

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 11, 2022

Company name: TOYO KANETSU K.K.  
 Stock exchange listing: Tokyo  
 Stock code: 6369 URL <https://www.toyokanetsu.co.jp>  
 Representative: President and Representative Director Takashi Owada  
 Senior Executive Officer  
 Inquiries: Division Manager Takeshi Yonehara TEL 03-5857-3333  
 Corporate Division  
 Scheduled date to file Quarterly Securities Report: November 11, 2022  
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	21,665	(29.3)	837	(48.1)	1,282	(32.7)	738	(35.4)
Six months ended September 30, 2021	30,657	–	1,613	–	1,904	–	1,142	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	91.07		–	
Six months ended September 30, 2021	139.68		–	

(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, 2022	65,183	36,812	56.5	4,551.10
As of March 31, 2022	64,290	36,477	56.7	4,460.55

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, 2022	–	0.00	–	145.00	145.00
Year ending March 31, 2023	–	0.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	135.00	135.00

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	52,100	(12.0)	2,700	(3.9)	2,900	(16.5)	2,140	(8.3)	261.71

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022  
(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: No
- 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, 2022	9,323,074 shares	As of March 31, 2022	9,323,074 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,235,170 shares	As of March 31, 2022	1,145,933 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, 2022	8,108,926 shares	Six months ended September 30, 2021	8,178,051 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	8,759	6,897
Notes and accounts receivable - trade, and contract assets	25,327	24,615
Investments in leases	220	101
Merchandise and finished goods	32	34
Work in process	795	1,212
Raw materials and supplies	2,550	3,731
Other	670	1,041
Allowance for doubtful accounts	(24)	(20)
Total current assets	38,332	37,614
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,157	4,242
Machinery, equipment and vehicles, net	773	817
Tools, furniture and fixtures, net	376	422
Land	10,374	10,223
Construction in progress	608	461
Other, net	31	28
Total property, plant and equipment	16,321	16,196
Intangible assets	667	864
Investments and other assets		
Investment securities	7,663	9,290
Deferred tax assets	234	213
Retirement benefit asset	449	382
Other	847	844
Allowance for doubtful accounts	(224)	(223)
Total investments and other assets	8,970	10,507
Total non-current assets	25,958	27,568
Total assets	64,290	65,183

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,761	1,333
Short-term borrowings	8,120	10,120
Accrued expenses	4,887	3,479
Income taxes payable	774	401
Contract liabilities	655	1,647
Provision for bonuses	434	469
Provision for loss on orders received	–	11
Provision for warranties for completed construction	299	241
Other	1,269	520
Total current liabilities	18,202	18,224
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	4,580	4,580
Deferred tax liabilities	1,644	2,202
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	392	384
Asset retirement obligations	799	800
Other	98	84
Total non-current liabilities	9,610	10,146
Total liabilities	27,813	28,371
<b>Net assets</b>		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	17,533	17,074
Treasury shares	(2,936)	(3,198)
Total shareholders' equity	34,450	33,728
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,632	3,758
Deferred gains or losses on hedges	3	31
Revaluation reserve for land	106	106
Foreign currency translation adjustment	(878)	(960)
Remeasurements of defined benefit plans	160	144
Total accumulated other comprehensive income	2,024	3,079
Non-controlling interests	2	3
Total net assets	36,477	36,812
<b>Total liabilities and net assets</b>	<b>64,290</b>	<b>65,183</b>

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	30,657	21,665
Cost of sales	25,461	16,810
Gross profit	5,195	4,855
Selling, general and administrative expenses	3,582	4,017
Operating profit	1,613	837
Non-operating income		
Interest income	3	2
Dividend income	194	185
Foreign exchange gains	37	225
Gain on sale of scraps	33	19
Other	54	56
Total non-operating income	323	489
Non-operating expenses		
Interest expenses	29	37
Other	2	7
Total non-operating expenses	32	44
Ordinary profit	1,904	1,282
Extraordinary income		
Gain on sale of non-current assets	0	27
Gain on sale of membership	9	–
Total extraordinary income	9	27
Extraordinary losses		
Loss on sale of non-current assets	–	39
Loss on valuation of investment securities	90	60
Other	0	0
Total extraordinary losses	91	101
Profit before income taxes	1,822	1,208
Income taxes - current	607	389
Income taxes - deferred	73	80
Total income taxes	681	469
Profit	1,141	739
Profit attributable to		
Profit attributable to owners of parent	1,142	738
Profit (loss) attributable to non-controlling interests	(0)	0
Other comprehensive income		
Valuation difference on available-for-sale securities	(65)	1,126
Deferred gains or losses on hedges	(5)	27
Foreign currency translation adjustment	14	(82)
Remeasurements of defined benefit plans, net of tax	(0)	(16)
Total other comprehensive income	(57)	1,055
Comprehensive income	1,083	1,794
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,084	1,794
Comprehensive income attributable to non-controlling interests	(0)	0

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,822	1,208
Depreciation	370	363
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	1	(4)
Decrease (increase) in retirement benefit asset	13	38
Increase (decrease) in retirement benefit liability	2	(9)
Increase (decrease) in provision for loss on orders received	(30)	11
Increase (decrease) in provision for warranties for completed construction	(50)	(57)
Interest and dividend income	(197)	(188)
Interest expenses	29	37
Foreign exchange losses (gains)	(78)	(246)
Loss (gain) on valuation of investment securities	90	60
Loss on retirement of non-current assets	0	0
Loss (gain) on sale of non-current assets	(0)	12
Decrease in trade receivables and contract assets	(4,447)	748
Decrease (increase) in investments in leases	166	118
Decrease (increase) in inventories	6,243	(1,589)
Decrease (increase) in advance payments to suppliers	9	(220)
Increase (decrease) in trade payables	(424)	(1,852)
Increase (decrease) in contract liabilities	(1,009)	962
Other, net	79	(961)
Subtotal	2,593	(1,568)
Interest and dividends received	197	188
Interest paid	(29)	(38)
Income taxes paid	(931)	(711)
Net cash provided by (used in) operating activities	1,830	(2,129)
Cash flows from investing activities		
Payments into time deposits	(51)	(51)
Proceeds from withdrawal of time deposits	48	48
Purchase of non-current assets	(475)	(576)
Proceeds from sale of non-current assets	0	216
Purchase of investment securities	(42)	(54)
Proceeds from sale and redemption of investment securities	0	21
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(619)	–
Other, net	194	9
Net cash provided by (used in) investing activities	(945)	(387)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	664	2,000
Repayments of long-term borrowings	(5)	–
Proceeds from share issuance to non-controlling shareholders	2	–
Proceeds from disposal of treasury shares	–	38
Purchase of treasury shares	(1)	(301)
Dividends paid	(944)	(1,191)
Net cash provided by (used in) financing activities	(286)	546
Effect of exchange rate change on cash and cash equivalents	26	105
Net increase (decrease) in cash and cash equivalents	625	(1,865)
Cash and cash equivalents at beginning of period	7,309	8,654
Cash and cash equivalents at end of period	7,935	6,789