

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 12, 2023

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

Contact: Kunihiro Honda, General Manager, Accounting Department

Phone: +81-3-5203-7841

Scheduled date of general shareholders' meeting: June 28, 2023

Scheduled date of commencing dividend payments: June 29, 2023

Scheduled date of filing securities report: June 28, 2023

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, 2023 (April 1, 2022 - March 31, 2023)

(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, 2023	63,888	8.5	3,106	27.6	3,351	27.6	469	(61.5)
March 31, 2022	58,872	-	2,434	28.4	2,625	21.3	1,219	(33.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥505 million [(65.4)%]

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

	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
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	18.10	-	1.8	4.0	4.9
March 31, 2022	45.69	-	4.5	3.2	4.1

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2023: ¥(41) million

Fiscal year ended March 31, 2022: ¥(74) 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 ended March 31, 2022 were significantly affected after the application of the said accounting standard, etc., and the percentage change of the net sales for the fiscal year ended March 31, 2022 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, 2023	80,910	26,703	33.0	1,029.24
As of March 31, 2022	88,261	26,868	30.4	1,036.14

(Reference) Equity: As of March 31, 2023: ¥26,703 million

As of March 31, 2022: ¥26,868 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, 2023	(1,402)	(408)	1,262	7,953
March 31, 2022	(1,305)	(1,007)	1,184	8,481

### 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	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	–	13.00	–	13.00	26.00	695	56.9	2.6
March 31, 2023	–	15.00	–	15.00	30.00	790	165.7	2.9
March 31, 2024 (Forecast)	–	18.00	–	18.00	36.00		38.9	

(Note) Total dividends includes dividends paid on the Company's treasury shares held by the Stock Grant ESOP Trust account (¥4 million for the fiscal year ended March 31, 2022; ¥4 million for the fiscal year ended March 31, 2023) 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, 2022; ¥7 million for the fiscal year ended March 31, 2023).

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% 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)	35,000	3.2	1,650	(3.3)	1,750	(15.0)	1,200	(7.6)	46.25
Full year	70,000	9.6	3,300	6.2	3,500	4.4	2,400	411.1	92.50

**\* Notes:**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly included: – (Company name: –)

Excluded: – (Company name: –)

(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, 2023: 28,678,486 shares

March 31, 2022: 28,678,486 shares

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

March 31, 2023: 2,733,326 shares

March 31, 2022: 2,747,118 shares

3) Average number of shares outstanding during the period:

Year ended March 31, 2023: 25,943,154 shares

Year ended March 31, 2022: 26,678,717 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, 2023 (April 1, 2022 - March 31, 2023)**

(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, 2023	59,361	8.8	2,845	23.7	3,185	23.0	371	(72.0)
March 31, 2022	54,535	—	2,299	30.5	2,590	28.0	1,329	(24.4)

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	14.34	—
March 31, 2022	49.85	—

(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 ended March 31, 2022 were significantly affected after the application of the said accounting standard, etc., and the percentage change of the net sales for the fiscal year ended March 31, 2022 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, 2023	79,161	26,193	33.1	1,009.57
As of March 31, 2022	86,559	26,261	30.3	1,012.75

(Reference) Equity: As of March 31, 2023: ¥26,193 million  
As of March 31, 2022: ¥26,261 million

**2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)**

(% 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
	65,000	9.5	2,900	1.9	3,100	(2.7)	2,200	491.4	84.79

\* 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. For the assumptions used for the earnings forecasts and the notes regarding the use thereof, please refer to “(4) Future Outlook” under “1. Overview of Operating Results, etc.” on page 3 of the attached document.

## Consolidated Financial Statements

### (1) Consolidated Statement of Financial Position

(Million yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	8,481	7,953
Notes receivable - trade	465	743
Electronically recorded monetary claims - operating	1,571	1,247
Accounts receivable - trade	16,899	21,015
Contract assets	1,702	1,537
Securities	200	200
Merchandise	921	740
Work in process	6,000	6,000
Advance payments to suppliers	21,143	14,067
Accounts receivable - other	54	41
Other	4,835	3,641
Allowance for doubtful accounts	(13)	(24)
Total current assets	62,262	57,164
Non-current assets		
Property, plant and equipment		
Buildings	520	543
Accumulated depreciation and impairment	(403)	(408)
Buildings, net	117	135
Machinery and equipment	269	281
Accumulated depreciation and impairment	(169)	(179)
Machinery and equipment, net	100	101
Land	11	11
Leased assets	16	11
Accumulated depreciation	(11)	(8)
Leased assets, net	5	2
Solar power generation assets	9,147	9,188
Accumulated depreciation	(1,114)	(1,591)
Solar power generation assets, net	8,033	7,597
Construction in progress	1,620	17
Other	1,776	1,800
Accumulated depreciation	(1,001)	(1,000)
Other, net	775	800
Total property, plant and equipment	10,663	8,666
Intangible assets		
Leased assets	1	0
Other	26	82
Total intangible assets	27	82
Investments and other assets		
Investment securities	5,458	5,693
Long-term loans receivable	1,049	1,054
Long-term accounts receivable - other	4,565	4,453
Retirement benefit asset	1,623	1,318
Deferred tax assets	29	26
Other	2,639	2,557
Allowance for doubtful accounts	(56)	(191)
Total investments and other assets	15,308	14,912
Total non-current assets	25,999	23,661
Deferred assets		
Bond issuance costs	–	85
Total deferred assets	–	85
<b>Total assets</b>	<b>88,261</b>	<b>80,910</b>

(Million yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,057	8,255
Accounts payable - consignment	7,229	10,305
Short-term borrowings	9,901	9,591
Lease liabilities	52	53
Accounts payable - other	538	765
Income taxes payable	333	539
Contract liabilities	23,417	12,170
Provision for bonuses	363	463
Provision for bonuses for directors (and other officers)	50	60
Other	3,740	3,073
Total current liabilities	54,685	45,276
Non-current liabilities		
Bonds payable	–	3,000
Long-term borrowings	4,289	3,648
Lease liabilities	509	456
Provision for retirement benefits for directors (and other officers)	20	20
Provision for employee stock ownership plan trust	26	40
Provision for share awards for directors (and other officers)	84	88
Retirement benefit liability	14	15
Asset retirement obligations	413	416
Deferred tax liabilities	1,300	1,192
Other	49	52
Total non-current liabilities	6,707	8,930
Total liabilities	61,393	54,207
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,443	3,443
Capital surplus	2,832	2,832
Retained earnings	20,003	19,795
Treasury shares	(1,493)	(1,486)
Total shareholders' equity	24,784	24,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,686	1,863
Deferred gains or losses on hedges	218	332
Foreign currency translation adjustment	65	133
Remeasurements of defined benefit plans	112	(209)
Total accumulated other comprehensive income	2,083	2,119
Total net assets	26,868	26,703
Total liabilities and net assets	88,261	80,910

## Consolidated Income Statement

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	58,872	63,888
Cost of sales	50,772	54,384
Gross profit	8,099	9,503
Selling, general and administrative expenses	5,665	6,397
Operating profit	2,434	3,106
Non-operating income		
Interest income	18	49
Dividend income	395	334
Rental income from land and buildings	67	66
Foreign exchange gains	76	–
Other	86	52
Total non-operating income	645	502
Non-operating expenses		
Interest expenses	224	162
Provision of allowance for doubtful accounts	49	–
Share of loss of entities accounted for using equity method	74	41
Loss on investments in silent partnerships	–	31
Foreign exchange losses	–	9
Commission expenses	94	3
Other	11	10
Total non-operating expenses	453	258
Ordinary profit	2,625	3,351
Extraordinary income		
Gain on sale of investment securities	473	–
Total extraordinary income	473	–
Extraordinary losses		
Special survey costs, etc.	–	156
Loss on disposal of non-current assets	0	1
Loss on valuation of investment securities	23	–
Impairment losses	–	1,592
Loss related to impropriety	808	32
Provision of allowance for doubtful accounts	–	139
Other	1	–
Total extraordinary losses	833	1,922
Profit before income taxes	2,265	1,428
Income taxes - current	812	950
Income taxes - deferred	233	8
Total income taxes	1,046	958
Profit	1,219	469
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,219	469

## Consolidated Statement of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,219	469
Other comprehensive income		
Valuation difference on available-for-sale securities	93	176
Deferred gains or losses on hedges	133	113
Foreign currency translation adjustment	77	67
Remeasurements of defined benefit plans, net of tax	(62)	(321)
Total other comprehensive income	241	35
Comprehensive income	1,460	505
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,460	505
Comprehensive income attributable to non-controlling interests	—	—



## (3) Consolidated Statement of Changes in Equity

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	19,352	(500)	25,126
Changes during period					
Dividends of surplus			(741)		(741)
Profit attributable to owners of parent			1,219		1,219
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	651	(993)	(341)
Balance at end of period	3,443	2,832	20,003	(1,493)	24,784

	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	26,968
Changes during period						
Dividends of surplus						(741)
Profit attributable to owners of parent						1,219
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	(99)
Balance at end of period	1,686	218	65	112	2,083	26,868

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,443	2,832	20,003	(1,493)	24,784
Changes during period					
Dividends of surplus			(737)		(737)
Profit attributable to owners of parent			469		469
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		7	7
Change in scope of consolidation			60		60
Net changes in items other than shareholders' equity					
Total changes during period	–	0	(207)	7	(200)
Balance at end of period	3,443	2,832	19,795	(1,486)	24,584

	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	1,686	218	65	112	2,083	26,868
Changes during period						
Dividends of surplus						(737)
Profit attributable to owners of parent						469
Purchase of treasury shares						(0)
Disposal of treasury shares						7
Change in scope of consolidation						60
Net changes in items other than shareholders' equity	176	113	67	(321)	35	35
Total changes during period	176	113	67	(321)	35	(164)
Balance at end of period	1,863	332	133	(209)	2,119	26,703

## (4) Consolidated Statement of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,265	1,428
Depreciation	660	827
Impairment losses	–	1,592
Loss (gain) on sale of investment securities	(473)	–
Loss (gain) on valuation of investment securities	23	–
Loss on investments in silent partnerships	–	31
Loss (gain) on disposal of property, plant and equipment	0	1
Special survey costs, etc.	–	156
Loss related to impropriety	808	32
Increase (decrease) in allowance for doubtful accounts	46	146
Increase (decrease) in provision for bonuses	(128)	99
Increase (decrease) in provision for bonuses for directors (and other officers)	9	10
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(0)	–
Interest and dividend income	(414)	(383)
Interest expenses	224	162
Commission expenses	94	3
Share of loss (profit) of entities accounted for using equity method	74	41
Subsidy income	(22)	(26)
Decrease (increase) in trade receivables	(3,402)	(3,574)
Decrease (increase) in inventories	(130)	185
Decrease (increase) in advance payments to suppliers	(8,011)	7,110
Decrease (increase) in accounts receivable - other	0	19
Decrease (increase) in long-term accounts receivable- other	130	112
Increase (decrease) in accounts payable - other	(2,024)	224
Increase (decrease) in long-term accounts payable - other	(2,580)	–
Increase (decrease) in trade payables	3,556	1,990
Increase (decrease) in contract liabilities	9,350	(11,276)
Decrease (increase) in retirement benefit asset	(148)	(158)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	33	115
Other, net	(340)	435
Subtotal	(399)	(693)
Interest and dividends received	411	366
Interest paid	(207)	(134)
Payments for special research cost	–	(155)
Income taxes paid	(1,109)	(784)
Net cash provided by (used in) operating activities	(1,305)	(1,402)

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of securities	(200)	(200)
Proceeds from sale and redemption of securities	199	200
Purchase of property, plant and equipment	(856)	(416)
Proceeds from sale of property, plant and equipment	42	12
Purchase of intangible assets	(17)	(48)
Payments for investments in capital of subsidiaries and associates	(400)	(111)
Payments for investments in capital	(149)	–
Purchase of investment securities	(115)	(0)
Proceeds from sale and redemption of investment securities	1,291	–
Loan advances	(500)	(509)
Proceeds from collection of loans receivable	100	700
Loan advances to subsidiaries and associates	(1,092)	(50)
Collection of loans receivable from subsidiaries and affiliates	35	14
Proceeds from sales of other securities of subsidiaries and affiliates resulting in change in scope of consolidation	585	–
Other, net	69	(0)
Net cash provided by (used in) investing activities	(1,007)	(408)
Cash flows from financing activities		
Proceeds from short-term borrowings	23,900	15,700
Repayments of short-term borrowings	(21,400)	(16,000)
Proceeds from long-term borrowings	1,399	–
Repayments of long-term borrowings	(828)	(651)
Proceeds from issuance of bonds	–	3,000
Repayments of lease liabilities	(48)	(47)
Purchase of treasury shares	(1,000)	(0)
Proceeds from disposal of treasury shares	4	0
Dividends paid	(748)	(735)
Commission fee paid	(94)	(3)
Net cash provided by (used in) financing activities	1,184	1,262
Effect of exchange rate change on cash and cash equivalents	139	(72)
Net increase (decrease) in cash and cash equivalents	(989)	(621)
Cash and cash equivalents at beginning of period	9,037	8,481
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	433	93
Cash and cash equivalents at end of period	8,481	7,953