

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 11, 2021

Company name: TOYO KANETSU K.K.
 Stock exchange listing: Tokyo
 Stock code: 6369 URL <https://www.toyokanetsu.co.jp>
 Representative: President and Representative Director Toru Yanagawa
 Inquiries: Managing Officer Takeshi Yonehara TEL 03-5857-3333
 Scheduled date to file Quarterly Securities Report: November 12, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2021	30,657	–	1,613	–	1,904	–	1,142	–
Six months ended September 30, 2020	20,178	(1.6)	1,056	43.2	1,164	21.9	736	7.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	139.68	–
Six months ended September 30, 2020	87.14	–

(Note) From the beginning of the 1st quarter of the current fiscal year ending March 31, 2022, the Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). The figures for the 2nd quarter of the current fiscal year above include the effects of the said standards. Accordingly, percentages of changes from the same period of the previous fiscal year are not indicated.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	59,605	36,619	61.4	4,477.66
As of March 31, 2021	58,764	36,484	62.1	4,461.06

(Note) From the beginning of the 1st quarter of the current fiscal year ending March 31, 2022, the Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). The figures for the 2nd quarter of the current fiscal year above include the effects of the said standards.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	0.00	–	115.00	115.00
Year ending March 31, 2022	–	0.00			
Year ending March 31, 2022 (Forecast)			–	105.00	105.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 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
Full year	54,700	25.4	2,370	(9.7)	2,670	(12.5)	1,750	(1.6)	209.12

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2021	9,323,074 shares	As of March 31, 2021	9,323,074 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	1,145,368 shares	As of March 31, 2021	1,144,747 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	8,178,051 shares	Six months ended September 30, 2020	8,448,831 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	7,413	8,042
Notes and accounts receivable - trade, and contract assets	13,489	19,457
Investments in leases	550	376
Merchandise and finished goods	57	52
Work in process	6,732	860
Raw materials and supplies	2,523	2,169
Other	863	791
Allowance for doubtful accounts	(13)	(16)
Total current assets	31,616	31,733
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,142	4,168
Machinery, equipment and vehicles, net	716	765
Tools, furniture and fixtures, net	284	368
Land	10,122	10,372
Construction in progress	356	500
Other, net	18	37
Total property, plant and equipment	15,641	16,213
Intangible assets	481	598
Investments and other assets		
Investment securities	9,909	9,792
Deferred tax assets	42	188
Retirement benefit asset	452	447
Other	847	858
Allowance for doubtful accounts	(227)	(226)
Total investments and other assets	11,024	11,060
Total non-current assets	27,147	27,871
Total assets	58,764	59,605

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,091	1,101
Short-term borrowings	3,620	4,620
Current portion of long-term borrowings	8	2
Accrued expenses	3,778	3,910
Income taxes payable	914	657
Contract liabilities	2,354	1,430
Provision for bonuses	259	408
Provision for loss on order received	30	–
Provision for warranties for completed construction	348	297
Other	681	883
Total current liabilities	13,086	13,311
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	4,580	4,580
Deferred tax liabilities	2,138	2,199
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	107	390
Asset retirement obligations	230	310
Other	41	98
Total non-current liabilities	9,193	9,674
Total liabilities	22,280	22,986
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	16,148	16,341
Treasury shares	(2,933)	(2,935)
Total shareholders' equity	33,068	33,259
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,937	3,872
Deferred gains or losses on hedges	9	3
Revaluation reserve for land	106	106
Foreign currency translation adjustment	(833)	(819)
Remeasurements of defined benefit plans	195	194
Total accumulated other comprehensive income	3,415	3,357
Non-controlling interests	0	2
Total net assets	36,484	36,619
Total liabilities and net assets	58,764	59,605

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	20,178	30,657
Cost of sales	15,863	25,461
Gross profit	4,315	5,195
Selling, general and administrative expenses	3,258	3,582
Operating profit	1,056	1,613
Non-operating income		
Interest income	8	3
Dividend income	183	194
Foreign exchange gains	–	37
Gain on sale of scraps	6	33
Other	33	54
Total non-operating income	232	323
Non-operating expenses		
Interest expenses	33	29
Foreign exchange losses	70	–
Other	21	2
Total non-operating expenses	125	32
Ordinary profit	1,164	1,904
Extraordinary income		
Gain on sale of membership	–	9
Other	0	0
Total extraordinary income	0	9
Extraordinary losses		
Loss on valuation of investment securities	21	90
Loss on disaster	9	–
Other	2	0
Total extraordinary losses	33	91
Profit before income taxes	1,130	1,822
Income taxes - current	373	607
Income taxes - deferred	21	73
Total income taxes	394	681
Profit	736	1,141
Profit attributable to		
Profit attributable to owners of parent	736	1,142
Loss attributable to non-controlling interests	(0)	(0)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,395	(65)
Deferred gains or losses on hedges	8	(5)
Foreign currency translation adjustment	(52)	14
Remeasurements of defined benefit plans, net of tax	51	(0)
Total other comprehensive income	1,403	(57)
Comprehensive income	2,139	1,083
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,139	1,084
Comprehensive income attributable to non-controlling interests	(0)	(0)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,130	1,822
Depreciation	369	370
Amortization of goodwill	–	0
Increase (decrease) in allowance for doubtful accounts	(5)	1
Decrease (increase) in retirement benefit asset	44	13
Increase (decrease) in retirement benefit liability	49	2
Increase (decrease) in provision for loss on order received	(203)	(30)
Increase (decrease) in provision for warranties for completed construction	29	(50)
Interest and dividend income	(192)	(197)
Interest expenses	33	29
Loss on disaster	9	–
Foreign exchange losses (gains)	73	(78)
Loss (gain) on valuation of investment securities	21	90
Loss on retirement of non-current assets	0	0
Loss (gain) on sale of non-current assets	0	(0)
Decrease in trade receivables and contract assets	5,998	(4,447)
Decrease (increase) in investments in leases	179	166
Decrease (increase) in inventories	(837)	6,243
Decrease (increase) in advance payments to suppliers	(320)	9
Increase (decrease) in trade payables	(1,748)	(424)
Increase (decrease) in contract liabilities	(406)	(1,009)
Other, net	49	79
Subtotal	4,276	2,593
Interest and dividends received	192	197
Interest paid	(35)	(29)
Income taxes paid	(481)	(931)
Payments associated with disaster loss	(23)	–
Net cash provided by (used in) operating activities	3,928	1,830
Cash flows from investing activities		
Payments into time deposits	(51)	(51)
Proceeds from withdrawal of time deposits	48	48
Purchase of non-current assets	(372)	(475)
Proceeds from sale of non-current assets	1	0
Purchase of investment securities	(212)	(42)
Proceeds from sale and redemption of investment securities	–	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(619)
Other, net	(1)	194
Net cash provided by (used in) investing activities	(588)	(945)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,729)	664
Repayments of long-term borrowings	(512)	(5)
Proceeds from issuance of bonds	500	–
Proceeds from share issuance to non-controlling shareholders	–	2
Proceeds from disposal of treasury shares	5	–
Purchase of treasury shares	(7)	(1)
Dividends paid	(848)	(944)
Net cash provided by (used in) financing activities	(4,591)	(286)
Effect of exchange rate change on cash and cash equivalents	(39)	26
Net increase (decrease) in cash and cash equivalents	(1,290)	625
Cash and cash equivalents at beginning of period	11,402	7,309
Cash and cash equivalents at end of period	10,112	7,935