

Translation

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

May 13, 2022

Company name: TENOX CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1905 URL <https://www.tenox.co.jp/>
 Representative: President and Representative Director Masayuki Sato
 Inquiries: Accounting Manager Kazuhiko Sakoda TEL 03-3455-7758
 Scheduled date of ordinary general meeting of shareholders: June 29, 2022
 Scheduled date to file Securities Report: June 29, 2022
 Scheduled date to commence dividend payments: June 30, 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 March 31, 2022 (from April 1, 2021 to March 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 March 31, 2022	14,817	(6.9)	466	51.0	516	55.7	357	106.5
Year ended March 31, 2021	15,906	(14.4)	308	(72.9)	331	(71.9)	173	(77.5)

	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 March 31, 2022	53.42	52.32	3.0	2.9	3.1
Year ended March 31, 2021	25.49	24.98	1.5	1.8	1.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	17,681	12,300	67.4	1,781.85
As of March 31, 2021	18,163	12,215	65.1	1,748.57

(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 March 31, 2022	1,795	(107)	(514)	9,581
Year ended March 31, 2021	(6)	(638)	(257)	8,402

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 March 31, 2021	—	11.00	—	14.00	25.00	172	98.1	1.4
Year ended March 31, 2022	—	10.00	—	15.00	25.00	172	46.8	1.4
Year ending March 31, 2023 (Forecast)	—	12.00	—	13.00	25.00		53.9	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 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
Full year	17,500	18.1	450	(3.5)	500	(3.1)	310	(13.4)	46.34

4. Notes

(1) Changes in significant subsidiaries during the year ended March 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: Yes

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 March 31, 2022	7,694,080 shares	As of March 31, 2021	7,694,080 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	1,004,808 shares	As of March 31, 2021	930,023 shares
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Average number of shares during the period

Year ended March 31, 2022	6,697,239 shares	Year ended March 31, 2021	6,798,061 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	8,335,688	9,612,254
Notes receivable, accounts receivable from completed construction contracts and other	4,539,358	–
Notes receivable, accounts receivable from completed construction contracts, contract assets and other	–	2,683,049
Electronically recorded monetary claims - operating	632,470	1,405,880
Costs on construction contracts in progress	669,414	721,800
Accounts receivable - other	437,634	348,216
Other	489,576	80,166
Allowance for doubtful accounts	(1,694)	(1,299)
Total current assets	15,102,448	14,850,067
Non-current assets		
Property, plant and equipment		
Buildings and structures	540,819	551,014
Accumulated depreciation	(252,266)	(274,421)
Buildings and structures, net	288,552	276,593
Machinery, equipment and vehicles	7,089,612	7,116,850
Accumulated depreciation	(5,995,242)	(6,209,697)
Machinery, equipment and vehicles, net	1,094,370	907,152
Tools, furniture and fixtures	1,611,833	1,676,286
Accumulated depreciation	(1,525,609)	(1,565,858)
Tools, furniture and fixtures, net	86,223	110,428
Land	954,278	954,278
Other	43,428	64,790
Accumulated depreciation	(1,561)	(4,344)
Other, net	41,866	60,446
Total property, plant and equipment	2,465,291	2,308,899
Intangible assets		
Goodwill	24,928	20,592
Other	28,654	19,530
Total intangible assets	53,582	40,123
Investments and other assets		
Investment securities	323,304	280,263
Deferred tax assets	59,275	95,814
Other	179,008	117,442
Allowance for doubtful accounts	(18,970)	(11,112)
Total investments and other assets	542,617	482,407
Total non-current assets	3,061,492	2,831,430
Total assets	18,163,940	17,681,498

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	4,383,728	3,681,737
Current portion of long-term borrowings	41,068	9,940
Income taxes payable	11,044	189,149
Advances received on construction contracts in progress	157,916	–
Contract liabilities	–	128,586
Provision for bonuses	103,563	108,096
Provision for warranties for completed construction	3,100	3,400
Provision for loss on construction contracts	12,500	8,793
Other	344,874	565,573
Total current liabilities	5,057,794	4,695,275
Non-current liabilities		
Long-term borrowings	192,924	19,880
Retirement benefit liability	496,290	503,134
Provision for share awards	56,494	62,455
Other	144,803	100,548
Total non-current liabilities	890,513	686,018
Total liabilities	5,948,308	5,381,294
Net assets		
Shareholders' equity		
Share capital	1,710,900	1,710,900
Capital surplus	2,397,716	2,447,772
Retained earnings	8,187,745	8,380,240
Treasury shares	(511,410)	(630,462)
Total shareholders' equity	11,784,951	11,908,450
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,453	19,469
Foreign currency translation adjustment	(7,957)	(8,621)
Total accumulated other comprehensive income	42,496	10,848
Share acquisition rights	94,210	91,045
Non-controlling interests	293,973	289,859
Total net assets	12,215,632	12,300,204
Total liabilities and net assets	18,163,940	17,681,498

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

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	15,906,872	14,817,057
Cost of sales	13,816,023	12,461,643
Gross profit	2,090,849	2,355,413
Selling, general and administrative expenses	1,781,939	1,888,857
Operating profit	308,910	466,556
Non-operating income		
Interest income	101	216
Dividend income	4,410	9,757
Foreign exchange gains	–	6,116
Other	23,285	35,564
Total non-operating income	27,797	51,655
Non-operating expenses		
Interest expenses	407	580
Foreign exchange losses	3,523	–
Other	1,285	1,457
Total non-operating expenses	5,216	2,038
Ordinary profit	331,491	516,173
Extraordinary income		
Gain on sale of non-current assets	8,499	12,699
Gain on sale of investment securities	–	1,235
Total extraordinary income	8,499	13,935
Extraordinary losses		
Loss on disposal of non-current assets	1,217	2,635
Impairment losses	27,443	–
Total extraordinary losses	28,660	2,635
Profit before income taxes	311,330	527,473
Income taxes - current	108,703	207,589
Income taxes - deferred	9,699	(34,693)
Total income taxes	118,403	172,896
Profit	192,927	354,577
Profit (loss) attributable to non-controlling interests	19,650	(3,214)
Profit attributable to owners of parent	173,277	357,792

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	192,927	354,577
Other comprehensive income		
Valuation difference on available-for-sale securities	26,717	(30,983)
Foreign currency translation adjustment	(847)	(664)
Total other comprehensive income	25,870	(31,647)
Comprehensive income	218,797	322,929
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	199,147	326,144
Comprehensive income attributable to non-controlling interests	19,650	(3,214)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,710,900	2,397,716	8,200,393	(479,764)	11,829,244
Changes during period					
Dividends of surplus			(193,395)		(193,395)
Profit attributable to owners of parent			173,277		173,277
Increase / decrease by merger			7,470		7,470
Purchase of treasury shares				(33,575)	(33,575)
Disposal of treasury shares				1,930	1,930
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(12,647)	(31,645)	(44,293)
Balance at end of period	1,710,900	2,397,716	8,187,745	(511,410)	11,784,951

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	23,735	(7,109)	16,626	74,685	275,223	12,195,780
Changes during period						
Dividends of surplus						(193,395)
Profit attributable to owners of parent						173,277
Increase / decrease by merger						7,470
Purchase of treasury shares						(33,575)
Disposal of treasury shares						1,930
Net changes in items other than shareholders' equity	26,717	(847)	25,870	19,525	18,750	64,145
Total changes during period	26,717	(847)	25,870	19,525	18,750	19,852
Balance at end of period	50,453	(7,957)	42,496	94,210	293,973	12,215,632

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,710,900	2,397,716	8,187,745	(511,410)	11,784,951
Changes during period					
Dividends of surplus			(165,297)		(165,297)
Profit attributable to owners of parent			357,792		357,792
Purchase of treasury shares				(206,528)	(206,528)
Disposal of treasury shares		41,417		70,428	111,845
Exercise of share acquisition rights		1,786		4,272	6,058
Restricted share awards		6,852		12,776	19,629
Net changes in items other than shareholders' equity					
Total changes during period	-	50,056	192,494	(119,051)	123,499
Balance at end of period	1,710,900	2,447,772	8,380,240	(630,462)	11,908,450

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	50,453	(7,957)	42,496	94,210	293,973	12,215,632
Changes during period						
Dividends of surplus						(165,297)
Profit attributable to owners of parent						357,792
Purchase of treasury shares						(206,528)
Disposal of treasury shares						111,845
Exercise of share acquisition rights						6,058
Restricted share awards						19,629
Net changes in items other than shareholders' equity	(30,983)	(664)	(31,647)	(3,165)	(4,114)	(38,927)
Total changes during period	(30,983)	(664)	(31,647)	(3,165)	(4,114)	84,571
Balance at end of period	19,469	(8,621)	10,848	91,045	289,859	12,300,204

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	311,330	527,473
Depreciation	511,628	465,492
Amortization of goodwill	1,083	4,335
Increase (decrease) in provision for loss on construction contracts	4,500	(3,706)
Increase (decrease) in allowance for doubtful accounts	(671)	(8,253)
Increase (decrease) in provision for bonuses	(566)	4,532
Increase (decrease) in provision for warranties for completed construction	2,400	300
Increase (decrease) in retirement benefit liability	8,730	6,843
Increase (decrease) in provision for share awards	9,735	5,960
Interest and dividend income	(4,512)	(9,974)
Interest expenses	407	580
Loss (gain) on sale of property, plant and equipment	(8,499)	(12,699)
Loss (gain) on disposal of property, plant and equipment	1,217	2,635
Loss (gain) on sale of investment securities	–	(1,235)
Foreign exchange losses (gains)	1,515	(8,181)
Impairment losses	27,443	–
Decrease (increase) in trade receivables	368,147	–
Decrease (increase) in trade receivables and contract assets	–	1,166,663
Decrease (increase) in costs on construction contracts in progress	(95,885)	(51,787)
Increase (decrease) in trade payables	297,668	(701,999)
Increase (decrease) in advances received on construction contracts in progress	(123,168)	–
Increase (decrease) in contract liabilities	–	(42,067)
Other, net	(747,767)	439,990
Subtotal	564,737	1,784,899
Interest and dividends received	4,518	9,804
Interest paid	(378)	(638)
Income taxes refund (paid)	(575,078)	1,387
Net cash provided by (used in) operating activities	(6,200)	1,795,452
Cash flows from investing activities		
Purchase of property, plant and equipment	(435,780)	(187,314)
Proceeds from sale of property, plant and equipment	68,770	17,060
Purchase of investment securities	(188,103)	(720)
Proceeds from sale and redemption of short-term and long-term investment securities	–	7,582
Loan advances	(1,353)	(761)
Proceeds from collection of loans receivable	2,183	1,501
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(41,812)	–
Other, net	(41,933)	55,014
Net cash provided by (used in) investing activities	(638,028)	(107,637)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Repayments of long-term borrowings	(17,722)	(204,172)
Purchase of treasury shares	(33,575)	(206,528)
Proceeds from disposal of treasury shares	–	109,995
Dividends paid	(194,327)	(164,725)
Dividends paid to non-controlling interests	(900)	(900)
Other, net	(11,086)	(48,052)
Net cash provided by (used in) financing activities	(257,612)	(514,383)
Effect of exchange rate change on cash and cash equivalents	(641)	5,437
Net increase (decrease) in cash and cash equivalents	(902,482)	1,178,869
Cash and cash equivalents at beginning of period	9,304,896	8,402,414
Cash and cash equivalents at end of period	8,402,414	9,581,283