

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2021  
(Based on Japanese GAAP)**

May 14, 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 of ordinary general meeting of shareholders: June 29, 2021  
 Scheduled date to file Securities Report: June 29, 2021  
 Scheduled date to commence dividend payments: June 30, 2021  
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	43,617	(6.2)	2,623	1.2	3,053	2.8	1,777	3.5
Year ended March 31, 2020	46,518	2.9	2,591	84.3	2,970	67.7	1,717	67.5

	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, 2021	212.41	–	5.0	5.1	6.0
Year ended March 31, 2020	195.87	–	4.9	4.7	5.6

(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, 2021	58,764	36,484	62.1	4,461.06
As of March 31, 2020	60,985	34,602	56.7	4,095.51

(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, 2021	1,482	(338)	(5,176)	7,309
Year ended March 31, 2020	6,955	(812)	(2,351)	11,402

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, 2020	–	0.00	–	100.00	100.00	853	51.1	2.5
Year ended March 31, 2021	–	0.00	–	115.00	115.00	949	54.1	2.7
Year ending March 31, 2022 (Forecast)	–	0.00	–	105.00	105.00		50.2	

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 year ended March 31, 2021

(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, 2021	9,323,074 shares	As of March 31, 2020	9,323,074 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	1,144,747 shares	As of March 31, 2020	874,440 shares
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Average number of shares during the period

Year ended March 31, 2021	8,368,557 shares	Year ended March 31, 2020	8,770,801 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	11,507	7,413
Notes and accounts receivable - trade	15,413	13,489
Investments in leases	937	550
Merchandise and finished goods	27	57
Work in process	5,179	6,732
Raw materials and supplies	1,977	2,523
Other	435	863
Allowance for doubtful accounts	(16)	(13)
Total current assets	35,461	31,616
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,218	4,142
Machinery, equipment and vehicles, net	1,016	716
Tools, furniture and fixtures, net	364	284
Land	10,568	10,122
Construction in progress	253	356
Other, net	20	18
Total property, plant and equipment	16,442	15,641
Intangible assets	381	481
Investments and other assets		
Investment securities	8,013	9,909
Deferred tax assets	45	42
Retirement benefit asset	38	452
Other	889	847
Allowance for doubtful accounts	(286)	(227)
Total investments and other assets	8,699	11,024
Total non-current assets	25,523	27,147
Total assets	60,985	58,764

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	919	1,091
Short-term borrowings	7,849	3,620
Current portion of long-term borrowings	619	8
Accrued expenses	4,763	3,778
Income taxes payable	553	914
Advances received	2,790	2,354
Provision for bonuses	267	259
Provision for loss on order received	241	30
Provision for warranties for completed construction	389	348
Other	455	681
<b>Total current liabilities</b>	<b>18,848</b>	<b>13,086</b>
<b>Non-current liabilities</b>		
Bonds payable	–	1,000
Long-term borrowings	4,488	4,580
Deferred tax liabilities	1,520	2,138
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	152	107
Asset retirement obligations	235	230
Other	40	41
<b>Total non-current liabilities</b>	<b>7,534</b>	<b>9,193</b>
<b>Total liabilities</b>	<b>26,382</b>	<b>22,280</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	15,224	16,148
Treasury shares	(2,355)	(2,933)
<b>Total shareholders' equity</b>	<b>32,722</b>	<b>33,068</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,666	3,937
Deferred gains or losses on hedges	0	9
Revaluation reserve for land	106	106
Foreign currency translation adjustment	(729)	(833)
Remeasurements of defined benefit plans	(165)	195
<b>Total accumulated other comprehensive income</b>	<b>1,878</b>	<b>3,415</b>
<b>Non-controlling interests</b>	<b>1</b>	<b>0</b>
<b>Total net assets</b>	<b>34,602</b>	<b>36,484</b>
<b>Total liabilities and net assets</b>	<b>60,985</b>	<b>58,764</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	46,518	43,617
Cost of sales	37,355	34,369
Gross profit	9,162	9,247
Selling, general and administrative expenses	6,570	6,623
Operating profit	2,591	2,623
Non-operating income		
Interest income	9	14
Dividend income	277	259
Foreign exchange gains	5	–
Subsidy income	34	104
Reversal of allowance for doubtful accounts	0	84
Other	125	113
Total non-operating income	452	576
Non-operating expenses		
Interest expenses	59	59
Bond issuance costs	–	23
Commission for purchase of treasury shares	1	17
Foreign exchange losses	–	37
Other	13	11
Total non-operating expenses	74	147
Ordinary profit	2,970	3,053
Extraordinary income		
Gain on sale of non-current assets	0	9
Gain on sale of investment securities	578	913
Other	–	65
Total extraordinary income	579	989
Extraordinary losses		
Loss on valuation of investment securities	673	73
Impairment losses	–	1,047
Loss on disaster	39	13
Other	48	15
Total extraordinary losses	761	1,149
Profit before income taxes	2,788	2,892
Income taxes - current	759	1,199
Income taxes - deferred	311	(83)
Total income taxes	1,070	1,115

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,717	1,777
Profit attributable to		
Profit attributable to owners of parent	1,717	1,777
Loss attributable to non-controlling interests	(0)	(0)
Other comprehensive income		
Valuation difference on available-for-sale securities	44	1,271
Deferred gains or losses on hedges	0	9
Foreign currency translation adjustment	30	(104)
Remeasurements of defined benefit plans, net of tax	(104)	360
Total other comprehensive income	(29)	1,536
Comprehensive income	1,688	3,313
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,688	3,314
Comprehensive income attributable to non-controlling interests	(0)	(0)

## Consolidated statements of changes in equity

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

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	18,580	1,273	15,224	(2,355)	32,722
Changes during period					
Dividends of surplus			(853)		(853)
Profit attributable to owners of parent			1,777		1,777
Purchase of treasury shares				(583)	(583)
Disposal of treasury shares				5	5
Net changes in items other than shareholders' equity					
Total changes during period	-	-	924	(578)	345
Balance at end of period	18,580	1,273	16,148	(2,933)	33,068

	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	2,666	0	106	(729)	(165)	1,878	1	34,602
Changes during period								
Dividends of surplus								(853)
Profit attributable to owners of parent								1,777
Purchase of treasury shares								(583)
Disposal of treasury shares								5
Net changes in items other than shareholders' equity	1,271	9	-	(104)	360	1,536	(0)	1,536
Total changes during period	1,271	9	-	(104)	360	1,536	(0)	1,882
Balance at end of period	3,937	9	106	(833)	195	3,415	0	36,484



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,788	2,892
Depreciation	718	776
Impairment losses	–	1,047
Increase (decrease) in allowance for doubtful accounts	(9)	(61)
Increase (decrease) in retirement benefit liability	(195)	(39)
Decrease (increase) in retirement benefit asset	139	94
Increase (decrease) in provision for loss on order received	120	(211)
Increase (decrease) in provision for warranties for completed construction	(165)	(41)
Interest and dividend income	(287)	(273)
Interest expenses	59	59
Loss on disaster	39	13
Foreign exchange losses (gains)	(17)	97
Loss (gain) on valuation of investment securities	673	73
Loss (gain) on sale of investment securities	(578)	(913)
Loss (gain) on sale of non-current assets	6	(9)
Loss on retirement of non-current assets	(18)	4
Decrease (increase) in trade receivables	7,865	1,865
Decrease (increase) in investments in leases	562	370
Decrease (increase) in inventories	(1,221)	(2,134)
Decrease (increase) in advance payments to suppliers	1	(228)
Increase (decrease) in trade payables	(3,428)	(785)
Increase (decrease) in advances received	769	(436)
Other, net	(287)	(54)
Subtotal	7,533	2,104
Interest and dividends received	287	273
Interest paid	(67)	(62)
Payments associated with disaster loss	(24)	(28)
Income taxes paid	(772)	(804)
Net cash provided by (used in) operating activities	6,955	1,482
Cash flows from investing activities		
Payments into time deposits	(166)	(102)
Proceeds from withdrawal of time deposits	118	102
Purchase of non-current assets	(1,424)	(1,131)
Proceeds from sale of non-current assets	4	11
Purchase of investment securities	(250)	(470)
Proceeds from sale and redemption of investment securities	878	1,238
Other, net	27	12
Net cash provided by (used in) investing activities	(812)	(338)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(4,229)
Proceeds from long-term borrowings	480	100
Repayments of long-term borrowings	(514)	(619)
Proceeds from issuance of bonds	–	1,000
Purchase of treasury shares	(1,566)	(583)
Proceeds from disposal of treasury shares	149	5
Proceeds from share issuance to non-controlling shareholders	0	–
Dividends paid	(901)	(850)
Net cash provided by (used in) financing activities	(2,351)	(5,176)
Effect of exchange rate change on cash and cash equivalents	1	(59)
Net increase (decrease) in cash and cash equivalents	3,793	(4,093)
Cash and cash equivalents at beginning of period	7,609	11,402
Cash and cash equivalents at end of period	11,402	7,309