net sales	1,689,047	1,814,656
Cost of sales	924,045	946,161
Gross profit	765,002	868,495
SG&A expenses	696,172	742,920
Operating profit (loss)	68,830	125,574
Non-operating income		
Interest income	886	1,232
Dividend income	537	624
Foreign exchange gains	5,215	—
Others	277	382
Total non-operating income	6,916	2,238
Non-operating expenses		
Foreign exchange losses	—	2,824
Others	43	118
Total non-operating expenses	43	2,942
Ordinary profit (loss)	75,703	124,870
Extraordinary profit		
Employment adjustment subsidies	3,150	—
Gain on sales of non-current assets	29	—
Total extraordinary profit	3,180	—
Extraordinary losses		
Loss on retirement of non-current assets	0	48
Total extraordinary losses	0	48
Net profit (loss) before income taxes	78,883	124,822
Income taxes	12,395	22,233
Income taxes - deferred	(1,318)	4,371
Total income taxes	11,077	26,604
Net profit (loss)	67,806	98,217

**(3) Quarterly Cash Flow Statements**

	(thousand yen)	
	Previous second quarter cumulative period (Dec. 1, 2021 - May. 31, 2022)	Current second quarter cumulative period (Dec. 1, 2022 - May. 31, 2023 )
<b>Cash flows from operating activities</b>		
Net profit (loss) before income taxes	78,883	124,822
Depreciation	26,797	30,788
Increase (decrease) in allowance for doubtful accounts	(84)	(251)
Increase (decrease) in reserve for bonuses	169	(108)
Increase (decrease) in provision for retirement benefits	(5,069)	2,670
Interest and dividends income	(1,423)	(1,856)
Foreign exchange losses (gains)	(3,647)	(1,183)
Loss on retirement of non-current assets	0	48
Loss (gain) on sale of non-current assets	(29)	—
Employment adjustment subsidies	(3,150)	—
Decrease (increase) in notes and accounts receivable - trade	(116,770)	(104,401)
Decrease (increase) in inventories	(90,157)	(192,501)
Increase (decrease) in notes and accounts payable - trade	306,476	199,629
Increase (decrease) in accrued consumption taxes	(55,450)	(8,747)
Decrease (increase) in other current assets	(38,165)	(1,739)
Increase (decrease) in other current liabilities	14,865	(34,260)
Others	(52)	(328)
Subtotal	113,189	12,580
Interest and dividends income received	1,439	1,636
Employment adjustment subsidies received	4,590	—
Income taxes paid	(13,986)	(9,005)
Net cash provided by (used in) operating activities	105,233	5,211
<b>Cash flows from investing activities</b>		
Payments into time deposits	(911,800)	(811,800)
Proceeds from withdrawal of time deposits	903,600	813,600
Proceeds from redemption of securities	—	100,000
Purchase of property, plant and equipment	(14,301)	(14,606)
Proceeds from sale of property, plant and equipment	30	—
Purchase of intangible assets	(375)	(600)
Purchase of investment securities	—	(100,000)
Payments for asset retirement obligations	(630)	—
Expense by payment of guarantee deposits	(250)	(7,031)
Proceeds from collection of guarantee deposits	101	155
Net cash provided by (used in) investing activities	(23,625)	(20,283)
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	(3,346)	(2,760)
Dividends paid	(13,268)	(29,436)
Net cash provided by (used in) financing activities	(16,615)	(32,196)
Effect of exchange rate change on cash and cash equivalents	3,647	1,183
Net increase (decrease) in cash and cash equivalents	68,640	(46,085)
Cash and cash equivalents at beginning of period	629,903	882,843
Cash and cash equivalents at 2Q end	698,544	836,758