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Consolidated Financial Results for the Year Ended January 31, 2020 [Japanese GAAP]

March 11, 2020

Company name: TOHO Co.,Ltd.
Stock exchange listing: Tokyo,Fukuoka
Code number: 8142
URL: https://www.to-ho.co.jp
Representative: Hiroyuki Koga Representative Director & President
Contact: Toshiaki Sato Executive Director
Phone: 078-845-2431
Scheduled date of Annual General Meeting of Shareholders: April 21, 2020
Scheduled date of commencing dividend payments: April 22, 2020
Scheduled date of filing annual securities report: April 22, 2020
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended January 31, 2020 (February 01, 2019 to January 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
January 31, 2020	231,266	6.2	1,433	(12.5)	1,518	(13.4)	474	(44.1)
January 31, 2019	217,666	4.8	1,637	(11.0)	1,753	0.2	849	85.2

(Note) Comprehensive income: Fiscal year ended January 31, 2020: ¥ 468 million [-%]
Fiscal year ended January 31, 2019: ¥ (258) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
January 31, 2020	44.15	-	2.0	1.7	0.6
January 31, 2019	79.01	-	3.5	2.0	0.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended January 31, 2020: ¥ 7 million
Fiscal year ended January 31, 2019: ¥ (24) million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
January 31, 2020	90,646	24,548	26.2	2,207.10
January 31, 2019	89,257	24,471	26.7	2,217.46

(Reference) Equity: As of January 31, 2020: ¥ 23,742 million
As of January 31, 2019: ¥ 23,853 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 the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
January 31, 2020	2,500	(754)	(2,202)	6,790
January 31, 2019	3,326	(6,117)	2,097	7,245

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	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	%	%
January 31, 2019	-	25.00	-	25.00	50.00	537	63.3	2.2
January 31, 2020	-	25.00	-	25.00	50.00	537	113.3	2.3
Fiscal year ending January 31, 2021 (Forecast)	-	-	-	-	-		-	

(Note) The amount of the dividend for the year ending January 31 2021 has not yet been determined.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2021 (February 01, 2020 to January 31, 2021)

(% 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
Six months ended July 31, 2020	110,000	(1.6)	(100)	-	(80)	-	(280)	-	(26.03)
Full year	230,000	(0.5)	1,100	(23.3)	1,150	(24.3)	200	(57.9)	18.59

(Note) The estimated adverse effects of the spread of the new coronavirus on our business at this time have been included in the forecast.

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (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: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

January 31, 2020: 11,012,166 shares

January 31, 2019: 11,012,166 shares

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

January 31, 2020: 254,968 shares

January 31, 2019: 254,832 shares

3) Average number of shares during the period:

Fiscal Year ended January 31, 2020: 10,757,257 shares

Fiscal Year ended January 31, 2019: 10,757,371 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended January 31, 2020 (February 01, 2019 to January 31, 2020)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
January 31, 2020	85,228	2.5	(197)	-	568	(25.4)	390	(9.7)
January 31, 2019	83,110	0.9	113	(32.7)	761	17.4	431	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
January 31, 2020	36.28	-
January 31, 2019	40.16	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
January 31, 2020	70,801	19,265	27.2	1,790.91
January 31, 2019	69,577	19,438	27.9	1,807.02

(Reference) Equity: As of January 31, 2020: ¥ 19,265 million
As of January 31, 2019: ¥ 19,438 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of January 31,2019	As of January 31,2020
Assets		
Current assets		
Cash and deposits	7,336	6,940
Notes and accounts receivable - trade	17,585	18,761
Inventories	11,754	12,221
Other	2,882	3,691
Allowance for doubtful accounts	(58)	(86)
Total current assets	39,500	41,529
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,961	26,283
Accumulated depreciation	(15,352)	(15,966)
Buildings and structures, net	10,609	10,316
Machinery, equipment and vehicles	5,474	5,758
Accumulated depreciation	(3,885)	(4,076)
Machinery, equipment and vehicles, net	1,589	1,681
Tools, furniture and fixtures	3,837	3,963
Accumulated depreciation	(2,902)	(3,041)
Tools, furniture and fixtures, net	935	922
Land	15,489	15,649
Construction in progress	154	12
Leased assets	3,444	4,582
Accumulated depreciation	(2,791)	(3,207)
Leased assets, net	652	1,375
Total property, plant and equipment	29,430	29,957
Intangible assets		
Goodwill	7,652	7,072
Software	1,089	945
Other	153	173
Total intangible assets	8,895	8,191
Investments and other assets		
Investment securities	2,218	2,326
Shares of subsidiaries and associates	1,038	468
Leasehold deposits	4,189	4,091
Deferred tax assets	557	400
Retirement benefit asset	2,967	3,108
Other	625	727
Allowance for doubtful accounts	(165)	(155)
Total investments and other assets	11,431	10,967
Total non-current assets	49,757	49,116
Total assets	89,257	90,646

(Million yen)

	As of January 31,2019	As of January 31,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,076	27,333
Short-term loans payable	10,051	9,594
Income taxes payable	451	795
Provision for bonuses	435	489
Provision for point card certificates	184	203
Provision for product warranties	66	58
Other	3,311	3,499
Total current liabilities	40,577	41,973
Non-current liabilities		
Long-term loans payable	20,975	20,291
Provision for place of business closings	9	6
Deferred tax liabilities	1,153	1,006
Asset retirement obligations	696	778
Retirement benefit liability	567	600
Other	806	1,440
Total non-current liabilities	24,208	24,124
Total liabilities	64,785	66,097
Net assets		
Shareholders' equity		
Capital stock	5,344	5,344
Capital surplus	5,089	5,089
Retained earnings	13,336	13,273
Treasury shares	(638)	(638)
Total shareholders' equity	23,131	23,068
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	458	503
Deferred gains or losses on hedges	(4)	(1)
Foreign currency translation adjustment	(213)	(185)
Remeasurements of defined benefit plans	481	357
Total accumulated other comprehensive income	722	673
Non-controlling interests	617	806
Total net assets	24,471	24,548
Total liabilities and net assets	89,257	90,646

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended January 31,2019	For the fiscal year ended January 31,2020
Net sales	217,666	231,266
Cost of sales	175,892	187,162
Gross profit	41,774	44,104
Selling, general and administrative expenses		
Freightage and packing expenses	4,955	5,465
Promotion expenses	1,891	1,915
Provision of allowance for doubtful accounts	46	60
Retirement benefit expenses	(29)	(33)
Employees' salaries	14,453	15,371
Employees' bonuses	2,089	2,146
Provision for bonuses	426	489
Welfare expenses	2,719	2,935
Traveling and transportation expenses	1,346	1,385
Utilities expenses	1,697	1,643
Lease	812	938
Depreciation	1,844	2,129
Rents	3,499	3,509
Other	4,383	4,711
Total selling, general and administrative expenses	40,137	42,671
Operating profit	1,637	1,433
Non-operating income		
Interest income	2	5
Dividend income	30	38
Share of profit of entities accounted for using equity method	-	7
Other financial revenue	27	-
Other	236	220
Total non-operating income	297	272
Non-operating expenses		
Interest expenses	94	118
Other financial expenses	-	14
Share of loss of entities accounted for using equity method	24	-
Other	62	54
Total non-operating expenses	181	186
Ordinary profit	1,753	1,518

(Million yen)

	For the fiscal year ended January 31,2019	For the fiscal year ended January 31,2020
Extraordinary income		
Gain on sales of non-current assets	537	12
Gain on sales of investment securities	11	-
Gain on bargain purchase	-	241
Compensation income	-	100
Other	-	23
Total extraordinary income	549	378
Extraordinary losses		
Loss on step acquisitions	-	95
Loss on sales of non-current assets	0	3
Loss on retirement of non-current assets	218	78
Loss on closing of stores	65	20
Impairment loss	12	6
Loss on sales of investment securities	-	0
Other	22	20
Total extraordinary losses	318	223
Profit before income taxes	1,983	1,672
Income taxes - current	801	1,108
Income taxes - deferred	255	40
Total income taxes	1,056	1,149
Profit	927	523
Profit attributable to non-controlling interests	77	48
Profit attributable to owners of parent	849	474

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended January 31,2019	For the fiscal year ended January 31,2020
Profit	927	523
Other comprehensive income		
Valuation difference on available-for-sale securities	(228)	40
Deferred gains or losses on hedges	3	3
Foreign currency translation adjustment	(245)	27
Remeasurements of defined benefit plans, net of tax	(713)	(125)
Share of other comprehensive income of entities accounted for using equity method	(2)	-
Total other comprehensive income	(1,185)	(55)
Comprehensive income	(258)	468
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(323)	426
Comprehensive income attributable to non-controlling interests	65	41

Consolidated Statements of Changes in Net Assets

For the fiscal year ended January 31,2019

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,344	5,089	13,024	(638)	22,819
Changes of items during period					
Dividends of surplus			(537)		(537)
Profit attributable to owners of parent			849		849
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	312	(0)	311
Balance at end of current period	5,344	5,089	13,336	(638)	23,131

	Accumulated other comprehensive income					Non-controlling interests	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 current period	687	(8)	31	1,185	1,895	238	24,953
Changes of items during period							
Dividends of surplus							(537)
Profit attributable to owners of parent							849
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(228)	3	(245)	(703)	(1,173)	379	(793)
Total changes of items during period	(228)	3	(245)	(703)	(1,173)	379	(482)
Balance at end of current period	458	(4)	(213)	481	722	617	24,471

For the fiscal year ended January 31,2020

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,344	5,089	13,336	(638)	23,131
Changes of items during period					
Dividends of surplus			(537)		(537)
Profit attributable to owners of parent			474		474
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(62)	(0)	(63)
Balance at end of current period	5,344	5,089	13,273	(638)	23,068

	Accumulated other comprehensive income					Non-controlling interests	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 current period	458	(4)	(213)	481	722	617	24,471
Changes of items during period							
Dividends of surplus							(537)
Profit attributable to owners of parent							474
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	44	3	28	(124)	(48)	188	139
Total changes of items during period	44	3	28	(124)	(48)	188	76
Balance at end of current period	503	(1)	(185)	357	673	806	24,548

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended January 31,2019	For the fiscal year ended January 31,2020
Cash flows from operating activities		
Profit before income taxes	1,983	1,672
Depreciation	1,963	2,241
Amortization of goodwill	643	789
Impairment loss	12	6
Loss (gain) on disposal of non-current assets	145	24
Increase (decrease) in allowance for doubtful accounts	(16)	7
Increase (decrease) in provision for place business closings	(15)	(12)
Increase (decrease) in provision for bonuses	30	(15)
Increase (decrease) in provision for product warranties	74	(15)
Increase (decrease) in provision for point card certificates	16	18
Gain on bargain purchase	-	(241)
Loss (gain) on step acquisitions	-	95
Increase (decrease) in retirement benefit liability	(409)	(308)
Interest and dividend income	(33)	(44)
Interest expenses	94	118
Share of loss (profit) of entities accounted for using equity method	24	(7)
Other financial revenue and expenses	44	18
Loss (gain) on sales of non-current assets	(537)	(9)
Decrease (increase) in notes and accounts receivable - trade	(42)	(153)
Decrease (increase) in inventories	(76)	(277)
Decrease (increase) in other account receivables	128	(665)
Increase (decrease) in notes and accounts payable - trade	108	241
Increase (decrease) in other obligations	(437)	(49)
Increase (decrease) in accrued consumption taxes	179	(143)
Other, net	128	141
Subtotal	4,007	3,431
Income taxes paid	(586)	(844)
Interest and dividend income received	33	44
Interest expenses paid	(94)	(118)
Proceeds from dividend income from entities accounted for using equity method	9	6
Other financial revenue received and expenses paid	(42)	(17)
Net cash provided by (used in) operating activities	3,326	2,500

(Million yen)

	For the fiscal year ended January 31,2019	For the fiscal year ended January 31,2020
Cash flows from investing activities		
Payments into time deposits	(0)	(58)
Proceeds from withdrawal of time deposits	48	-
Purchase of non-current assets	(2,373)	(1,882)
Proceeds from sales and collection of non current assets	1,685	671
Purchase of investment securities	(12)	(15)
Proceeds from sales of investment securities	36	10
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,537)	(221)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	82	740
Other, net	(45)	(0)
Net cash provided by (used in) investing activities	(6,117)	(754)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(100)	-
Proceeds from long-term loans payable	13,150	10,550
Repayments of long-term loans payable	(10,185)	(11,691)
Repayments of lease obligations	(307)	(493)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(537)	(538)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	99	-
Other, net	(20)	(28)
Net cash provided by (used in) financing activities	2,097	(2,202)
Effect of exchange rate change on cash and cash equivalents	(54)	0
Net increase (decrease) in cash and cash equivalents	(747)	(455)
Cash and cash equivalents at beginning of period	7,993	7,245
Cash and cash equivalents at end of period	7,245	6,790