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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	59,524	—	2,394	23.4	2,585	17.1	1,486	(20.3)
March 31, 2021	113,669	15.3	1,941	(28.0)	2,208	(25.7)	1,865	(14.4)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥1,728 million [(47.1)%]

Fiscal year ended March 31, 2021: ¥3,265 million [188.8%]

	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
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	55.72	—	5.4	3.2	4.0
March 31, 2021	68.91	—	7.1	3.0	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	85,913	27,774	32.3	1,071.07
As of March 31, 2021	74,500	27,606	37.1	1,011.52

(Reference) Equity: As of March 31, 2022: ¥27,774 million

As of March 31, 2021: ¥27,606 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	(965)	(1,347)	1,184	8,481
March 31, 2021	(2,793)	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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2021	—	12.00	—	14.00	26.00	720	37.7	2.7
Fiscal year ended March 31, 2022	—	13.00	—	13.00	26.00	695	46.7	2.5
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	11.8	1,500	8.0	1,600	(2.4)	1,100	(4.5)	42.42
Full year	80,000	34.4	3,700	54.5	3,800	47.0	2,700	81.6	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.)

	Net sales		Operating profit		Ordinary profit		Profit	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	55,186	—	2,259	25.0	2,550	23.3	1,597	(10.8)
March 31, 2021	110,815	16.3	1,807	(29.1)	2,067	(26.4)	1,790	(14.1)

	Basic earnings per share	Diluted earnings per share
Year ended	Yen	Yen
March 31, 2022	59.88	—
March 31, 2021	66.15	—

(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	83,871	27,167	32.4	1,047.68
As of March 31, 2021	71,369	27,076	37.9	992.11

(Reference) Equity: As of March 31, 2022: ¥27,167 million

As of March 31, 2021: ¥27,076 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.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	75,000	35.9	3,500	54.9	3,700	45.1	2,500	56.5	96.41

\* 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	17,334	—
Notes receivable - trade	—	465
Electronically recorded monetary claims - operating	—	1,571
Accounts receivable - trade	—	17,088
Contract assets	—	1,702
Securities	199	200
Merchandise	742	921
Work in process	6,000	6,000
Advance payments to suppliers	13,112	21,463
Accounts receivable - other	53	54
Other	590	1,638
Allowance for doubtful accounts	(13)	(13)
Total current assets	47,057	59,574
Non-current assets		
Property, plant and equipment		
Buildings	517	520
Accumulated depreciation and impairment	(371)	(403)
Buildings, net	145	117
Machinery and equipment	216	269
Accumulated depreciation and impairment	(146)	(169)
Machinery and equipment, net	70	100
Land	11	11
Leased assets	24	16
Accumulated depreciation	(14)	(11)
Leased assets, net	9	5
Solar power generation assets	4,019	9,147
Accumulated depreciation	(774)	(1,114)
Solar power generation assets, net	3,244	8,033
Construction in progress	7,867	1,960
Other	1,579	1,776
Accumulated depreciation	(789)	(1,001)
Other, net	789	775
Total property, plant and equipment	12,139	11,003
Intangible assets		
Leased assets	3	1
Other	24	26
Total intangible assets	27	27
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	3,167
Allowance for doubtful accounts	(9)	(584)
Total investments and other assets	15,275	15,308
Total non-current assets	27,443	26,339
Total assets	74,500	85,913

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,445	9,057
Accounts payable - consignment	5,397	7,229
Short-term borrowings	9,351	9,901
Lease liabilities	53	52
Accounts payable - other	2,277	651
Income taxes payable	639	376
Advances received	12,881	—
Contract liabilities	—	23,390
Provision for bonuses	492	439
Provision for bonuses for directors (and other officers)	41	50
Other	244	322
Total current liabilities	38,823	51,471
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	1,260
Other	52	49
Total non-current liabilities	8,069	6,668
Total liabilities	46,893	58,139
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,443	3,443
Capital surplus	2,831	2,832
Retained earnings	19,990	20,909
Treasury shares	(500)	(1,493)
Total shareholders' equity	25,764	25,690
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	27,606	27,774
Total liabilities and net assets	74,500	85,913

(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	113,669	59,524
Cost of sales	105,905	51,382
Gross profit	7,764	8,141
Selling, general and administrative expenses	5,823	5,747
Operating profit	1,941	2,394
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	2,208	2,585
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	—
Provision of allowance for doubtful accounts	—	528
Other	11	1
Total extraordinary losses	890	553
Profit before income taxes	2,730	2,505
Income taxes - current	1,040	825
Income taxes - deferred	(175)	193
Total income taxes	865	1,018
Profit	1,865	1,486
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,865	1,486

# Consolidated Statement of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	1,865	1,486
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	1,400	241
Comprehensive income	3,265	1,728
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,265	1,728
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	18,809	(670)	24,404
Changes during period					
Dividends of surplus			(720)		(720)
Profit attributable to owners of parent			1,865		1,865
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	1,180	170	1,360
Balance at end of period	3,443	2,831	19,990	(500)	25,764

	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	24,882
Changes during period							
Dividends of surplus							(720)
Profit attributable to owners of parent							1,865
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	2,724
Balance at end of period	1,592	85	—	(11)	174	1,841	27,606

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	19,990	(500)	25,764
Changes during period					
Dividends of surplus			(741)		(741)
Profit attributable to owners of parent			1,486		1,486
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	918	(993)	(73)
Balance at end of period	3,443	2,832	20,909	(1,493)	25,690

	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	27,606
Changes during period						
Dividends of surplus						(741)
Profit attributable to owners of parent						1,486
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	167
Balance at end of period	1,686	218	65	112	2,083	27,774

## (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	2,730	2,505
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	—
Increase (decrease) in allowance for doubtful accounts	0	574
Increase (decrease) in provision for bonuses	111	(53)
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	3,575	(3,379)
Decrease (increase) in inventories	(5,737)	(130)
Decrease (increase) in advance payments to suppliers	(408)	(8,280)
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)	(1,684)
Increase (decrease) in long-term accounts payable - other	2,580	(2,580)
Increase (decrease) in trade payables	(1,783)	3,326
Increase (decrease) in contract liabilities	292	9,323
Decrease (increase) in retirement benefit asset	(33)	(148)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(100)	33
Other, net	(290)	128
Subtotal	(2,150)	(59)
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	(2,793)	(965)

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from investing activities		
Purchase of securities	(199)	(200)
Proceeds from sale and redemption of securities	1,000	199
Purchase of property, plant and equipment	(3,762)	(1,196)
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
Net cash provided by (used in) investing activities	1,007	(1,347)
Cash flows from financing activities		
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)
Net cash provided by (used in) financing activities	3,976	1,184
Effect of exchange rate change on cash and cash equivalents	(4)	139
Net increase (decrease) in cash and cash equivalents	2,185	(989)
Cash and cash equivalents at beginning of period	6,851	9,037
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	433
Cash and cash equivalents at end of period	9,037	8,481