

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2020  
(Based on Japanese GAAP)**

May 25, 2020

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: Executive Officer Takeshi Yonehara TEL 03-5857-3333  
 Scheduled date of ordinary general meeting of shareholders: June 26, 2020  
 Scheduled date to file Securities Report: June 26, 2020  
 Scheduled date to commence dividend payments: June 29, 2020  
 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, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	46,518	2.9	2,591	84.3	2,970	67.7	1,717	67.5
Year ended March 31, 2019	45,188	8.2	1,406	(37.9)	1,771	(33.1)	1,025	(56.6)

	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, 2020	195.87	–	4.9	4.7	5.6
Year ended March 31, 2019	112.80	–	2.9	2.9	3.1

(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, 2020	60,985	34,602	56.7	4,095.51
As of March 31, 2019	64,756	35,234	54.4	3,897.68

(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, 2020	6,955	(812)	(2,351)	11,402
Year ended March 31, 2019	(6,698)	(1,315)	3,249	7,609

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, 2019	–	0.00	–	100.00	100.00	903	88.7	2.6
Year ended March 31, 2020	–	0.00	–	100.00	100.00	853	51.1	2.5
Year ending March 31, 2021 (Forecast)	–	0.00	–	100.00	100.00		53.8	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	48,100	3.4	2,160	(16.7)	2,520	(15.2)	1,630	(5.1)	185.84

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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, 2020	9,323,074 shares	As of March 31, 2019	9,323,074 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	874,440 shares	As of March 31, 2019	283,723 shares
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Average number of shares during the period

Year ended March 31, 2020	8,770,801 shares	Year ended March 31, 2019	9,092,866 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	7,666	11,507
Notes and accounts receivable - trade	23,267	15,413
Investments in leases	1,499	937
Merchandise and finished goods	38	27
Work in process	4,252	5,179
Raw materials and supplies	1,670	1,977
Other	534	435
Allowance for doubtful accounts	(22)	(16)
Total current assets	38,906	35,461
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,321	4,218
Machinery, equipment and vehicles, net	1,021	1,016
Tools, furniture and fixtures, net	310	364
Land	10,556	10,568
Construction in progress	622	253
Other, net	12	20
Total property, plant and equipment	15,845	16,442
Intangible assets	357	381
Investments and other assets		
Investment securities	8,671	8,013
Deferred tax assets	63	45
Retirement benefit asset	332	38
Other	868	889
Allowance for doubtful accounts	(289)	(286)
Total investments and other assets	9,646	8,699
Total non-current assets	25,850	25,523
Total assets	64,756	60,985

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,570	919
Short-term borrowings	7,849	7,849
Current portion of long-term borrowings	514	619
Accrued expenses	7,534	4,763
Income taxes payable	659	553
Advances received	2,020	2,790
Provision for bonuses	227	267
Provision for loss on order received	121	241
Provision for warranties for completed construction	555	389
Other	870	455
<b>Total current liabilities</b>	<b>21,922</b>	<b>18,848</b>
<b>Non-current liabilities</b>		
Long-term borrowings	4,627	4,488
Deferred tax liabilities	1,267	1,520
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	358	152
Asset retirement obligations	224	235
Other	27	40
<b>Total non-current liabilities</b>	<b>7,599</b>	<b>7,534</b>
<b>Total liabilities</b>	<b>29,522</b>	<b>26,382</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	14,549	15,224
Treasury shares	(1,077)	(2,355)
<b>Total shareholders' equity</b>	<b>33,324</b>	<b>32,722</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,621	2,666
Deferred gains or losses on hedges	–	0
Revaluation reserve for land	106	106
Foreign currency translation adjustment	(759)	(729)
Remeasurements of defined benefit plans	(61)	(165)
<b>Total accumulated other comprehensive income</b>	<b>1,907</b>	<b>1,878</b>
<b>Non-controlling interests</b>	<b>1</b>	<b>1</b>
<b>Total net assets</b>	<b>35,234</b>	<b>34,602</b>
<b>Total liabilities and net assets</b>	<b>64,756</b>	<b>60,985</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	45,188	46,518
Cost of sales	38,194	37,355
Gross profit	6,994	9,162
Selling, general and administrative expenses	5,588	6,570
Operating profit	1,406	2,591
Non-operating income		
Interest income	12	9
Dividend income	302	277
Foreign exchange gains	–	5
Other	136	160
Total non-operating income	452	452
Non-operating expenses		
Interest expenses	49	59
Foreign exchange losses	19	–
Other	17	14
Total non-operating expenses	87	74
Ordinary profit	1,771	2,970
Extraordinary income		
Gain on sales of non-current assets	36	0
Gain on sales of investment securities	74	578
Gain on bargain purchase	87	–
Disaster donations	46	–
Other	1	–
Total extraordinary income	246	579
Extraordinary losses		
Loss on valuation of investment securities	237	673
Loss on disaster	159	39
Other	20	48
Total extraordinary losses	418	761
Profit before income taxes	1,599	2,788
Income taxes - current	748	759
Income taxes - deferred	(173)	311
Total income taxes	574	1,070
Profit	1,025	1,717
Profit attributable to		
Profit attributable to owners of parent	1,025	1,717
Loss attributable to non-controlling interests	(0)	(0)
Other comprehensive income		
Valuation difference on available-for-sale securities	(374)	44
Deferred gains or losses on hedges	–	0
Foreign currency translation adjustment	(83)	30
Remeasurements of defined benefit plans, net of tax	(66)	(104)
Total other comprehensive income	(523)	(29)
Comprehensive income	501	1,688
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	501	1,688
Comprehensive income attributable to non-controlling interests	(0)	(0)

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(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	15,750	(1,397)	34,207
Changes during period					
Dividends of surplus			(930)		(930)
Profit attributable to owners of parent			1,025		1,025
Reversal of revaluation reserve for land			26		26
Purchase of treasury shares				(1,004)	(1,004)
Cancellation of treasury shares			(1,323)	1,323	–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(1,201)	319	(882)
Balance at end of period	18,580	1,273	14,549	(1,077)	33,324

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,995	133	(676)	5	2,458	0	36,666
Changes during period							
Dividends of surplus							(930)
Profit attributable to owners of parent							1,025
Reversal of revaluation reserve for land							26
Purchase of treasury shares							(1,004)
Cancellation of treasury shares							–
Net changes in items other than shareholders' equity	(374)	(26)	(83)	(66)	(550)	0	(550)
Total changes during period	(374)	(26)	(83)	(66)	(550)	0	(1,432)
Balance at end of period	2,621	106	(759)	(61)	1,907	1	35,234

Fiscal year ended March 31, 2020

(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	14,549	(1,077)	33,324
Changes during period					
Dividends of surplus			(903)		(903)
Profit attributable to owners of parent			1,717		1,717
Purchase of treasury shares				(1,416)	(1,416)
Disposal of treasury shares			(138)	138	–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	675	(1,277)	(602)
Balance at end of period	18,580	1,273	15,224	(2,355)	32,722

	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	2,621	–	106	(759)	(61)	1,907	1	35,234
Changes during period								
Dividends of surplus								(903)
Profit attributable to owners of parent								1,717
Purchase of treasury shares								(1,416)
Disposal of treasury shares								–
Net changes in items other than shareholders' equity	44	0	–	30	(104)	(29)	(0)	(29)
Total changes during period	44	0	–	30	(104)	(29)	(0)	(631)
Balance at end of period	2,666	0	106	(729)	(165)	1,878	1	34,602

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,599	2,788
Depreciation	728	718
Gain on bargain purchase	(87)	–
Increase (decrease) in allowance for doubtful accounts	(3)	(9)
Increase (decrease) in retirement benefit liability	(13)	(195)
Decrease (increase) in retirement benefit asset	4	139
Increase (decrease) in provision for loss on order received	(62)	120
Increase (decrease) in provision for warranties for completed construction	(25)	(165)
Interest and dividend income	(315)	(287)
Interest expenses	49	59
Disaster donations	(46)	–
Loss on disaster	159	39
Foreign exchange losses (gains)	72	(17)
Loss (gain) on valuation of investment securities	237	673
Loss (gain) on sales of investment securities	(74)	(578)
Loss (gain) on sales of non-current assets	(31)	6
Loss on retirement of non-current assets	8	(18)
Decrease (increase) in trade receivables	(13,749)	7,865
Decrease (increase) in investments in leases	272	562
Decrease (increase) in inventories	(419)	(1,221)
Decrease (increase) in advance payments - trade	95	1
Increase (decrease) in trade payables	3,714	(3,428)
Increase (decrease) in advances received	1,621	769
Other, net	(134)	(287)
Subtotal	(6,400)	7,533
Interest and dividends received	314	287
Interest paid	(50)	(67)
Disaster donations received	46	–
Payments associated with disaster loss	(159)	(24)
Income taxes paid	(449)	(772)
Net cash provided by (used in) operating activities	(6,698)	6,955
Cash flows from investing activities		
Payments into time deposits	–	(166)
Proceeds from withdrawal of time deposits	–	118
Proceeds from sales and redemption of securities	500	–
Purchase of non-current assets	(1,080)	(1,424)
Proceeds from sales of non-current assets	375	4
Purchase of investment securities	(717)	(250)
Proceeds from sales and redemption of investment securities	74	878
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(427)	–
Other, net	(40)	27
Net cash provided by (used in) investing activities	(1,315)	(812)



(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,217	–
Proceeds from long-term borrowings	2,000	480
Repayments of long-term borrowings	(38)	(514)
Purchase of treasury shares	(1,004)	(1,566)
Proceeds from disposal of treasury shares	–	149
Proceeds from share issuance to non-controlling shareholders	1	0
Dividends paid	(926)	(901)
Net cash provided by (used in) financing activities	3,249	(2,351)
Effect of exchange rate change on cash and cash equivalents	(45)	1
Net increase (decrease) in cash and cash equivalents	(4,810)	3,793
Cash and cash equivalents at beginning of period	12,420	7,609
Cash and cash equivalents at end of period	7,609	11,402