

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 7, 2021

Company name: TOSHO CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8920 URL <http://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 22, 2021
 Scheduled date to file Securities Report: June 25, 2021
 Scheduled date to commence dividend payments: June 23, 2021
 Preparation of supplementary material on financial results: No
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	17,625	(48.9)	1,080	(88.8)	1,149	(88.0)	217	(96.2)
Year ended March 31, 2020	34,466	26.5	9,682	35.1	9,580	31.2	5,803	44.2

	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, 2021	5.68	–	0.6	1.5	6.1
Year ended March 31, 2020	151.51	–	18.1	13.4	28.1

(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, 2021	77,100	37,448	44.9	903.77
As of March 31, 2020	75,462	37,528	45.9	904.94

(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, 2021	(1,448)	(3,927)	4,905	19,538
Year ended March 31, 2020	13,963	(5,559)	(1,883)	20,008

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, 2020	–	8.00	–	7.00	15.00	574	9.9	1.8
Year ended March 31, 2021	–	0.00	–	2.00	2.00	76	35.2	0.2
Year ending March 31, 2022 (Forecast)	–	–	–	–	–	–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2021
 (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: No
- 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, 2021	38,315,000 shares	As of March 31, 2020	38,315,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	8,841 shares	As of March 31, 2020	8,781 shares
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Average number of shares during the period

Year ended March 31, 2021	38,306,199 shares	Year ended March 31, 2020	38,306,254 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	22,413,442	21,900,125
Accounts receivable - trade	329,770	278,302
Trade accounts receivable	105,701	114,346
Merchandise	2,555	1,666
Supplies	67,053	55,276
Other	423,356	624,892
Total current assets	23,341,878	22,974,610
Non-current assets		
Property, plant and equipment		
Buildings and structures	50,427,005	55,829,072
Accumulated depreciation	(17,028,498)	(18,844,060)
Buildings and structures, net	33,398,507	36,985,011
Machinery, equipment and vehicles	1,734,573	1,936,053
Accumulated depreciation	(936,068)	(1,087,898)
Machinery, equipment and vehicles, net	798,505	848,154
Tools, furniture and fixtures	1,372,068	1,511,556
Accumulated depreciation	(1,048,269)	(1,192,889)
Tools, furniture and fixtures, net	323,798	318,667
Land	6,690,267	7,037,648
Leased assets	4,401,016	4,805,097
Accumulated depreciation	(872,063)	(1,082,966)
Leased assets, net	3,528,953	3,722,131
Construction in progress	2,945,711	764,721
Total property, plant and equipment	47,685,742	49,676,334
Intangible assets		
Other	146,162	176,349
Total intangible assets	146,162	176,349
Investments and other assets		
Leasehold and guarantee deposits	2,630,582	2,712,735
Deferred tax assets	813,612	740,851
Long-term loans receivable	80,131	66,234
Other	774,752	738,935
Allowance for doubtful accounts	(11,850)	(11,760)
Total investments and other assets	4,287,228	4,246,997
Total non-current assets	52,119,133	54,099,681
Deferred assets		
Share issuance costs	1,268	—
Bond issuance costs	581	26,058
Total deferred assets	1,849	26,058
Total assets	75,462,862	77,100,350

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	709	184
Short-term borrowings	250,000	—
Current portion of bonds payable	177,200	81,000
Current portion of long-term borrowings	4,868,922	5,491,856
Lease obligations	392,943	302,860
Accounts payable - other	1,669,782	1,309,250
Income taxes payable	2,460,867	189,018
Other	2,553,154	866,722
Total current liabilities	12,373,579	8,240,892
Non-current liabilities		
Bonds payable	81,000	5,000,000
Long-term borrowings	18,494,975	18,829,137
Lease obligations	3,206,477	3,493,277
Provision for retirement benefits for directors (and other officers)	905,260	936,300
Retirement benefit liability	77,788	91,858
Asset retirement obligations	2,580,902	2,853,674
Other	214,353	207,131
Total non-current liabilities	25,560,756	31,411,379
Total liabilities	37,934,335	39,652,271
Net assets		
Shareholders' equity		
Share capital	1,580,817	1,580,817
Capital surplus	2,295,434	2,295,403
Retained earnings	30,801,064	30,750,745
Treasury shares	(7,725)	(7,807)
Total shareholders' equity	34,669,591	34,619,159
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(4,472)	985
Total accumulated other comprehensive income	(4,472)	985
Non-controlling interests	2,863,407	2,827,934
Total net assets	37,528,526	37,448,079
Total liabilities and net assets	75,462,862	77,100,350

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

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	34,466,108	17,625,205
Cost of sales	21,837,921	14,746,130
Gross profit	12,628,187	2,879,074
Selling, general and administrative expenses		
Promotion expenses	192,927	66,284
Sales commission	505,571	266,713
Remuneration for directors (and other officers)	471,279	350,524
Provision for retirement benefits for directors (and other officers)	38,815	34,430
Salaries and bonuses	533,870	439,526
Retirement benefit expenses	6,804	7,873
Taxes and dues	467,636	185,678
Depreciation	38,620	37,451
Other	690,534	410,530
Total selling, general and administrative expenses	2,946,060	1,799,011
Operating profit	9,682,126	1,080,063
Non-operating income		
Interest income	2,739	2,710
Commission income	156,789	94,926
Rental income	17,850	11,542
Subsidy income	29,817	103,431
Other	37,466	43,330
Total non-operating income	244,664	255,941
Non-operating expenses		
Interest expenses	151,406	143,781
Loss on cancellation of rental contracts	159,558	18,838
Other	35,426	23,587
Total non-operating expenses	346,390	186,207
Ordinary profit	9,580,400	1,149,796
Extraordinary income		
Gain on sale of non-current assets	326,903	–
Reversal of provision for loss on litigation	56,746	–
Subsidies for employment adjustment	–	169,894
Other	–	18,206
Total extraordinary income	383,650	188,101
Extraordinary losses		
Loss on sale of non-current assets	82,161	–
Loss on retirement of non-current assets	8,228	8,151
Loss on store closures	–	855,212
Other	–	77
Total extraordinary losses	90,389	863,442
Profit before income taxes	9,873,660	474,456
Income taxes - current	3,715,122	181,463
Income taxes - deferred	(66,177)	70,411
Total income taxes	3,648,945	251,874
Profit	6,224,715	222,581
Profit attributable to non-controlling interests	420,847	4,756
Profit attributable to owners of parent	5,803,867	217,824

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	6,224,715	222,581
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(1,412)	5,457
Total other comprehensive income	(1,412)	5,457
Comprehensive income	6,223,303	228,039
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,802,455	223,282
Comprehensive income attributable to non-controlling interests	420,847	4,756

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,580,817	2,295,434	25,610,096	(7,459)	29,478,890
Changes during period					
Dividends of surplus			(612,900)		(612,900)
Profit attributable to owners of parent			5,803,867		5,803,867
Purchase of treasury shares				(266)	(266)
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	5,190,967	(266)	5,190,700
Balance at end of period	1,580,817	2,295,434	30,801,064	(7,725)	34,669,591

	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	(3,060)	(3,060)	2,482,734	31,958,564
Changes during period				
Dividends of surplus				(612,900)
Profit attributable to owners of parent				5,803,867
Purchase of treasury shares				(266)
Change in ownership interest of parent due to transactions with non-controlling interests				
Net changes in items other than shareholders' equity	(1,412)	(1,412)	380,673	379,261
Total changes during period	(1,412)	(1,412)	380,673	5,569,962
Balance at end of period	(4,472)	(4,472)	2,863,407	37,528,526

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,580,817	2,295,434	30,801,064	(7,725)	34,669,591
Changes during period					
Dividends of surplus			(268,143)		(268,143)
Profit attributable to owners of parent			217,824		217,824
Purchase of treasury shares				(81)	(81)
Change in ownership interest of parent due to transactions with non-controlling interests		(31)			(31)
Net changes in items other than shareholders' equity					
Total changes during period	–	(31)	(50,318)	(81)	(50,431)
Balance at end of period	1,580,817	2,295,403	30,750,745	(7,807)	34,619,159

	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	(4,472)	(4,472)	2,863,407	37,528,526
Changes during period				
Dividends of surplus				(268,143)
Profit attributable to owners of parent				217,824
Purchase of treasury shares				(81)
Change in ownership interest of parent due to transactions with non-controlling interests			(55)	(87)
Net changes in items other than shareholders' equity	5,457	5,457	(35,417)	(29,959)
Total changes during period	5,457	5,457	(35,473)	(80,447)
Balance at end of period	985	985	2,827,934	37,448,079

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	9,873,660	474,456
Depreciation	2,362,392	2,460,682
Increase (decrease) in allowance for doubtful accounts	–	(90)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	38,440	31,040
Increase (decrease) in provision for loss on litigation	(56,746)	–
Increase (decrease) in retirement benefit liability	21,193	14,070
Interest and dividend income	(2,739)	(2,710)
Interest expenses	151,406	143,781
Amortization of bond issuance costs	2,324	1,022
Amortization of share issuance costs	1,903	1,268
Loss (gain) on sale of property, plant and equipment	(244,742)	–
Loss on retirement of non-current assets	8,228	8,151
Loss on cancellation of rental contracts	159,558	18,838
Decrease (increase) in trade receivables	61,368	42,822
Decrease (increase) in inventories	13,946	12,664
Decrease (increase) in real estate for sale	2,964,782	–
Increase (decrease) in trade payables	(373)	(524)
Decrease/increase in consumption taxes receivable/payable	702,740	(1,109,817)
Decrease (increase) in other assets	31,698	7,525
Increase (decrease) in other liabilities	822,748	(922,998)
Other, net	–	(1,277)
Subtotal	16,911,787	1,178,907
Interest and dividends received	606	893
Interest paid	(152,371)	(142,224)
Litigation settlement paid	(77,555)	–
Income taxes paid	(2,718,762)	(2,388,001)
Payments for cancellation of rental contracts	–	(98,167)
Net cash provided by (used in) operating activities	13,963,705	(1,448,592)
Cash flows from investing activities		
Payments into time deposits	(692,063)	(132,120)
Proceeds from withdrawal of time deposits	–	175,010
Purchase of property, plant and equipment	(7,129,358)	(3,881,177)
Proceeds from sale of property, plant and equipment	3,041,759	–
Purchase of investment securities	(520,600)	–
Payments of guarantee deposits	(268,592)	(70,503)
Other, net	9,545	(18,279)
Net cash provided by (used in) investing activities	(5,559,309)	(3,927,069)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	250,000	(250,000)
Proceeds from long-term borrowings	5,200,000	6,600,000
Repayments of long-term borrowings	(6,020,734)	(5,642,904)
Proceeds from issuance of bonds	–	4,973,499
Redemption of bonds	(241,200)	(177,200)
Purchase of treasury shares	(266)	(81)
Dividends paid	(612,829)	(268,025)
Dividends paid to non-controlling interests	(40,158)	(40,174)
Repayments of lease obligations	(418,448)	(289,879)
Net cash provided by (used in) financing activities	(1,883,636)	4,905,234
Net increase (decrease) in cash and cash equivalents	6,520,759	(470,427)
Cash and cash equivalents at beginning of period	13,488,110	20,008,870
Cash and cash equivalents at end of period	20,008,870	19,538,443