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Consolidated Financial Results for the Year Ended October 31, 2022 [Japanese GAAP]

December 13, 2022

Company name: TBCSCAT Inc.
Stock exchange listing: Tokyo
Code number: 3974
URL: http://www.tbcscat.jp/
Representative: Nagashima Hideo President and CEO
Contact: Nishio Shinobu Director,General Manager of Accounting and Finance Division
Phone: 03(5623)9670
Scheduled date of Annual General Meeting of Shareholders: January 27, 2023
Scheduled date of commencing dividend payments: January 30, 2023
Scheduled date of filing annual securities report: January 30, 2023
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 October 31, 2022 (November 01, 2021 to October 31, 2022)

(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	%
October 31, 2022	2,587	4.2	224	23.9	223	23.4	100	(16.8)
October 31, 2021	2,483	0.9	180	39.8	180	37.8	120	68.7

(Note) Comprehensive income: Fiscal year ended October 31, 2022: ¥ 98 million [(16.6)%]
Fiscal year ended October 31, 2021: ¥ 117 million [64.1%]

	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	%	%	%
October 31, 2022	24.30	-	4.5	6.2	8.7
October 31, 2021	27.56	-	5.4	4.9	7.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended October 31, 2022: ¥ - million
Fiscal year ended October 31, 2021: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
October 31, 2022	3,470	2,177	62.7	555.60
October 31, 2021	3,714	2,316	62.4	524.51

(Reference) Equity: As of October 31, 2022: ¥ 2,177 million
As of October 31, 2021: ¥ 2,316 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
October 31, 2022	253	112	(326)	1,765
October 31, 2021	346	(113)	(81)	1,726

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	%	%
October 31, 2021	-	0.00	-	7.00	7.00	32	25.4	1.4
October 31, 2022	-	4.00	-	4.50	8.50	35	35.0	1.6
Fiscal year ending October 31, 2023 (Forecast)	-	4.00	-	4.50	8.50		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended October 31, 2022 :

Commemorative dividend - yen

Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending October 31, 2023 (November 01, 2022 to October 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	2,656	2.7	238	6.2	237	6.2	170	69.3	43.49

* 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: Yes

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):

October 31, 2022: 5,240,000 shares

October 31, 2021: 5,240,000 shares

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

October 31, 2022: 1,320,876 shares

October 31, 2021: 822,929 shares

3) Average number of shares during the period:

Fiscal Year ended October 31, 2022: 4,142,935 shares

Fiscal Year ended October 31, 2021: 4,388,139 shares

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of October 31,2021	As of October 31,2022
Assets		
Current assets		
Cash and deposits	1,726,985	1,765,709
Accounts receivable - trade	185,693	221,369
Merchandise	39,983	32,734
Work in process	3,726	5,139
Other	28,428	23,093
Allowance for doubtful accounts	(171)	(103)
Total current assets	1,984,645	2,047,941
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,890,902	1,010,678
Accumulated depreciation	(1,070,803)	(423,729)
Buildings and structures, net	820,099	586,949
Land	319,248	247,101
Other	163,914	165,515
Accumulated depreciation	(137,904)	(146,583)
Other, net	26,010	18,932
Total property, plant and equipment	1,165,358	852,982
Intangible assets		
Software	62,167	218,341
Software in progress	205,884	68,090
Goodwill	66,689	51,869
Other	494	4,659
Total intangible assets	335,237	342,961
Investments and other assets		
Deferred tax assets	155,435	153,262
Other	90,538	89,221
Allowance for doubtful accounts	(16,693)	(16,061)
Total investments and other assets	229,280	226,423
Total non-current assets	1,729,876	1,422,368
Total assets	3,714,521	3,470,310

(Thousand yen)

	As of October 31,2021	As of October 31,2022
Liabilities		
Current liabilities		
Accounts payable - trade	42,828	54,794
Short-term borrowings	200,000	200,000
Current portion of long-term borrowings	85,680	63,680
Accrued expenses	135,318	113,038
Income taxes payable	52,419	27,522
Provision for bonuses	79,654	80,337
Other	96,761	116,379
Total current liabilities	692,661	655,752
Non-current liabilities		
Long-term borrowings	303,880	240,200
Provision for retirement benefits for directors (and other officers)	18,365	18,365
Provision for share awards	10,548	21,343
Retirement benefit liability	340,426	326,180
Other	31,855	31,020
Total non-current liabilities	705,075	637,110
Total liabilities	1,397,737	1,292,863
Net assets		
Shareholders' equity		
Share capital	200,000	200,000
Capital surplus	338,339	338,339
Retained earnings	1,996,498	2,048,152
Treasury shares	(214,716)	(403,149)
Total shareholders' equity	2,320,122	2,183,343
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,337)	(5,896)
Total accumulated other comprehensive income	(3,337)	(5,896)
Total net assets	2,316,784	2,177,446
Total liabilities and net assets	3,714,521	3,470,310

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended October 31,2021	For the fiscal year ended October 31,2022
Net sales	2,483,636	2,587,750
Cost of sales	1,466,321	1,503,999
Gross profit	1,017,314	1,083,751
Selling, general and administrative expenses	836,426	859,588
Operating profit	180,887	224,162
Non-operating income		
Interest income	12	14
Dividend income	7	6
Gain on sale of investment securities	25	-
Institution expenses	1,874	1,671
Subsidy income	1,297	343
Reversal of allowance for doubtful accounts	240	240
Other	643	242
Total non-operating income	4,100	2,518
Non-operating expenses		
Interest expenses	3,532	3,014
Other	676	536
Total non-operating expenses	4,209	3,550
Ordinary profit	180,779	223,129
Extraordinary income		
Subsidies income	39,872	16,213
Gain on sale of non-current assets	7,641	43,952
Gain on exemption from rent	-	2,913
Gain on reversal of asset retirement obligations	-	8,500
Total extraordinary income	47,513	71,579
Extraordinary losses		
Loss on COVID19	51,770	34,617
Loss on sale of non-current assets	28	44,902
Loss on retirement of non-current assets	204	87
Impairment losses	-	56,061
Total extraordinary losses	52,003	135,668
Profit before income taxes	176,289	159,040
Income taxes - current	64,275	55,085
Income taxes - deferred	(8,921)	3,293
Total income taxes	55,354	58,378
Profit	120,934	100,661
Profit attributable to owners of parent	120,934	100,661

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended October 31,2021	For the fiscal year ended October 31,2022
Profit	120,934	100,661
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,337)	(2,559)
Total other comprehensive income	(3,337)	(2,559)
Comprehensive income	117,596	98,102
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	117,596	98,102

Consolidated Statements of Changes in Net Assets

For the fiscal year ended October 31,2021

(Thousand yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	200,000	277,158	1,904,461	(187,662)	2,193,957	-	-	2,193,957
Changes during period								
Dividends of surplus			(28,897)		(28,897)			(28,897)
Profit attributable to owners of parent			120,934		120,934			120,934
Purchase of treasury shares					-			-
Disposal of treasury shares		97,865		50,441	148,307			148,307
Treasury stock possession of stock ownership plan trust				(114,180)	(114,180)			(114,180)
Disposal of treasury stock by ownership plan trust					-			-
Cancellation of treasury shares		(36,685)		36,685	-			-
Net changes in items other than shareholders' equity						(3,337)	(3,337)	(3,337)
Total changes during period	-	61,180	92,037	(27,053)	126,164	(3,337)	(3,337)	122,826
Balance at end of period	200,000	338,339	1,996,498	(214,716)	2,320,122	(3,337)	(3,337)	2,316,784

For the fiscal year ended October 31,2022

(Thousand yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	200,000	338,339	1,996,498	(214,716)	2,320,122	(3,337)	(3,337)	2,316,784
Changes during period								
Dividends of surplus			(49,007)		(49,007)			(49,007)
Profit attributable to owners of parent			100,661		100,661			100,661
Purchase of treasury shares				(189,509)	(189,509)			(189,509)
Disposal of treasury shares					-			-
Treasury stock possession of stock ownership plan trust					-			-
Disposal of treasury stock by ownership plan trust				1,076	1,076			1,076
Cancellation of treasury shares					-			-
Net changes in items other than shareholders' equity						(2,559)	(2,559)	(2,559)
Total changes during period	-	-	51,653	(188,432)	(136,779)	(2,559)	(2,559)	(139,338)
Balance at end of period	200,000	338,339	2,048,152	(403,149)	2,183,343	(5,896)	(5,896)	2,177,446

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended October 31,2021	For the fiscal year ended October 31,2022
Cash flows from operating activities		
Profit before income taxes	176,289	159,040
Depreciation	98,775	128,306
Impairment losses	-	56,061
Amortization of goodwill	14,819	14,819
Increase (decrease) in allowance for doubtful accounts	(206)	(699)
Interest and dividend income	(19)	(21)
Loss (gain) on sale of investment securities	(25)	-
Interest expenses	3,532	3,014
Loss (gain) on sale of property, plant and equipment	(7,613)	950
Loss on retirement of non-current assets	204	87
Remission of house rent	-	(2,913)
Gain on reversal of asset retirement obligations	-	(8,500)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(22,950)	-
Increase (decrease) in retirement benefit liability	14,736	(14,245)
Increase (decrease) in provision for share awards	10,548	10,795
Increase (decrease) in provision for bonuses	8,890	683
Decrease (increase) in trade receivables	50,627	(35,676)
Decrease (increase) in inventories	31,757	6,192
Increase (decrease) in trade payables	(6,369)	11,966
Increase (decrease) in accrued expenses	(2,763)	(22,279)
Increase (decrease) in advances received	(3,276)	2,726
Other, net	(1,417)	23,601
Subtotal	365,540	333,909
Interest and dividends received	19	21
Interest paid	(3,481)	(3,054)
Income taxes paid	(40,447)	(79,177)
Income taxes refund	25,027	1,504
Net cash provided by (used in) operating activities	346,659	253,204
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,228)	(10,132)
Proceeds from sale of property, plant and equipment	31,130	228,000
Purchase of intangible assets	(97,491)	(105,803)
Purchase of investment securities	(34,080)	-
Proceeds from sale of investment securities	35	-
Other, net	240	257
Net cash provided by (used in) investing activities	(113,393)	112,321
Cash flows from financing activities		
Proceeds from short-term borrowings	100,000	100,000
Repayments of short-term borrowings	(100,000)	(100,000)
Repayments of long-term borrowings	(83,680)	(85,680)
Repayments of lease liabilities	(2,572)	(2,570)
Purchase of treasury shares	(114,180)	(189,674)
Proceeds from sale of treasury shares	148,307	-
Dividends paid	(28,924)	(48,876)
Net cash provided by (used in) financing activities	(81,049)	(326,802)
Net increase (decrease) in cash and cash equivalents	152,215	38,723
Cash and cash equivalents at beginning of period	1,574,769	1,726,985
Cash and cash equivalents at end of period	1,726,985	1,765,709