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## Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



November 11, 2022

Company name: TOKYO SANGYO CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 8070

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

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Scheduled date of filing quarterly securities report: November 14, 2022

Scheduled date of commencing dividend payments: December 5, 2022

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

Schedule of quarterly 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 Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 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	%
Six months ended September 30, 2022	33,908	17.5	1,706	26.8	2,059	29.1	1,298	72.6
Six months ended September 30, 2021	28,857	-	1,346	54.7	1,595	49.4	752	14.6

(Note) Comprehensive income: Six months ended September 30, 2022: ¥1,465 million [70.4%]

Six months ended September 30, 2021: ¥860 million [(2.3)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	50.04	-
Six months ended September 30, 2021	27.70	-

(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 three months ended June 30, 2021. Therefore, net sales for the six months ended September 30, 2021 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
	Million yen	Million yen	%
As of September 30, 2022	79,061	28,058	35.5
As of March 31, 2022	88,261	26,868	30.4

(Reference) Equity: As of September 30, 2022: ¥28,058 million

As of March 31, 2022: ¥26,868 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	13.00	–	13.00	26.00
Fiscal year ending March 31, 2023	–	15.00			
Fiscal year ending March 31, 2023 (Forecast)			–	15.00	30.00

(Note) Revision to the dividend forecast announced most recently: None

## 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
Full year	80,000	35.9	3,700	52.0	3,800	44.7	2,700	121.5	104.12

(Note) Revision to the financial results forecast announced most recently: None

**\* 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) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) 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
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2022:	28,678,486 shares
March 31, 2022:	28,678,486 shares
  - 2) Total number of treasury shares at the end of the period:

September 30, 2022:	2,734,641 shares
March 31, 2022:	2,747,118 shares
  - 3) Average number of shares outstanding during the period:

Six months ended September 30, 2022:	25,941,802 shares
Six months ended September 30, 2021:	27,156,664 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.

\* These quarterly consolidated financial results are outside the scope of quarterly review 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 “(3) Forward-looking Statements Including Consolidated Financial Results Forecast” under “1. Qualitative Information on Quarterly Financial Results” on page 3 of the attached document.

## Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Statement of Financial Position

(Million yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	8,481	13,213
Notes and accounts receivable - trade, and contract assets	20,639	15,593
Securities	200	200
Merchandise	921	1,293
Work in process	6,000	6,000
Advance payments to suppliers	21,143	11,801
Accounts receivable – other	54	298
Other	4,835	5,041
Allowance for doubtful accounts	(13)	(17)
Total current assets	62,262	53,423
Non-current assets		
Property, plant and equipment	10,663	10,522
Intangible assets	27	66
Investments and other assets		
Investment securities	5,458	5,195
Other	9,906	9,921
Allowance for doubtful accounts	(56)	(68)
Total investments and other assets	15,308	15,048
Total non-current assets	25,999	25,637
Total assets	88,261	79,061
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,057	6,800
Accounts payable – consignment	7,229	5,607
Short-term borrowings	9,901	12,596
Accounts payable – other	538	628
Income taxes payable	333	621
Contract liabilities	23,417	14,061
Provisions	413	484
Other	3,793	3,907
Total current liabilities	54,685	44,707
Non-current liabilities		
Long-term borrowings	4,289	3,968
Retirement benefit liability	14	14
Provisions	130	121
Other	2,273	2,190
Total non-current liabilities	6,707	6,295
Total liabilities	61,393	51,002

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	3,443	3,443
Capital surplus	2,832	2,832
Retained earnings	20,003	21,019
Treasury shares	(1,493)	(1,487)
Total shareholders' equity	24,784	25,807
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,686	1,517
Deferred gains or losses on hedges	218	436
Foreign currency translation adjustment	65	199
Remeasurements of defined benefit plans	112	97
Total accumulated other comprehensive income	2,083	2,251
Total net assets	26,868	28,058
Total liabilities and net assets	88,261	79,061

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

## Quarterly Consolidated Income Statement

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	28,857	33,908
Cost of sales	24,701	29,112
Gross profit	4,155	4,796
Selling, general and administrative expenses	2,809	3,089
Operating profit	1,346	1,706
Non-operating income		
Interest income	4	19
Dividend income	309	265
Foreign exchange gains	–	134
Other	65	63
Total non-operating income	379	483
Non-operating expenses		
Interest expenses	124	83
Share of loss of entities accounted for using equity method	–	24
Foreign exchange losses	0	–
Other	4	21
Total non-operating expenses	130	129
Ordinary profit	1,595	2,059
Extraordinary losses		
Loss related to impropriety	369	–
Loss on disposal of non-current assets	0	–
Special survey costs, etc.	–	149
Total extraordinary losses	369	149
Profit before income taxes	1,225	1,909
Income taxes	473	611
Profit	752	1,298
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	752	1,298

Quarterly Consolidated Statement of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	752	1,298
Other comprehensive income		
Valuation difference on available-for-sale securities	85	(169)
Deferred gains or losses on hedges	(18)	217
Foreign currency translation adjustment	53	133
Remeasurements of defined benefit plans, net of tax	(12)	(14)
Total other comprehensive income	108	167
Comprehensive income	860	1,465
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	860	1,465
Comprehensive income attributable to non-controlling interests	–	–

## (3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,225	1,909
Depreciation	257	405
Loss (gain) on disposal of property, plant and equipment	0	–
Loss related to impropriety	369	–
Increase (decrease) in allowance for doubtful accounts	(4)	16
Increase (decrease) in provision for bonuses	(120)	120
Increase (decrease) in provision for bonuses for directors (and other officers)	(41)	(50)
Interest and dividend income	(314)	(285)
Interest expenses	124	83
Share of loss (profit) of entities accounted for using equity method	–	24
Subsidy income	(11)	(20)
Decrease (increase) in trade receivables	(5,287)	5,390
Decrease (increase) in inventories	(108)	(361)
Decrease (increase) in advance payments to suppliers	(3,448)	9,449
Decrease (increase) in retirement benefit asset	(22)	(46)
Increase (decrease) in trade payables	5,133	(4,209)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(0)	–
Increase (decrease) in contract liabilities	3,866	(9,437)
Decrease (increase) in accounts receivable - other	26	(232)
Decrease (increase) in long-term accounts receivable- other	–	30
Increase (decrease) in accounts payable - other	(25)	77
Increase (decrease) in long-term accounts payable - other	(2,580)	–
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	96	75
Other, net	(989)	(158)
Subtotal	(1,852)	2,780
Interest and dividends received	315	351
Interest paid	(114)	(67)
Income taxes paid	(652)	(386)
Net cash provided by (used in) operating activities	(2,304)	2,678

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
<b>Cash flows from investing activities</b>		
Proceeds from sale and redemption of securities	199	200
Purchase of securities	–	(200)
Purchase of property, plant and equipment	(331)	(235)
Proceeds from sale of property, plant and equipment	29	3
Purchase of intangible assets	(7)	(20)
Purchase of investment securities	(45)	(0)
Loan advances	–	(509)
Proceeds from collection of loans receivable	–	450
Proceeds from sale and redemption of investment securities	500	–
Proceeds from sales of other securities of subsidiaries and affiliates resulting in change in scope of consolidation	585	–
Payments for investments in capital of subsidiaries and associates	–	(40)
Loan advances to subsidiaries and associates	–	(50)
Other, net	(26)	(0)
<b>Net cash provided by (used in) investing activities</b>	<b>903</b>	<b>(404)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	12,200	13,900
Repayments of short-term borrowings	(10,700)	(11,200)
Repayments of long-term borrowings	(457)	(325)
Repayments of lease liabilities	(23)	(24)
Purchase of treasury shares	(399)	(0)
Proceeds from disposal of treasury shares	0	0
Dividends paid	(395)	(341)
<b>Net cash provided by (used in) financing activities</b>	<b>223</b>	<b>2,008</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>64</b>	<b>354</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,112)</b>	<b>4,638</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>9,037</b>	<b>8,481</b>
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	433	93
<b>Cash and cash equivalents at end of period</b>	<b>8,357</b>	<b>13,213</b>