

Translation

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

October 13, 2022

Company name: TOUMEI CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 4439 URL <https://www.toumei.co.jp/>
 Representative: CEO Fumihiko Yamamoto
 Director
 Inquiries: General Manager of Administrative Division Makoto Sekiyama TEL 059(330)2151
 Scheduled date of ordinary general meeting of shareholders: November 25, 2022
 Scheduled date to file Securities Report: November 28, 2022
 Scheduled date to commence dividend payments: November 28, 2022
 Preparation of supplementary material on financial results: Yes
 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 August 31, 2022 (from September 1, 2021 to August 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 August 31, 2022	17,701	35.9	334	(14.7)	439	(2.8)	269	(2.8)
Year ended August 31, 2021	13,027	13.1	392	(53.0)	452	(51.0)	277	(54.7)

	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 August 31, 2022	36.66	35.85	5.4	5.1	1.9
Year ended August 31, 2021	37.76	36.85	5.8	5.9	3.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2022	9,355	5,075	54.2	691.40
As of August 31, 2021	7,790	4,882	62.7	665.03

(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 August 31, 2022	(2,536)	138	1,021	1,289
Year ended August 31, 2021	(446)	(36)	(368)	2,665

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 August 31, 2021	—	0.00	—	11.00	11.00	80	29.1	1.7
Year ended August 31, 2022	—	0.00	—	12.00	12.00	88	32.7	1.8
Year ending August 31, 2023 (Forecast)	—	0.00	—	13.00	13.00		10.8	

3. Forecast of consolidated financial results for the year ending August 31, 2023 (from September 1, 2022 to August 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 February 28, 2023	10,684	32.9	588	—	615	—	377	—	51.46
Full year	22,145	25.1	1,360	306.4	1,411	221.4	884	228.7	120.49

4. Notes

(1) Changes in significant subsidiaries during the year ended August 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 August 31, 2022	7,341,900 shares	As of August 31, 2021	7,341,900 shares
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Number of treasury shares at the end of the period

As of August 31, 2022	445 shares	As of August 31, 2021	377 shares
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Average number of shares during the period

Year ended August 31, 2022	7,341,487 shares	Year ended August 31, 2021	7,336,752 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2021	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	2,985,268	1,608,650
Notes and accounts receivable - trade	3,746,212	—
Accounts receivable - trade	—	6,113,174
Merchandise and finished goods	4,769	9,144
Raw materials and supplies	118,849	165,852
Other	169,688	554,548
Allowance for doubtful accounts	(22,167)	(48,843)
Total current assets	7,002,620	8,402,526
Non-current assets		
Property, plant and equipment		
Buildings and structures	225,418	181,042
Accumulated depreciation	(104,950)	(82,520)
Buildings and structures, net	120,468	98,522
Machinery, equipment and vehicles	28,149	27,467
Accumulated depreciation	(20,740)	(20,063)
Machinery, equipment and vehicles, net	7,409	7,403
Tools, furniture and fixtures	79,879	80,112
Accumulated depreciation	(57,251)	(62,397)
Tools, furniture and fixtures, net	22,628	17,715
Land	179,081	89,324
Total property, plant and equipment	329,587	212,966
Intangible assets	16,221	14,446
Investments and other assets		
Investment securities	23,766	26,094
Deferred tax assets	52,367	54,695
Other	403,421	682,134
Allowance for doubtful accounts	(37,136)	(37,136)
Total investments and other assets	442,418	725,787
Total non-current assets	788,226	953,200
Total assets	7,790,846	9,355,726

(Thousands of yen)

	As of August 31, 2021	As of August 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,438,503	1,593,910
Short-term borrowings	100,000	1,200,000
Accounts payable - other	313,120	329,580
Income taxes payable	66,542	109,035
Provision for bonuses	56,779	58,580
Provision for sales promotion expenses	1,148	—
Other	76,175	132,966
Total current liabilities	2,052,269	3,424,072
Non-current liabilities		
Long-term borrowings	800,000	800,000
Asset retirement obligations	50,754	50,932
Other	5,520	4,818
Total non-current liabilities	856,275	855,750
Total liabilities	2,908,544	4,279,823
Net assets		
Shareholders' equity		
Share capital	607,690	607,690
Deposits for subscriptions of shares	—	2,112
Capital surplus	597,690	597,690
Retained earnings	3,661,087	3,849,489
Treasury shares	(415)	(490)
Total shareholders' equity	4,866,051	5,056,490
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,251	17,876
Total accumulated other comprehensive income	16,251	17,876
Share acquisition rights	—	1,536
Total net assets	4,882,302	5,075,903
Total liabilities and net assets	7,790,846	9,355,726

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

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Net sales	13,027,005	17,701,204
Cost of sales	9,010,445	13,363,588
Gross profit	4,016,559	4,337,615
Selling, general and administrative expenses	3,623,954	4,002,797
Operating profit	392,605	334,818
Non-operating income		
Interest income	3,353	1,760
Dividend income	48	—
Gain on settlement of liabilities	54,726	99,073
Other	9,748	10,553
Total non-operating income	67,876	111,387
Non-operating expenses		
Interest expenses	7,621	6,107
Other	723	808
Total non-operating expenses	8,344	6,916
Ordinary profit	452,137	439,289
Extraordinary income		
Gain on sale of non-current assets	—	50,810
Total extraordinary income	—	50,810
Extraordinary losses		
Loss on retirement of non-current assets	—	2,275
Impairment losses	7,221	—
Loss on cancellation of contract	—	47,072
Loss on cancellation of rental contracts	1,675	—
Total extraordinary losses	8,896	49,347
Profit before income taxes	443,241	440,752
Income taxes - current	165,256	174,624
Income taxes - deferred	964	(3,031)
Total income taxes	166,221	171,593
Profit	277,019	269,158
Profit attributable to owners of parent	277,019	269,158

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Profit	277,019	269,158
Other comprehensive income		
Valuation difference on available-for-sale securities	4,313	1,624
Total other comprehensive income	4,313	1,624
Comprehensive income	281,333	270,783
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	281,333	270,783

Consolidated statements of changes in equity

Fiscal year ended August 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	605,155	595,155	3,457,339	(331)	4,657,319
Changes during period					
Issuance of new shares	2,534	2,534			5,068
Dividends of surplus			(73,272)		(73,272)
Profit attributable to owners of parent			277,019		277,019
Purchase of treasury shares				(84)	(84)
Net changes in items other than shareholders' equity					
Total changes during period	2,534	2,534	203,747	(84)	208,732
Balance at end of period	607,690	597,690	3,661,087	(415)	4,866,051

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	11,937	11,937	4,669,256
Changes during period			
Issuance of new shares			5,068
Dividends of surplus			(73,272)
Profit attributable to owners of parent			277,019
Purchase of treasury shares			(84)
Net changes in items other than shareholders' equity	4,313	4,313	4,313
Total changes during period	4,313	4,313	213,045
Balance at end of period	16,251	16,251	4,882,302

Fiscal year ended August 31, 2022

(Thousands of yen)

	Shareholders' equity					
	Share capital	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	607,690	–	597,690	3,661,087	(415)	4,866,051
Changes during period						
Issuance of new shares		2,112				2,112
Dividends of surplus				(80,756)		(80,756)
Profit attributable to owners of parent				269,158		269,158
Purchase of treasury shares					(74)	(74)
Net changes in items other than shareholders' equity						
Total changes during period	–	2,112	–	188,402	(74)	190,439
Balance at end of period	607,690	2,112	597,690	3,849,489	(490)	5,056,490

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	16,251	16,251	–	4,882,302
Changes during period				
Issuance of new shares				2,112
Dividends of surplus				(80,756)
Profit attributable to owners of parent				269,158
Purchase of treasury shares				(74)
Net changes in items other than shareholders' equity	1,624	1,624	1,536	3,161
Total changes during period	1,624	1,624	1,536	193,600
Balance at end of period	17,876	17,876	1,536	5,075,903

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	443,241	440,752
Depreciation	24,885	22,837
Increase (decrease) in provision for bonuses	10,380	1,800
Increase (decrease) in allowance for doubtful accounts	(10,516)	26,675
Increase (decrease) in provision for sales promotion expenses	(1,501)	(1,148)
Interest and dividend income	(3,401)	(1,760)
Gain on settlement of liabilities	(54,726)	(99,073)
Interest expenses	7,621	6,107
Gain on sale of non-current assets	—	(50,810)
Loss on retirement of non-current assets	—	2,275
Impairment losses	7,221	—
Loss on cancellation of rental contracts	1,675	—
Decrease (increase) in trade receivables	(664,977)	(2,366,962)
Decrease (increase) in inventories	(32,406)	47,695
Decrease (increase) in other current assets	(82,198)	(384,070)
Increase (decrease) in trade payables	313,075	155,407
Increase (decrease) in accounts payable - other	48,899	16,761
Increase (decrease) in accrued consumption taxes	(76,828)	56,366
Increase (decrease) in income taxes payable - factor based tax	(4,342)	7,281
Increase (decrease) in other current liabilities	1,402	2,895
Other, net	(135,623)	(274,897)
Subtotal	(208,118)	(2,391,865)
Interest and dividends received	3,483	1,676
Interest paid	(6,688)	(7,116)
Income taxes paid	(234,811)	(139,414)
Net cash provided by (used in) operating activities	(446,134)	(2,536,719)
Cash flows from investing activities		
Payments into time deposits	(68,021)	(68,004)
Proceeds from withdrawal of time deposits	68,000	68,000
Purchase of property, plant and equipment	(24,044)	(23,732)
Proceeds from sale of property, plant and equipment	—	167,581
Purchase of intangible assets	(6,177)	(2,424)
Other, net	(6,544)	(2,551)
Net cash provided by (used in) investing activities	(36,787)	138,868

	(Thousands of yen)	
	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	—	1,100,000
Proceeds from long-term borrowings	500,000	—
Redemption of bonds	(800,000)	—
Proceeds from issuance of shares	4,978	—
Dividends paid	(73,143)	(80,714)
Other, net	(85)	1,942
Net cash provided by (used in) financing activities	(368,250)	1,021,228
Net increase (decrease) in cash and cash equivalents	(851,173)	(1,376,622)
Cash and cash equivalents at beginning of period	3,516,810	2,665,637
Cash and cash equivalents at end of period	2,665,637	1,289,014