

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended March 31, 2023
(Based on Japanese GAAP)**

May 12, 2023

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 of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 28, 2023
 Scheduled date to commence dividend payments: June 29, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	47,351	(20.0)	2,497	(11.1)	2,896	(16.6)	2,378	1.9
Year ended March 31, 2022	59,177	–	2,808	–	3,474	–	2,334	–

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

	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, 2023	293.63	–	6.4	4.5	5.3
Year ended March 31, 2022	285.43	–	6.4	5.6	4.7

(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, 2023	64,001	38,087	59.5	4,708.95
As of March 31, 2022	64,290	36,477	56.7	4,460.55

(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, 2023	1,105	826	(3,719)	6,921
Year ended March 31, 2022	(1,097)	(830)	3,208	8,654

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, 2022	–	0.00	–	145.00	145.00	1,197	50.8	3.3
Year ended March 31, 2023	–	0.00	–	147.00	147.00	1,197	50.1	3.2
Year ending March 31, 2024 (Forecast)	–	0.00	–	150.00	150.00		50.5	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	54,000	14.0	3,300	32.2	3,500	20.8	2,400	0.9	296.76

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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: No

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, 2023	9,323,074 shares	As of March 31, 2022	9,323,074 shares
----------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of March 31, 2023	1,235,672 shares	As of March 31, 2022	1,145,933 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2023	8,099,101 shares	Year ended March 31, 2022	8,177,689 shares
---------------------------	------------------	---------------------------	------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	8,759	6,989
Notes and accounts receivable - trade, and contract assets	25,327	23,649
Investments in leases	220	35
Merchandise and finished goods	32	19
Work in process	795	1,117
Raw materials and supplies	2,550	4,787
Other	670	1,156
Allowance for doubtful accounts	(24)	(20)
Total current assets	38,332	37,734
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,157	4,206
Machinery, equipment and vehicles, net	773	568
Tools, furniture and fixtures, net	376	434
Land	10,374	10,092
Construction in progress	608	543
Other, net	31	58
Total property, plant and equipment	16,321	15,903
Intangible assets	667	877
Investments and other assets		
Investment securities	7,663	8,059
Deferred tax assets	234	240
Retirement benefit asset	449	514
Other	847	894
Allowance for doubtful accounts	(224)	(221)
Total investments and other assets	8,970	9,486
Total non-current assets	25,958	26,267
Total assets	64,290	64,001

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,761	1,243
Short-term borrowings	8,120	5,357
Current portion of long-term borrowings	–	1,700
Accrued expenses	4,887	4,715
Income taxes payable	774	908
Contract liabilities	655	2,138
Provision for bonuses	434	423
Provision for loss on orders received	–	45
Provision for warranties for completed construction	299	202
Other	1,269	696
Total current liabilities	18,202	17,430
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	4,580	3,380
Deferred tax liabilities	1,644	1,730
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	392	392
Asset retirement obligations	799	800
Other	98	84
Total non-current liabilities	9,610	8,483
Total liabilities	27,813	25,914
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	17,533	18,135
Treasury shares	(2,936)	(3,200)
Total shareholders' equity	34,450	34,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,632	3,374
Deferred gains or losses on hedges	3	(6)
Revaluation reserve for land	106	684
Foreign currency translation adjustment	(878)	(899)
Remeasurements of defined benefit plans	160	140
Total accumulated other comprehensive income	2,024	3,293
Non-controlling interests	2	4
Total net assets	36,477	38,087
Total liabilities and net assets	64,290	64,001

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	59,177	47,351
Cost of sales	49,016	36,543
Gross profit	10,161	10,807
Selling, general and administrative expenses	7,352	8,310
Operating profit	2,808	2,497
Non-operating income		
Interest income	6	6
Dividend income	273	252
Foreign exchange gains	163	100
Gain on sale of scraps	77	38
Subsidy income	107	33
Reversal of allowance for doubtful accounts	0	0
Other	109	68
Total non-operating income	737	499
Non-operating expenses		
Interest expenses	62	82
Other	8	17
Total non-operating expenses	71	100
Ordinary profit	3,474	2,896
Extraordinary income		
Gain on sale of non-current assets	50	149
Gain on sale of investment securities	333	880
Other	14	0
Total extraordinary income	398	1,030

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary losses		
Loss on valuation of investment securities	96	74
Loss on revision of retirement benefit plan	59	–
Impairment losses	–	304
Extra retirement payments	–	111
Other	0	27
Total extraordinary losses	157	518
Profit before income taxes	3,716	3,408
Income taxes - current	1,331	1,257
Income taxes - deferred	50	(228)
Total income taxes	1,382	1,028
Profit	2,334	2,379
Profit attributable to		
Profit attributable to owners of parent	2,334	2,378
Profit attributable to non-controlling interests	0	1
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,305)	742
Deferred gains or losses on hedges	(6)	(9)
Foreign currency translation adjustment	(44)	(20)
Remeasurements of defined benefit plans, net of tax	(34)	(20)
Total other comprehensive income	(1,390)	691
Comprehensive income	943	3,071
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	943	3,069
Comprehensive income attributable to non-controlling interests	0	1

Consolidated statements of changes in equity

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	18,580	1,273	16,148	(2,933)	33,068
Changes during period					
Dividends of surplus			(949)		(949)
Profit attributable to owners of parent			2,334		2,334
Purchase of treasury shares				(3)	(3)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,384	(3)	1,381
Balance at end of period	18,580	1,273	17,533	(2,936)	34,450

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,937	9	106	(833)	195	3,415	0	36,484
Changes during period								
Dividends of surplus								(949)
Profit attributable to owners of parent								2,334
Purchase of treasury shares								(3)
Net changes in items other than shareholders' equity	(1,305)	(6)	–	(44)	(34)	(1,390)	2	(1,388)
Total changes during period	(1,305)	(6)	–	(44)	(34)	(1,390)	2	(7)
Balance at end of period	2,632	3	106	(878)	160	2,024	2	36,477

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,580	1,273	17,533	(2,936)	34,450
Changes during period					
Dividends of surplus			(1,197)		(1,197)
Profit attributable to owners of parent			2,378		2,378
Purchase of treasury shares				(302)	(302)
Disposal of treasury shares				38	38
Reversal of revaluation reserve for land			(577)		(577)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	602	(263)	339
Balance at end of period	18,580	1,273	18,135	(3,200)	34,789

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,632	3	106	(878)	160	2,024	2	36,477
Changes during period								
Dividends of surplus								(1,197)
Profit attributable to owners of parent								2,378
Purchase of treasury shares								(302)
Disposal of treasury shares								38
Reversal of revaluation reserve for land								(577)
Net changes in items other than shareholders' equity	742	(9)	577	(20)	(20)	1,269	1	1,270
Total changes during period	742	(9)	577	(20)	(20)	1,269	1	1,610
Balance at end of period	3,374	(6)	684	(899)	140	3,293	4	38,087

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,716	3,408
Depreciation	745	783
Amortization of goodwill	1	1
Impairment losses	–	304
Increase (decrease) in allowance for doubtful accounts	7	(7)
Increase (decrease) in retirement benefit liability	40	(10)
Decrease (increase) in retirement benefit asset	(66)	(92)
Increase (decrease) in provision for loss on orders received	(30)	45
Increase (decrease) in provision for warranties for completed construction	(48)	(97)
Interest and dividend income	(279)	(258)
Interest expenses	62	82
Foreign exchange losses (gains)	(166)	(110)
Loss (gain) on valuation of investment securities	96	74
Loss (gain) on sale of investment securities	(333)	(880)
Loss (gain) on sale of non-current assets	(50)	(129)
Loss on retirement of non-current assets	0	3
Decrease in trade receivables and contract assets	(10,362)	1,689
Decrease (increase) in investments in leases	330	185
Decrease (increase) in inventories	5,953	(2,541)
Decrease (increase) in advance payments to suppliers	231	(164)
Increase (decrease) in trade payables	1,243	(697)
Increase (decrease) in contract liabilities	(1,782)	1,478
Other, net	916	(1,054)
Subtotal	225	2,013
Interest and dividends received	279	258
Interest paid	(63)	(82)
Income taxes paid	(1,539)	(1,083)
Net cash provided by (used in) operating activities	(1,097)	1,105
Cash flows from investing activities		
Payments into time deposits	(102)	(102)
Proceeds from withdrawal of time deposits	102	138
Purchase of non-current assets	(1,013)	(1,187)
Proceeds from sale of non-current assets	0	507
Purchase of investment securities	(43)	(55)
Proceeds from sale and redemption of investment securities	644	1,565
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(619)	–
Other, net	200	(39)
Net cash provided by (used in) investing activities	(830)	826

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,164	(2,763)
Proceeds from long-term borrowings	–	500
Repayments of long-term borrowings	(8)	–
Purchase of treasury shares	(3)	(302)
Proceeds from disposal of treasury shares	–	38
Proceeds from share issuance to non-controlling shareholders	2	–
Dividends paid	(945)	(1,193)
Net cash provided by (used in) financing activities	3,208	(3,719)
Effect of exchange rate change on cash and cash equivalents	64	53
Net increase (decrease) in cash and cash equivalents	1,345	(1,733)
Cash and cash equivalents at beginning of period	7,309	8,654
Cash and cash equivalents at end of period	8,654	6,921