

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 10, 2022

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 28, 2022
 Scheduled date to file Securities Report: June 29, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	27,319	55.0	4,485	315.3	4,546	295.4	2,424	–
Year ended March 31, 2021	17,625	(48.9)	1,080	(88.8)	1,149	(88.0)	217	(96.2)

	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, 2022	63.29	–	6.8	5.9	16.4
Year ended March 31, 2021	5.68	–	0.6	1.5	6.1

(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, 2022	77,979	40,202	47.3	963.64
As of March 31, 2021	77,100	37,448	44.9	903.77

(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, 2022	13,162	(2,638)	(5,014)	25,048
Year ended March 31, 2021	(1,448)	(3,927)	4,905	19,538

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, 2021	–	0.00	–	2.00	2.00	76	35.2	0.2
Year ended March 31, 2022	–	1.00	–	5.00	6.00	229	9.5	0.6
Year ending March 31, 2023 (Forecast)	–	1.00	–	1.00	2.00		8.5	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	9,900	2.1	800	10.3	800	9.1	370	4.1	9.65
Full year	20,600	(24.6)	2,000	(55.4)	2,000	(56.0)	900	(62.9)	23.49

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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, 2022	38,315,000 shares	As of March 31, 2021	38,315,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	8,924 shares	As of March 31, 2021	8,841 shares
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Average number of shares during the period

Year ended March 31, 2022	38,306,119 shares	Year ended March 31, 2021	38,306,199 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	21,900,125	26,871,395
Accounts receivable - trade	278,302	365,217
Trade accounts receivable	114,346	126,328
Merchandise	1,666	1,755
Supplies	55,276	47,834
Other	624,892	364,960
Total current assets	22,974,610	27,777,492
Non-current assets		
Property, plant and equipment		
Buildings and structures	55,829,072	54,199,744
Accumulated depreciation	(18,844,060)	(20,460,984)
Buildings and structures, net	36,985,011	33,738,759
Machinery, equipment and vehicles	1,936,053	1,986,942
Accumulated depreciation	(1,087,898)	(1,210,286)
Machinery, equipment and vehicles, net	848,154	776,656
Tools, furniture and fixtures	1,511,556	1,483,730
Accumulated depreciation	(1,192,889)	(1,272,090)
Tools, furniture and fixtures, net	318,667	211,639
Land	7,037,648	5,970,716
Leased assets	4,805,097	4,642,083
Accumulated depreciation	(1,082,966)	(1,287,397)
Leased assets, net	3,722,131	3,354,685
Construction in progress	764,721	612,063
Total property, plant and equipment	49,676,334	44,664,522
Intangible assets		
Other	176,349	139,832
Total intangible assets	176,349	139,832
Investments and other assets		
Leasehold and guarantee deposits	2,712,735	2,687,582
Long-term loans receivable	66,234	50,229
Deferred tax assets	740,851	1,099,412
Shares of subsidiaries and associates	–	1,369,620
Other	738,935	182,020
Allowance for doubtful accounts	(11,760)	(11,760)
Total investments and other assets	4,246,997	5,377,105
Total non-current assets	54,099,681	50,181,460
Deferred assets		
Bond issuance costs	26,058	20,758
Total deferred assets	26,058	20,758
Total assets	77,100,350	77,979,711

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	184	404
Current portion of bonds payable	81,000	–
Current portion of long-term borrowings	5,491,856	5,252,926
Lease liabilities	302,860	299,636
Accounts payable - other	1,309,250	1,363,593
Income taxes payable	189,018	2,208,381
Accrued consumption taxes	–	1,162,650
Other	866,722	771,740
Total current liabilities	8,240,892	11,059,333
Non-current liabilities		
Bonds payable	5,000,000	5,000,000
Long-term borrowings	18,829,137	14,366,211
Lease liabilities	3,493,277	3,131,296
Provision for retirement benefits for directors (and other officers)	936,300	963,680
Retirement benefit liability	91,858	110,134
Asset retirement obligations	2,853,674	2,945,773
Other	207,131	200,959
Total non-current liabilities	31,411,379	26,718,054
Total liabilities	39,652,271	37,777,388
Net assets		
Shareholders' equity		
Share capital	1,580,817	1,580,817
Capital surplus	2,295,403	2,295,862
Retained earnings	30,750,745	33,043,549
Treasury shares	(7,807)	(7,955)
Total shareholders' equity	34,619,159	36,912,274
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	985	1,168
Total accumulated other comprehensive income	985	1,168
Non-controlling interests	2,827,934	3,288,880
Total net assets	37,448,079	40,202,322
Total liabilities and net assets	77,100,350	77,979,711

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

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	17,625,205	27,319,772
Cost of sales	14,746,130	21,066,961
Gross profit	2,879,074	6,252,810
Selling, general and administrative expenses		
Promotion expenses	66,284	17,717
Sales commission	266,713	278,096
Remuneration for directors (and other officers)	350,524	398,684
Provision for retirement benefits for directors (and other officers)	34,430	33,285
Salaries and bonuses	439,526	378,524
Retirement benefit expenses	7,873	5,256
Taxes and dues	185,678	290,282
Depreciation	37,451	38,067
Other	410,530	327,853
Total selling, general and administrative expenses	1,799,011	1,767,768
Operating profit	1,080,063	4,485,042
Non-operating income		
Interest income	2,707	2,309
Dividend income	2	18,987
Commission income	94,926	107,647
Rental income	11,542	14,504
Subsidy income	103,431	69,160
Share of profit of entities accounted for using equity method	–	23,095
Other	43,330	13,733
Total non-operating income	255,941	249,438
Non-operating expenses		
Interest expenses	140,812	128,894
Interest on bonds	2,968	29,107
Loss on cancellation of rental contracts	18,838	–
Other	23,587	29,908
Total non-operating expenses	186,207	187,910
Ordinary profit	1,149,796	4,546,570
Extraordinary income		
Gain on sale of non-current assets	–	280
Subsidies for employment adjustment	169,894	3,947
Subsidy income	–	49,430
Other	18,206	–
Total extraordinary income	188,101	53,658
Extraordinary losses		
Loss on retirement of non-current assets	8,151	3,111
Loss on store closures	855,212	48,805
Loss on changes in construction project	–	34,247
Other	77	5,250
Total extraordinary losses	863,442	91,413
Profit before income taxes	474,456	4,508,815
Income taxes - current	181,463	2,174,571
Income taxes - deferred	70,411	(358,640)
Total income taxes	251,874	1,815,931
Profit	222,581	2,692,883
Profit attributable to non-controlling interests	4,756	268,143
Profit attributable to owners of parent	217,824	2,424,740

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	222,581	2,692,883
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	5,457	183
Total other comprehensive income	5,457	183
Comprehensive income	228,039	2,693,067
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	223,282	2,424,923
Comprehensive income attributable to non-controlling interests	4,756	268,143

Consolidated statements of changes in equity

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)
Change in scope of consolidation					
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)
Change in scope of consolidation				
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

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
Purchase of treasury shares				(148)	(148)
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					
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
Purchase of treasury shares				(148)
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	461,156
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

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	474,456	4,508,815
Depreciation	2,460,682	2,522,132
Increase (decrease) in allowance for doubtful accounts	(90)	–
Increase (decrease) in provision for retirement benefits for directors (and other officers)	31,040	27,380
Increase (decrease) in retirement benefit liability	14,070	19,148
Interest and dividend income	(2,710)	(21,297)
Interest expenses	143,781	158,001
Amortization of bond issuance costs	1,022	5,300
Amortization of share issuance costs	1,268	–
Loss (gain) on sale of property, plant and equipment	–	(280)
Loss on retirement of non-current assets	8,151	3,111
Other extraordinary loss (income)	–	2,250
Loss on cancellation of rental contracts	18,838	–
Decrease (increase) in trade receivables	42,822	(98,896)
Decrease (increase) in inventories	12,664	7,352
Decrease (increase) in real estate for sale	–	4,309,344
Increase (decrease) in trade payables	(524)	219
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(1,109,817)	1,380,622
Decrease (increase) in other assets	7,525	86,414
Increase (decrease) in other liabilities	(922,998)	69,117
Other, net	(1,277)	530,479
Subtotal	1,178,907	13,509,215
Interest and dividends received	893	19,782
Interest paid	(142,224)	(157,396)
Income taxes paid	(2,388,001)	(209,506)
Payments for cancellation of rental contracts	(98,167)	–
Net cash provided by (used in) operating activities	(1,448,592)	13,162,094
Cash flows from investing activities		
Payments into time deposits	(132,120)	(632,084)
Proceeds from withdrawal of time deposits	175,010	1,170,444
Purchase of property, plant and equipment	(3,881,177)	(1,784,680)
Purchase of short-term and long-term investment securities	–	(1,400,000)
Payments of guarantee deposits	(70,503)	(21,868)
Other, net	(18,279)	29,962
Net cash provided by (used in) investing activities	(3,927,069)	(2,638,226)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(250,000)	–
Proceeds from long-term borrowings	6,600,000	800,000
Repayments of long-term borrowings	(5,642,904)	(5,501,856)
Proceeds from issuance of bonds	4,973,499	–
Redemption of bonds	(177,200)	(81,000)
Purchase of treasury shares	(81)	(148)
Dividends paid	(268,025)	(114,930)
Dividends paid to non-controlling interests	(40,174)	(6,695)
Repayments of lease liabilities	(289,879)	(309,606)
Proceeds from share issuance to non-controlling shareholders	–	200,000
Net cash provided by (used in) financing activities	4,905,234	(5,014,238)
Net increase (decrease) in cash and cash equivalents	(470,427)	5,509,630
Cash and cash equivalents at beginning of period	20,008,870	19,538,443
Cash and cash equivalents at end of period	19,538,443	25,048,073