

Translation

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

May 10, 2023

Company name: TOSHO CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8920 URL <https://www.to-sho.net>
 Representative: President Yuichiro Kutsuna
 Inquiries: Managing Director Naoya Kuwazoe TEL 0566-79-3111
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 30, 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	22,506	(17.6)	3,134	(30.1)	3,135	(31.0)	857	(64.6)
Year ended March 31, 2022	27,319	55.0	4,485	315.3	4,546	295.4	2,424	—

	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	22.39	—	2.3	3.9	13.9
Year ended March 31, 2022	63.29	—	6.8	5.9	16.4

(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	83,286	41,672	45.1	980.29
As of March 31, 2022	77,979	40,202	47.3	963.64

(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	(12,445)	(2,542)	4,912	14,973
Year ended March 31, 2022	13,162	(2,638)	(5,014)	25,048

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	—	1.00	—	5.00	6.00	229	9.5	0.6
Year ended March 31, 2023	—	1.00	—	2.00	3.00	114	13.4	0.3
Year ending March 31, 2024 (Forecast)	—	2.00	—	2.00	4.00		9.6	

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
Six months ending September 30, 2023	12,400	14.5	1,560	4.8	1,560	3.9	500	6.2	13.05
Full year	26,000	15.5	4,000	27.6	4,000	27.6	1,600	86.5	41.76

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: 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 March 31, 2023	38,315,000 shares	As of March 31, 2022	38,315,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	8,924 shares	As of March 31, 2022	8,924 shares
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Average number of shares during the period

Year ended March 31, 2023	38,306,076 shares	Year ended March 31, 2022	38,306,119 shares
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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	26,871,395	16,978,552
Accounts receivable - trade	365,217	779,875
Trade accounts receivable	126,328	148,145
Merchandise	1,755	2,506
Supplies	47,834	67,201
Real estate for sale	–	14,768,768
Other	364,960	653,392
Total current assets	27,777,492	33,398,442
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,199,744	55,023,168
Accumulated depreciation	(20,460,984)	(22,227,679)
Buildings and structures, net	33,738,759	32,795,489
Machinery, equipment and vehicles	1,986,942	1,975,153
Accumulated depreciation	(1,210,286)	(1,315,597)
Machinery, equipment and vehicles, net	776,656	659,556
Tools, furniture and fixtures	1,483,730	1,523,214
Accumulated depreciation	(1,272,090)	(1,346,239)
Tools, furniture and fixtures, net	211,639	176,974
Land	5,970,716	6,017,988
Leased assets	4,642,083	4,787,288
Accumulated depreciation	(1,287,397)	(1,598,642)
Leased assets, net	3,354,685	3,188,646
Construction in progress	612,063	828,264
Total property, plant and equipment	44,664,522	43,666,920
Intangible assets		
Other	139,832	102,411
Total intangible assets	139,832	102,411
Investments and other assets		
Investment securities	1,370,120	1,375,529
Leasehold and guarantee deposits	2,687,582	3,408,868
Long-term loans receivable	50,229	25,084
Deferred tax assets	1,099,412	1,143,095
Other	181,520	162,566
Allowance for doubtful accounts	(11,760)	(11,760)
Total investments and other assets	5,377,105	6,103,383
Total non-current assets	50,181,460	49,872,715
Deferred assets		
Bond issuance costs	20,758	15,458
Total deferred assets	20,758	15,458
Total assets	77,979,711	83,286,616

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	404	748
Current portion of long-term borrowings	5,252,926	4,840,524
Lease liabilities	299,636	489,324
Accounts payable - other	1,363,593	1,467,853
Income taxes payable	2,208,381	1,017,082
Accrued consumption taxes	1,162,650	274,836
Other	771,740	751,003
Total current liabilities	11,059,333	8,841,372
Non-current liabilities		
Bonds payable	5,000,000	5,000,000
Long-term borrowings	14,366,211	20,110,877
Lease liabilities	3,131,296	2,778,057
Provision for retirement benefits for directors (and other officers)	963,680	941,590
Retirement benefit liability	110,134	111,775
Asset retirement obligations	2,945,773	2,979,822
Other	200,959	850,343
Total non-current liabilities	26,718,054	32,772,466
Total liabilities	37,777,388	41,613,839
Net assets		
Shareholders' equity		
Share capital	1,580,817	1,580,817
Capital surplus	2,295,862	2,295,847
Retained earnings	33,043,549	33,671,415
Treasury shares	(7,955)	(7,955)
Total shareholders' equity	36,912,274	37,540,124
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	1,168	11,199
Total accumulated other comprehensive income	1,168	11,199
Non-controlling interests	3,288,880	4,121,452
Total net assets	40,202,322	41,672,776
Total liabilities and net assets	77,979,711	83,286,616

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	27,319,772	22,506,629
Cost of sales	21,066,961	17,736,476
Gross profit	6,252,810	4,770,153
Selling, general and administrative expenses		
Promotion expenses	17,717	17,770
Sales commission	278,096	303,592
Remuneration for directors (and other officers)	398,684	370,603
Provision for retirement benefits for directors (and other officers)	33,285	9,550
Salaries and bonuses	378,524	383,045
Retirement benefit expenses	5,256	5,664
Taxes and dues	290,282	191,660
Depreciation	38,067	31,997
Other	327,853	321,789
Total selling, general and administrative expenses	1,767,768	1,635,674
Operating profit	4,485,042	3,134,478
Non-operating income		
Interest income	2,309	1,537
Dividend income	18,987	2
Commission income	107,647	103,772
Rental income	14,504	27,882
Subsidy income	69,160	6,558
Share of profit of entities accounted for using equity method	23,095	40,230
Other	13,733	36,929
Total non-operating income	249,438	216,912
Non-operating expenses		
Interest expenses	128,894	117,387
Interest expenses on bonds	29,107	29,052
Other	29,908	69,185
Total non-operating expenses	187,910	215,626
Ordinary profit	4,546,570	3,135,764
Extraordinary income		
Gain on sale of non-current assets	280	27,584
Subsidies for employment adjustment	3,947	–
Subsidy income	49,430	–
Insurance claim income	–	7,953
Other	–	3,652
Total extraordinary income	53,658	39,190

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary losses		
Loss on retirement of non-current assets	3,111	2,957
Loss on store closures	48,805	–
Loss on changes in construction project	34,247	–
Loss on store closings	–	52,162
Loss on disaster	–	18,085
Impairment losses	–	263,804
Other	5,250	–
Total extraordinary losses	91,413	337,009
Profit before income taxes	4,508,815	2,837,945
Income taxes - current	2,174,571	1,170,228
Income taxes - deferred	(358,640)	(48,002)
Total income taxes	1,815,931	1,122,226
Profit	2,692,883	1,715,719
Profit attributable to non-controlling interests	268,143	858,016
Profit attributable to owners of parent	2,424,740	857,702

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,692,883	1,715,719
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	183	10,031
Total other comprehensive income	183	10,031
Comprehensive income	2,693,067	1,725,750
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,424,923	867,733
Comprehensive income attributable to non-controlling interests	268,143	858,016

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	1,580,817	2,295,403	30,750,745	(7,807)	34,619,159
Changes during period					
Dividends of surplus			(114,918)		(114,918)
Profit attributable to owners of parent			2,424,740		2,424,740
Change in ownership interest of parent due to transactions with non-controlling interests		(14)			(14)
Change in scope of consolidation		474	(17,017)		(16,543)
Net changes in items other than shareholders' equity				(148)	(148)
Total changes during period	–	459	2,292,804	(148)	2,293,114
Balance at end of period	1,580,817	2,295,862	33,043,549	(7,955)	36,912,274

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	985	985	2,827,934	37,448,079
Changes during period				
Dividends of surplus				(114,918)
Profit attributable to owners of parent				2,424,740
Change in ownership interest of parent due to transactions with non-controlling interests			(28)	(42)
Change in scope of consolidation				(16,543)
Net changes in items other than shareholders' equity	183	183	460,973	461,008
Total changes during period	183	183	460,945	2,754,243
Balance at end of period	1,168	1,168	3,288,880	40,202,322

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	1,580,817	2,295,862	33,043,549	(7,955)	36,912,274
Changes during period					
Dividends of surplus			(229,836)		(229,836)
Profit attributable to owners of parent			857,702		857,702
Change in ownership interest of parent due to transactions with non-controlling interests		(15)			(15)
Change in scope of consolidation					
Net changes in items other than shareholders' equity					
Total changes during period	–	(15)	627,866	–	627,850
Balance at end of period	1,580,817	2,295,847	33,671,415	(7,955)	37,540,124

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,168	1,168	3,288,880	40,202,322
Changes during period				
Dividends of surplus				(229,836)
Profit attributable to owners of parent				857,702
Change in ownership interest of parent due to transactions with non-controlling interests			5,390	5,375
Change in scope of consolidation				
Net changes in items other than shareholders' equity	10,031	10,031	827,181	837,213
Total changes during period	10,031	10,031	832,572	1,470,454
Balance at end of period	11,199	11,199	4,121,452	41,672,776

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	4,508,815	2,837,945
Depreciation	2,522,132	2,793,357
Increase (decrease) in provision for retirement benefits for directors (and other officers)	27,380	(22,090)
Increase (decrease) in retirement benefit liability	19,148	1,641
Interest and dividend income	(21,297)	(1,539)
Interest expenses	158,001	146,440
Amortization of bond issuance costs	5,300	5,300
Loss (gain) on sale of property, plant and equipment	(280)	(27,584)
Impairment losses	–	263,804
Loss on retirement of non-current assets	3,111	2,957
Share of loss (profit) of entities accounted for using equity method	–	40,230
Other extraordinary loss (income)	2,250	(3,652)
Loss on store closings	–	52,162
Loss on disaster	–	18,085
Decrease (increase) in trade receivables	(98,896)	(436,475)
Decrease (increase) in inventories	7,352	(20,117)
Decrease (increase) in real estate for sale	4,309,344	(15,179,782)
Increase (decrease) in trade payables	219	344
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	1,380,622	(1,138,905)
Decrease (increase) in other assets	86,414	(72,188)
Increase (decrease) in other liabilities	69,117	760,882
Other, net	530,479	–
Subtotal	13,509,215	(9,979,185)
Interest and dividends received	19,782	357
Interest paid	(157,396)	(145,482)
Income taxes paid	(209,506)	(2,320,693)
Net cash provided by (used in) operating activities	13,162,094	(12,445,003)
Cash flows from investing activities		
Payments into time deposits	(632,084)	(182,176)
Proceeds from withdrawal of time deposits	1,170,444	–
Purchase of property, plant and equipment	(1,784,680)	(1,801,767)
Proceeds from sale of property, plant and equipment	–	189,876
Purchase of short-term and long-term investment securities	(1,400,000)	–
Payments of guarantee deposits	(21,868)	(760,344)
Other, net	29,962	12,183
Net cash provided by (used in) investing activities	(2,638,226)	(2,542,228)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	800,000	10,900,000
Repayments of long-term borrowings	(5,501,856)	(5,567,736)
Redemption of bonds	(81,000)	–
Proceeds from sale and leaseback transactions	–	145,205
Purchase of treasury shares	(148)	–
Dividends paid	(114,930)	(229,718)
Dividends paid to non-controlling interests	(6,695)	(26,782)
Repayments of lease liabilities	(309,606)	(308,756)
Proceeds from share issuance to non-controlling shareholders	200,000	–
Net cash provided by (used in) financing activities	(5,014,238)	4,912,212
Net increase (decrease) in cash and cash equivalents	5,509,630	(10,075,019)
Cash and cash equivalents at beginning of period	19,538,443	25,048,073
Cash and cash equivalents at end of period	25,048,073	14,973,054