

Translation

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

May 16, 2022

Company name: HURXLEY CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 7561 URL <https://www.hurxley.co.jp/>  
 Representative: Chief Executive Officer Tatsuya Aoki  
 Inquiries: General Manager Masaya Nakano TEL 06-6376-8088  
 Scheduled date of ordinary general meeting of shareholders: June 22, 2022  
 Scheduled date to file Securities Report: June 23, 2022  
 Scheduled date to commence dividend payments: June 23, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(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	31,732	15.0	1,103	121.2	1,379	49.4	978	–
Year ended March 31, 2021	27,593	–	498	–	923	–	81	–

	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	53.17	53.17	4.6	2.9	3.5
Year ended March 31, 2021	4.43	–	0.3	2.4	1.1

#### (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	48,164	21,621	44.9	1,174.79
As of March 31, 2021	37,266	20,816	55.8	1,131.09

#### (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	2,717	(5,367)	8,981	11,440
Year ended March 31, 2021	(2,149)	(2,195)	1,898	5,108

### 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	–	0.00	–	0.00	0.00	0	0.0	0.0
Year ended March 31, 2022	–	8.00	–	7.00	–	203	20.7	0.9
Year ending March 31, 2023 (Forecast)	–	9.00	–	9.00	18.00		20.4	

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
Six months ending September 30, 2022	16,200	16.3	510	62.4	640	17.2	510	47.0	27.72
Full year	37,000	16.6	1,900	72.3	2,100	52.3	1600	63.6	86.96

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:

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 March 31, 2022	22,050,064 shares	As of March 31, 2021	22,050,064 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	3,650,830 shares	As of March 31, 2021	3,650,830 shares
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Average number of shares during the period

Year ended March 31, 2022	18,399,234 shares	Year ended March 31, 2021	18,496,252 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,157	11,592
Notes and accounts receivable - trade	1,293	—
Notes and accounts receivable - trade, and contract assets	—	1,083
Merchandise and finished goods	5,371	5,553
Raw materials and supplies	54	153
Other	1,271	1,261
Allowance for doubtful accounts	(19)	(12)
Total current assets	13,127	19,632
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,307	5,451
Machinery, equipment and vehicles, net	528	562
Tools, furniture and fixtures, net	232	197
Land	9,246	9,455
Leased assets, net	26	38
Construction in progress	—	2
Total property, plant and equipment	15,342	15,707
Intangible assets		
Leasehold interests in land	203	3,480
Goodwill	349	290
Other	202	190
Total intangible assets	755	3,961
Investments and other assets		
Investment securities	2,174	3,315
Long-term loans receivable	9	7
Leasehold and guarantee deposits	5,284	4,800
Deferred tax assets	300	462
Long-term accounts receivable - other	543	585
Other	290	252
Allowance for doubtful accounts	(560)	(562)
Total investments and other assets	8,041	8,862
Total non-current assets	24,139	28,531
Total assets	37,266	48,164

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,803	1,714
Current portion of bonds payable	10	10
Short-term borrowings	1,700	2,450
Current portion of long-term borrowings	1,673	1,363
Accounts payable - other	274	169
Income taxes payable	139	309
Accrued consumption taxes	81	181
Provision for bonuses	171	192
Other	2,006	2,174
<b>Total current liabilities</b>	<b>7,860</b>	<b>8,564</b>
<b>Non-current liabilities</b>		
Bonds payable	20	10
Long-term borrowings	4,102	12,832
Long-term guarantee deposits	3,673	4,259
Deferred tax liabilities	119	209
Retirement benefit liability	24	23
Asset retirement obligations	375	409
Other	274	234
<b>Total non-current liabilities</b>	<b>8,590</b>	<b>17,978</b>
<b>Total liabilities</b>	<b>16,450</b>	<b>26,542</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,036	4,036
Capital surplus	3,971	3,971
Retained earnings	15,302	16,207
Treasury shares	(2,501)	(2,501)
<b>Total shareholders' equity</b>	<b>20,809</b>	<b>21,714</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1	(99)
<b>Total accumulated other comprehensive income</b>	<b>1</b>	<b>(99)</b>
Share acquisition rights	5	6
<b>Total net assets</b>	<b>20,816</b>	<b>21,621</b>
<b>Total liabilities and net assets</b>	<b>37,266</b>	<b>48,164</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	27,593	31,732
Cost of sales	17,770	20,893
Gross profit	9,823	10,838
Selling, general and administrative expenses	9,324	9,735
Operating profit	498	1,103
Non-operating income		
Interest income	0	0
Dividend income	23	40
Rental income	34	4
Business consignment contract cancelation profit	119	160
Share of profit of entities accounted for using equity method	15	13
Subsidy income	88	118
Other	244	165
Total non-operating income	528	505
Non-operating expenses		
Interest expenses	18	50
Rental expenses	7	0
Loss on cancellation of outsourcing agreement	28	8
Commission expenses	–	120
Other	49	48
Total non-operating expenses	103	229
Ordinary profit	923	1,379
Extraordinary income		
Gain on sale of non-current assets	0	5
Gain on sale of investment securities	–	1
Settlement income	–	23
Other	0	0
Total extraordinary income	0	29
Extraordinary losses		
Loss on sale of non-current assets	1	6
Loss on retirement of non-current assets	126	42
Loss on cancellation of leases	8	–
Impairment losses	24	63
Loss on transfer from business divestitures	103	–
Other	13	10
Total extraordinary losses	279	123
Profit before income taxes	645	1,285
Income taxes - current	245	378
Income taxes - deferred	317	(71)
Total income taxes	563	307
Profit	81	978
Profit attributable to owners of parent	81	978

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	81	978
Other comprehensive income		
Valuation difference on available-for-sale securities	206	(105)
Share of other comprehensive income of entities accounted for using equity method	4	4
Total other comprehensive income	210	(100)
Comprehensive income	292	877
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	292	877

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,036	3,971	15,659	(2,269)	21,397
Cumulative effects of changes in accounting policies			(80)		(80)
Restated balance	4,036	3,971	15,578	(2,269)	21,317
Changes during period					
Dividends of surplus			(357)		(357)
Profit attributable to owners of parent			81		81
Purchase of treasury shares				(232)	(232)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(275)	(232)	(508)
Balance at end of period	4,036	3,971	15,302	(2,501)	20,809

	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	(209)	(209)	4	21,192
Cumulative effects of changes in accounting policies				(80)
Restated balance	(209)	(209)	4	21,112
Changes during period				
Dividends of surplus				(357)
Profit attributable to owners of parent				81
Purchase of treasury shares				(232)
Net changes in items other than shareholders' equity	210	210	1	212
Total changes during period	210	210	1	(295)
Balance at end of period	1	1	5	20,816

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,036	3,971	15,302	(2,501)	20,809
Cumulative effects of changes in accounting policies					
Restated balance	4,036	3,971	15,302	(2,501)	20,809
Changes during period					
Dividends of surplus			(73)		(73)
Profit attributable to owners of parent			978		978
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	904	–	904
Balance at end of period	4,036	3,971	16,207	(2,501)	21,714

	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	1	1	5	20,816
Cumulative effects of changes in accounting policies				
Restated balance	1	1	5	20,816
Changes during period				
Dividends of surplus				(73)
Profit attributable to owners of parent				978
Purchase of treasury shares				
Net changes in items other than shareholders' equity	(100)	(100)	0	(100)
Total changes during period	(100)	(100)	0	804
Balance at end of period	(99)	(99)	6	21,621



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	645	1,285
Depreciation	850	841
Loss (gain) on sale of businesses	103	–
Amortization of goodwill	119	58
Loss (gain) on sale of non-current assets	1	1
Loss on retirement of non-current assets	126	42
Impairment losses	24	63
Loss (gain) on valuation of investment securities	–	–
Increase (decrease) in allowance for doubtful accounts	17	(5)
Increase (decrease) in provision for bonuses	(27)	20
Interest and dividend income	(24)	(41)
Interest expenses	18	50
Share of loss (profit) of entities accounted for using equity method	(15)	(13)
Decrease (increase) in trade receivables	(17)	268
Decrease (increase) in inventories	(2,191)	(281)
Increase (decrease) in trade payables	76	(88)
Increase (decrease) in unearned revenue	(267)	92
Increase (decrease) in accounts payable - other	(400)	(284)
Increase (decrease) in accrued expenses	(68)	(112)
Decrease (increase) in consumption taxes refund receivable	(153)	151
Increase (decrease) in accrued consumption taxes	(60)	100
Other, net	(292)	593
Subtotal	(1,536)	2,742
Income taxes paid	(667)	(180)
Income taxes refund	55	155
Net cash provided by (used in) operating activities	(2,149)	2,717
Cash flows from investing activities		
Interest and dividends received	24	42
Purchase of property, plant and equipment	(3,089)	(1,314)
Proceeds from sale of property, plant and equipment	251	129
Purchase of intangible assets	(110)	(3,331)
Purchase of investment securities	0	(1,440)
Proceeds from sale of investment securities	–	205
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	257	–
Other, net	470	342
Net cash provided by (used in) investing activities	(2,195)	(5,367)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Interest paid	(18)	(51)
Net increase (decrease) in short-term borrowings	1,330	750
Proceeds from long-term borrowings	2,540	10,799
Repayments of long-term borrowings	(1,305)	(2,379)
Redemption of bonds	–	(10)
Purchase of treasury shares	(232)	–
Dividends paid	(358)	(73)
Other, net	(57)	(52)
Net cash provided by (used in) financing activities	1,898	8,981
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(2,445)	6,331
Cash and cash equivalents at beginning of period	7,554	5,108
Cash and cash equivalents at end of period	5,108	11,440