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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 13, 2022

Company name: TOKYO SANGYO CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 8070

URL: <http://www.tscom.co.jp/>

Representative: Minoru Kambara, President and Representative Director

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Scheduled date of general shareholders' meeting: June 29, 2022

Scheduled date of commencing dividend payments: June 30, 2022

Scheduled date of filing securities report: June 29, 2022

Availability of supplementary explanatory materials on annual financial results: Not available

Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	<u>58,872</u>	–	<u>2,434</u>	<u>28.4</u>	<u>2,625</u>	<u>21.3</u>	<u>1,219</u>	<u>(33.5)</u>
March 31, 2021	<u>113,030</u>	<u>15.4</u>	<u>1,895</u>	<u>(29.0)</u>	<u>2,163</u>	<u>(26.6)</u>	<u>1,833</u>	<u>(11.6)</u>

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥1,460 million [(54.8)%]

Fiscal year ended March 31, 2021: ¥3,234 million [215.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	<u>45.69</u>	–	<u>4.5</u>	3.2	<u>4.1</u>
March 31, 2021	<u>67.76</u>	–	<u>7.2</u>	<u>2.9</u>	1.7

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2022: ¥(74) million

Fiscal year ended March 31, 2021: ¥– million

(Note) The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the fiscal year ended March 31, 2022. Therefore, net sales for the fiscal year were significantly affected after the application of the said accounting standard, etc., and the percentage change of the net sales from the previous corresponding period is omitted.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	<u>88,261</u>	<u>26,868</u>	<u>30.4</u>	<u>1,036.14</u>
As of March 31, 2021	<u>75,775</u>	<u>26,968</u>	<u>35.6</u>	<u>988.14</u>

(Reference) Equity: As of March 31, 2022: ¥26,868 million

As of March 31, 2021: ¥26,968 million

### (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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	<u>(1,305)</u>	<u>(1,007)</u>	1,184	8,481
March 31, 2021	<u>(2,793)</u>	1,007	3,976	9,037

### 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended March 31, 2021	Yen –	Yen 12.00	Yen –	Yen 14.00	Yen 26.00	Million yen 720	% <u>38.4</u>	% <u>2.8</u>
Fiscal year ended March 31, 2022	–	13.00	–	13.00	26.00	695	<u>56.9</u>	<u>2.6</u>
Fiscal year ending March 31, 2023 (Forecast)	–	15.00	–	15.00	30.00		28.8	

(Note) Total dividends includes dividends paid on the Company's treasury shares held by the Stock Grant ESOP Trust account (¥8 million for the fiscal year ended March 31, 2021; ¥4 million for the fiscal year ended March 31, 2022) and dividends paid on the Company's treasury shares held by the Directors' Compensation BIP Trust account (¥6 million for the fiscal year ended March 31, 2021; ¥6 million for the fiscal year ended March 31, 2022).

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half (Cumulative)	33,000	<u>14.4</u>	1,500	<u>11.4</u>	1,600	<u>0.3</u>	1,100	<u>46.2</u>	42.42
Full year	80,000	<u>35.9</u>	3,700	<u>52.0</u>	3,800	<u>44.7</u>	2,700	<u>121.5</u>	104.12

**\* Notes:**

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

Newly included: – (Company name: –)

Excluded: One (1) company (Company name: Development 28th Silent Partnership)

(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: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

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

1) Total number of issued shares at the end of the year (including treasury shares):

March 31, 2022: 28,678,486 shares

March 31, 2021: 28,678,486 shares

2) Total number of treasury shares at the end of the year:

March 31, 2022: 2,747,118 shares

March 31, 2021: 1,386,409 shares

3) Average number of shares outstanding during the period:

Year ended March 31, 2022: 26,678,717 shares

Year ended March 31, 2021: 27,063,816 shares

(Note) The Company has introduced the Stock Grant ESOP Trust and the Directors' Compensation BIP Trust. Shares of the Company held by the Trusts are included in treasury shares.

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)**

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	<u>54,535</u>	—	<u>2,299</u>	<u>30.5</u>	<u>2,590</u>	<u>28.0</u>	<u>1,329</u>	<u>(24.4)</u>
March 31, 2021	<u>110,175</u>	<u>16.5</u>	<u>1,762</u>	<u>(30.1)</u>	<u>2,022</u>	<u>(27.3)</u>	<u>1,759</u>	<u>(11.1)</u>

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	<u>49.85</u>	—
March 31, 2021	<u>65.00</u>	—

(Note) The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the fiscal year ended March 31, 2022. Therefore, net sales for the fiscal year were significantly affected after the application of the said accounting standard, etc., and the percentage change of the net sales from the previous corresponding period is omitted.

## (2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	<u>86,559</u>	<u>26,261</u>	<u>30.3</u>	<u>1,012.75</u>
As of March 31, 2021	<u>72,645</u>	<u>26,438</u>	<u>36.4</u>	<u>968.73</u>

(Reference) Equity: As of March 31, 2022: ¥26,261 million

As of March 31, 2021: ¥26,438 million

**2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)**

(% indicates changes from the previous corresponding period.)

Full year	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	<u>75,000</u>	<u>37.5</u>	<u>3,500</u>	<u>52.2</u>	<u>3,700</u>	<u>42.8</u>	<u>2,500</u>	<u>88.0</u>	<u>96.41</u>

\* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

\* Explanation on the proper use of financial results forecast and other notes

The earnings forecasts and forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and the Company does not guarantee the achievement of the projections. Actual result may vary significantly due to various factors.

## Consolidated Financial Statements

### (1) Consolidated Statement of Financial Position

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	9,037	8,481
Notes and accounts receivable - trade	<u>17,121</u>	–
Notes receivable - trade	–	465
Electronically recorded monetary claims - operating	–	1,571
Accounts receivable - trade	–	<u>16,899</u>
Contract assets	–	1,702
Securities	199	200
Merchandise	742	921
Work in process	6,000	6,000
Advance payments to suppliers	<u>13,061</u>	<u>21,143</u>
Accounts receivable - other	53	54
Other	<u>2,129</u>	<u>4,835</u>
Allowance for doubtful accounts	(13)	(13)
Total current assets	<u>48,332</u>	<u>62,262</u>
Non-current assets		
Property, plant and equipment		
Buildings	517	520
Accumulated depreciation and impairment	(371)	(403)
Buildings, net	<u>145</u>	<u>117</u>
Machinery and equipment	216	269
Accumulated depreciation and impairment	(146)	(169)
Machinery and equipment, net	<u>70</u>	<u>100</u>
Land	11	11
Leased assets	24	16
Accumulated depreciation	(14)	(11)
Leased assets, net	<u>9</u>	<u>5</u>
Solar power generation assets	4,019	9,147
Accumulated depreciation	(774)	(1,114)
Solar power generation assets, net	<u>3,244</u>	<u>8,033</u>
Construction in progress	7,867	<u>1,620</u>
Other	1,579	1,776
Accumulated depreciation	(789)	(1,001)
Other, net	<u>789</u>	<u>775</u>
Total property, plant and equipment	<u>12,139</u>	<u>10,663</u>
Intangible assets		
Leased assets	3	1
Other	24	26
Total intangible assets	<u>27</u>	<u>27</u>
Investments and other assets		
Investment securities	6,114	5,458
Long-term loans receivable	2	1,049
Long-term accounts receivable - other	4,695	4,565
Retirement benefit asset	1,564	1,623
Deferred tax assets	9	29
Other	2,898	<u>2,639</u>
Allowance for doubtful accounts	(9)	(56)
Total investments and other assets	<u>15,275</u>	<u>15,308</u>
Total non-current assets	<u>27,443</u>	<u>25,999</u>
Total assets	<u>75,775</u>	<u>88,261</u>

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,215	9,057
Accounts payable - consignment	5,397	7,229
Short-term borrowings	9,351	9,901
Lease liabilities	53	52
Accounts payable - other	2,503	538
Income taxes payable	609	333
Advances received	12,881	–
Contract liabilities	–	23,417
Provision for bonuses	492	363
Provision for bonuses for directors (and other officers)	41	50
Other	2,192	3,740
Total current liabilities	40,737	54,685
Non-current liabilities		
Long-term borrowings	3,603	4,289
Long-term accounts payable - other	2,580	–
Lease liabilities	563	509
Provision for retirement benefits for directors (and other officers)	21	20
Provision for employee stock ownership plan trust	13	26
Provision for share awards for directors (and other officers)	77	84
Retirement benefit liability	13	14
Asset retirement obligations	186	413
Deferred tax liabilities	959	1,300
Other	52	49
Total non-current liabilities	8,069	6,707
Total liabilities	48,807	61,393
Net assets		
Shareholders' equity		
Share capital	3,443	3,443
Capital surplus	2,831	2,832
Retained earnings	19,352	20,003
Treasury shares	(500)	(1,493)
Total shareholders' equity	25,126	24,784
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,592	1,686
Deferred gains or losses on hedges	85	218
Foreign currency translation adjustment	(11)	65
Remeasurements of defined benefit plans	174	112
Total accumulated other comprehensive income	1,841	2,083
Total net assets	26,968	26,868
Total liabilities and net assets	75,775	88,261

(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income  
 Consolidated Income Statement

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	<u>113,030</u>	<u>58,872</u>
Cost of sales	<u>105,310</u>	<u>50,772</u>
Gross profit	<u>7,719</u>	<u>8,099</u>
Selling, general and administrative expenses	<u>5,823</u>	<u>5,665</u>
Operating profit	<u>1,895</u>	<u>2,434</u>
Non-operating income		
Interest income	57	18
Dividend income	201	395
Rental income from land and buildings	65	67
Foreign exchange gains	0	76
Other	85	86
Total non-operating income	410	645
Non-operating expenses		
Interest expenses	110	224
Provision of allowance for doubtful accounts	–	49
Share of loss of entities accounted for using equity method	–	74
Commission expenses	–	94
Other	32	11
Total non-operating expenses	142	453
Ordinary profit	<u>2,163</u>	<u>2,625</u>
Extraordinary income		
Gain on sale of non-current assets	1,217	–
Gain on sale of investment securities	–	473
Insurance claim income	194	–
Total extraordinary income	1,411	473
Extraordinary losses		
Loss on disposal of non-current assets	44	0
Loss on sale of non-current assets	80	–
Loss on tax purpose reduction entry of non-current assets	89	–
Loss on valuation of investment securities	38	23
Impairment losses	624	–
Loss related to impropriety	–	808
Other	11	1
Total extraordinary losses	890	833
Profit before income taxes	<u>2,685</u>	<u>2,265</u>
Income taxes - current	<u>1,026</u>	<u>812</u>
Income taxes - deferred	<u>(175)</u>	<u>233</u>
Total income taxes	<u>851</u>	<u>1,046</u>
Profit	<u>1,833</u>	<u>1,219</u>
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	<u>1,833</u>	<u>1,219</u>

## Consolidated Statement of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	<u>1,833</u>	<u>1,219</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	827	93
Deferred gains or losses on hedges	122	133
Foreign currency translation adjustment	10	77
Remeasurements of defined benefit plans, net of tax	440	(62)
Total other comprehensive income	<u>1,400</u>	<u>241</u>
Comprehensive income	<u>3,234</u>	<u>1,460</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	<u>3,234</u>	<u>1,460</u>
Comprehensive income attributable to non-controlling interests	—	—



## (3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,443	2,822	18,202	(670)	23,797
Changes during period					
Dividends of surplus			(720)		(720)
Profit attributable to owners of parent			1,833		1,833
Purchase of treasury shares				(33)	(33)
Disposal of treasury shares		8		203	212
Change in scope of consolidation					–
Reversal of revaluation reserve for land			36		36
Net changes in items other than shareholders' equity					
Total changes during period	–	8	1,149	170	1,329
Balance at end of period	3,443	2,831	19,352	(500)	25,126

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	765	(37)	36	(21)	(265)	477	24,275
Changes during period							
Dividends of surplus							(720)
Profit attributable to owners of parent							1,833
Purchase of treasury shares							(33)
Disposal of treasury shares							212
Change in scope of consolidation							–
Reversal of revaluation reserve for land							36
Net changes in items other than shareholders' equity	827	122	(36)	10	440	1,364	1,364
Total changes during period	827	122	(36)	10	440	1,364	2,693
Balance at end of period	1,592	85	–	(11)	174	1,841	26,968

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,443	2,831	<u>19,352</u>	(500)	<u>25,126</u>
Changes during period					
Dividends of surplus			(741)		(741)
Profit attributable to owners of parent			<u>1,219</u>		<u>1,219</u>
Purchase of treasury shares				(1,000)	(1,000)
Disposal of treasury shares		0		6	7
Change in scope of consolidation			173		173
Net changes in items other than shareholders' equity					
Total changes during period	–	0	<u>651</u>	(993)	<u>(341)</u>
Balance at end of period	3,443	2,832	<u>20,003</u>	(1,493)	<u>24,784</u>

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,592	85	(11)	174	1,841	<u>26,968</u>
Changes during period						
Dividends of surplus						(741)
Profit attributable to owners of parent						<u>1,219</u>
Purchase of treasury shares						(1,000)
Disposal of treasury shares						7
Change in scope of consolidation						173
Net changes in items other than shareholders' equity	93	133	77	(62)	241	241
Total changes during period	93	133	77	(62)	241	<u>(99)</u>
Balance at end of period	1,686	218	65	112	2,083	<u>26,868</u>

26,868

## (4) Consolidated Statement of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	<u>2,685</u>	<u>2,265</u>
Depreciation	528	660
Impairment losses	624	–
Amortization of goodwill	21	–
Insurance claim income	(194)	–
Loss (gain) on sale of investment securities	–	(473)
Loss (gain) on valuation of investment securities	38	23
Loss (gain) on sale of property, plant and equipment	(1,136)	–
Loss (gain) on disposal of property, plant and equipment	44	0
Loss on reduction of property plant and equipment	89	–
<u>Loss related to impropriety</u>	=	<u>808</u>
Increase (decrease) in allowance for doubtful accounts	0	<u>46</u>
Increase (decrease) in provision for bonuses	111	<u>(128)</u>
Increase (decrease) in provision for bonuses for directors (and other officers)	(15)	9
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3)	(0)
Interest and dividend income	(258)	(414)
Interest expenses	110	224
Commission expenses	–	94
Share of loss (profit) of entities accounted for using equity method	–	74
Subsidy income	(25)	(22)
Decrease (increase) in trade receivables	<u>3,822</u>	<u>(3,402)</u>
Decrease (increase) in inventories	(5,737)	(130)
Decrease (increase) in advance payments to suppliers	(408)	<u>(8,011)</u>
Decrease (increase) in accounts receivable - other	6,293	0
Decrease (increase) in long-term accounts receivable- other	(4,695)	130
Increase (decrease) in accounts payable - other	(4,508)	<u>(2,024)</u>
Increase (decrease) in long-term accounts payable - other	2,580	(2,580)
Increase (decrease) in trade payables	<u>(2,013)</u>	<u>3,556</u>
Increase (decrease) in contract liabilities	292	<u>9,350</u>
Decrease (increase) in retirement benefit asset	(33)	(148)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	<u>(102)</u>	33
Other, net	<u>(259)</u>	<u>(340)</u>
Subtotal	<u>(2,150)</u>	<u>(399)</u>
Interest and dividends received	242	411
Interest paid	(91)	(207)
Proceeds from insurance income	194	–
Income taxes paid	(988)	(1,109)
Net cash provided by (used in) operating activities	<u>(2,793)</u>	<u>(1,305)</u>

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Cash flows from investing activities</b>		
Purchase of securities	(199)	(200)
Proceeds from sale and redemption of securities	1,000	199
Purchase of property, plant and equipment	(3,762)	(856)
Proceeds from sale of property, plant and equipment	2,540	42
Purchase of intangible assets	(11)	(17)
Payments for investments in capital of subsidiaries and associates	(12)	(400)
Payments for investments in capital	–	(149)
Purchase of long-term prepaid expenses	(925)	–
Purchase of investment securities	(2)	(115)
Proceeds from sale and redemption of investment securities	100	1,291
Loan advances	–	(500)
Proceeds from collection of loans receivable	2,503	100
Loan advances to subsidiaries and associates	(35)	(1,092)
Collection of loans receivable from subsidiaries and affiliates	10	35
Proceeds from sales of other securities of subsidiaries and affiliates resulting in change in scope of consolidation	–	585
Contingent consideration payments of shares of subsidiaries	(199)	–
Other, net	3	69
<b>Net cash provided by (used in) investing activities</b>	<b>1,007</b>	<b>(1,007)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	21,250	23,900
Repayments of short-term borrowings	(17,750)	(21,400)
Proceeds from long-term borrowings	2,040	1,399
Repayments of long-term borrowings	(831)	(828)
Repayments of lease liabilities	(53)	(48)
Purchase of treasury shares	(33)	(1,000)
Proceeds from disposal of treasury shares	73	4
Dividends paid	(718)	(748)
Commission fee paid	–	(94)
<b>Net cash provided by (used in) financing activities</b>	<b>3,976</b>	<b>1,184</b>
Effect of exchange rate change on cash and cash equivalents	(4)	139
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,185</b>	<b>(989)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>6,851</b>	<b>9,037</b>
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	433
<b>Cash and cash equivalents at end of period</b>	<b>9,037</b>	<b>8,481</b>