

Translation

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Summary of Consolidated Financial Results for the Year Ended August 31, 2021 (Based on Japanese GAAP)

October 13, 2021

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, 2021
 Scheduled date to file Securities Report: November 26, 2021
 Scheduled date to commence dividend payments: November 26, 2021
 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, 2021 (from September 1, 2020 to August 31, 2021)

(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, 2021	13,027	13.1	392	(53.0)	452	(51.0)	277	(54.7)
Year ended August 31, 2020	11,517	6.1	835	37.4	923	41.1	611	19.9

	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, 2021	37.76	36.85	5.8	5.9	3.0
Year ended August 31, 2020	84.85	82.64	14.3	12.5	7.3

(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, 2021	7,790	4,882	62.7	665.03
As of August 31, 2020	7,647	4,669	61.1	637.25

(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, 2021	(446)	(36)	(368)	2,665
Year ended August 31, 2020	396	8	42	3,516

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, 2020	–	0.00	–	10.00	10.00	73	11.8	1.7
Year ended August 31, 2021	–	0.00	–	11.00	11.00	80	29.1	1.7
Year ending August 31, 2022 (Forecast)	–	0.00	–	12.00	12.00		19.9	

3. Forecast of consolidated financial results for the year ending August 31, 2022 (from September 1, 2021 to August 31, 2022)

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, 2022	7,578	26.4	139	(37.2)	166	(32.1)	79	(49.9)	10.80
Full year	15,719	20.7	626	59.7	682	50.9	443	60.1	60.41

4. Notes

(1) Changes in significant subsidiaries during the year ended August 31, 2021

(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: No

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, 2021	7,341,900 shares	As of August 31, 2020	7,327,500 shares
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Number of treasury shares at the end of the period

As of August 31, 2021	377 shares	As of August 31, 2020	300 shares
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Average number of shares during the period

Year ended August 31, 2021	7,336,752 shares	Year ended August 31, 2020	7,211,590 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2020	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	3,836,419	2,985,268
Notes and accounts receivable - trade	3,081,234	3,746,212
Merchandise and finished goods	5,620	4,769
Raw materials and supplies	30,864	118,849
Other	91,738	169,688
Allowance for doubtful accounts	(32,684)	(22,167)
Total current assets	7,013,194	7,002,620
Non-current assets		
Property, plant and equipment		
Buildings and structures	209,701	225,418
Accumulated depreciation	(94,741)	(104,950)
Buildings and structures, net	114,960	120,468
Machinery, equipment and vehicles	25,654	28,149
Accumulated depreciation	(18,219)	(20,740)
Machinery, equipment and vehicles, net	7,435	7,409
Tools, furniture and fixtures	79,062	79,879
Accumulated depreciation	(52,987)	(57,251)
Tools, furniture and fixtures, net	26,075	22,628
Land	179,081	179,081
Total property, plant and equipment	327,552	329,587
Intangible assets	11,161	16,221
Investments and other assets		
Investment securities	17,586	23,766
Deferred tax assets	55,198	52,367
Other	260,059	403,421
Allowance for doubtful accounts	(37,136)	(37,136)
Total investments and other assets	295,707	442,418
Total non-current assets	634,421	788,226
Total assets	7,647,615	7,790,846

(Thousands of yen)

	As of August 31, 2020	As of August 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,125,427	1,438,503
Short-term borrowings	100,000	100,000
Current portion of bonds payable	800,000	–
Accounts payable - other	264,227	313,120
Income taxes payable	140,439	66,542
Provision for bonuses	46,399	56,779
Provision for sales promotion expenses	2,649	1,148
Other	145,046	76,175
Total current liabilities	2,624,189	2,052,269
Non-current liabilities		
Long-term borrowings	300,000	800,000
Asset retirement obligations	48,154	50,754
Other	6,015	5,520
Total non-current liabilities	354,169	856,275
Total liabilities	2,978,359	2,908,544
Net assets		
Shareholders' equity		
Share capital	605,155	607,690
Capital surplus	595,155	597,690
Retained earnings	3,457,339	3,661,087
Treasury shares	(331)	(415)
Total shareholders' equity	4,657,319	4,866,051
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,937	16,251
Total accumulated other comprehensive income	11,937	16,251
Total net assets	4,669,256	4,882,302
Total liabilities and net assets	7,647,615	7,790,846

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

(Thousands of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Net sales	11,517,190	13,027,005
Cost of sales	7,320,919	9,010,445
Gross profit	4,196,271	4,016,559
Selling, general and administrative expenses	3,360,485	3,623,954
Operating profit	835,786	392,605
Non-operating income		
Interest income	2,878	3,353
Dividend income	72	48
Gain on settlement of liabilities	80,747	54,726
Gain on sale of investment securities	29,999	–
Other	11,753	9,748
Total non-operating income	125,451	67,876
Non-operating expenses		
Interest expenses	8,825	7,621
Market change expenses	27,193	–
Other	1,636	723
Total non-operating expenses	37,655	8,344
Ordinary profit	923,581	452,137
Extraordinary losses		
Loss on retirement of non-current assets	0	–
Impairment losses	–	7,221
Loss on cancellation of rental contracts	–	1,675
Total extraordinary losses	0	8,896
Profit before income taxes	923,581	443,241
Income taxes - current	229,774	165,256
Income taxes - deferred	81,880	964
Total income taxes	311,655	166,221
Profit	611,926	277,019
Profit attributable to owners of parent	611,926	277,019

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Profit	611,926	277,019
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,673)	4,313
Total other comprehensive income	(8,673)	4,313
Comprehensive income	603,253	281,333
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	603,253	281,333

Consolidated statements of changes in equity

Fiscal year ended August 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	519,992	509,992	2,845,412	–	3,875,396
Changes during period					
Issuance of new shares	85,163	85,163			170,327
Profit attributable to owners of parent			611,926		611,926
Purchase of treasury shares				(331)	(331)
Net changes in items other than shareholders' equity					
Total changes during period	85,163	85,163	611,926	(331)	781,922
Balance at end of period	605,155	595,155	3,457,339	(331)	4,657,319

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	20,610	20,610	3,896,007
Changes during period			
Issuance of new shares			170,327
Profit attributable to owners of parent			611,926
Purchase of treasury shares			(331)
Net changes in items other than shareholders' equity	(8,673)	(8,673)	(8,673)
Total changes during period	(8,673)	(8,673)	773,249
Balance at end of period	11,937	11,937	4,669,256

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

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Cash flows from operating activities		
Profit before income taxes	923,581	443,241
Depreciation	23,207	24,885
Increase (decrease) in provision for bonuses	(2,658)	10,380
Increase (decrease) in allowance for doubtful accounts	(1,556)	(10,516)
Increase (decrease) in provision for sales promotion expenses	(2,295)	(1,501)
Interest and dividend income	(2,950)	(3,401)
Gain on settlement of liabilities	(80,747)	(54,726)
Gain on sales of investment securities	(29,999)	–
Interest expenses	8,825	7,621
Market change expenses	27,193	–
Loss on cancellation of rental contracts	–	1,675
Loss on retirement of non-current assets	0	–
Impairment losses	–	7,221
Decrease (increase) in trade receivables	(226,744)	(664,977)
Decrease (increase) in inventories	160,819	(32,406)
Decrease (increase) in other current assets	(2,540)	(82,198)
Increase (decrease) in trade payables	(14,077)	313,075
Increase (decrease) in accounts payable - other	(43,787)	48,899
Increase (decrease) in accrued consumption taxes	27,508	(76,828)
Increase (decrease) in income taxes payable - factor based tax	(10,670)	(4,342)
Increase (decrease) in other current liabilities	(26,419)	1,402
Other, net	(22,701)	(135,623)
Subtotal	703,986	(208,118)
Interest and dividends received	2,761	3,483
Interest paid	(9,851)	(6,688)
Income taxes paid	(300,615)	(234,811)
Net cash provided by (used in) operating activities	396,281	(446,134)
Cash flows from investing activities		
Payments into time deposits	(68,021)	(68,021)
Proceeds from withdrawal of time deposits	68,000	68,000
Purchase of property, plant and equipment	(5,267)	(24,044)
Purchase of intangible assets	(10,970)	(6,177)
Proceeds from sale of investment securities	30,000	–
Payment for guarantee deposits	(3,925)	(7,808)
Proceeds from guarantee deposits	10	3,211
Other, net	(1,774)	(1,947)
Net cash provided by (used in) investing activities	8,052	(36,787)

(Thousands of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Cash flows from financing activities		
Proceeds from long-term borrowings	300,000	500,000
Redemption of bonds	(400,000)	(800,000)
Proceeds from issuance of shares	169,731	4,978
Payments for market change expenses	(27,193)	–
Dividends paid	–	(73,143)
Other, net	(332)	(85)
Net cash provided by (used in) financing activities	42,204	(368,250)
Net increase (decrease) in cash and cash equivalents	446,538	(851,173)
Cash and cash equivalents at beginning of period	3,070,271	3,516,810
Cash and cash equivalents at end of period	3,516,810	2,665,637