

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, 2022 (Based on Japanese GAAP)

May 13, 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 of ordinary general meeting of shareholders: June 28, 2022
 Scheduled date to file Securities Report: June 28, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	59,177	—	2,808	—	3,474	—	2,334	—
Year ended March 31, 2021	43,617	(6.2)	2,623	1.2	3,053	2.8	1,777	3.5

	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, 2022	285.43	—	6.4	5.6	4.7
Year ended March 31, 2021	212.41	—	5.0	5.1	6.0

(Note) From the beginning of the current 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.

(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, 2022	64,290	36,477	56.7	4,460.55
As of March 31, 2021	58,764	36,484	62.1	4,461.06

(Note) “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) has been applied from the beginning of the fiscal year ended March 31, 2022. The figures for the fiscal year ended March 31, 2022 are the figures after applying the relevant accounting standards.

(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, 2022	(1,097)	(830)	3,208	8,654
Year ended March 31, 2021	1,482	(338)	(5,176)	7,309

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, 2021	–	0.00	–	115.00	115.00	949	54.1	2.7
Year ended March 31, 2022	–	0.00	–	145.00	145.00	1,197	50.8	3.3
Year ending March 31, 2023 (Forecast)	–	0.00	–	135.00	135.00		51.6	

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 year ended March 31, 2022

(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: Yes

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, 2022	9,323,074 shares	As of March 31, 2021	9,323,074 shares
----------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of March 31, 2022	1,145,933 shares	As of March 31, 2021	1,144,747 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2022	8,177,689 shares	Year ended March 31, 2021	8,368,557 shares
---------------------------	------------------	---------------------------	------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	7,413	8,759
Notes and accounts receivable - trade, and contract assets	13,489	25,327
Investments in leases	550	220
Merchandise and finished goods	57	32
Work in process	6,732	795
Raw materials and supplies	2,523	2,550
Other	863	670
Allowance for doubtful accounts	(13)	(24)
Total current assets	31,616	38,332
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,142	4,157
Machinery, equipment and vehicles, net	716	773
Tools, furniture and fixtures, net	284	376
Land	10,122	10,374
Construction in progress	356	608
Other, net	18	31
Total property, plant and equipment	15,641	16,321
Intangible assets	481	667
Investments and other assets		
Investment securities	9,909	7,663
Deferred tax assets	42	234
Retirement benefit asset	452	449
Other	847	847
Allowance for doubtful accounts	(227)	(224)
Total investments and other assets	11,024	8,970
Total non-current assets	27,147	25,958
Total assets	58,764	64,290

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,091	1,761
Short-term borrowings	3,620	8,120
Current portion of long-term borrowings	8	–
Accrued expenses	3,778	4,887
Income taxes payable	914	774
Contract liabilities	2,354	655
Provision for bonuses	259	434
Provision for loss on orders received	30	–
Provision for warranties for completed construction	348	299
Other	681	1,269
Total current liabilities	13,086	18,202
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	4,580	4,580
Deferred tax liabilities	2,138	1,644
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	107	392
Asset retirement obligations	230	799
Other	41	98
Total non-current liabilities	9,193	9,610
Total liabilities	22,280	27,813
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	16,148	17,533
Treasury shares	(2,933)	(2,936)
Total shareholders' equity	33,068	34,450
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,937	2,632
Deferred gains or losses on hedges	9	3
Revaluation reserve for land	106	106
Foreign currency translation adjustment	(833)	(878)
Remeasurements of defined benefit plans	195	160
Total accumulated other comprehensive income	3,415	2,024
Non-controlling interests	0	2
Total net assets	36,484	36,477
Total liabilities and net assets	58,764	64,290

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	43,617	59,177
Cost of sales	34,369	49,016
Gross profit	9,247	10,161
Selling, general and administrative expenses	6,623	7,352
Operating profit	2,623	2,808
Non-operating income		
Interest income	14	6
Dividend income	259	273
Foreign exchange gains	–	163
Gain on sale of scraps	33	77
Subsidy income	104	107
Reversal of allowance for doubtful accounts	84	0
Other	79	109
Total non-operating income	576	737
Non-operating expenses		
Interest expenses	59	62
Bond issuance costs	23	–
Commission for purchase of treasury shares	17	–
Foreign exchange losses	37	–
Other	11	8
Total non-operating expenses	147	71
Ordinary profit	3,053	3,474
Extraordinary income		
Gain on sale of non-current assets	9	50
Gain on sale of investment securities	913	333
Other	65	14
Total extraordinary income	989	398
Extraordinary losses		
Loss on valuation of investment securities	73	96
Loss on revision of retirement benefit plan	–	59
Impairment losses	1,047	–
Loss on disaster	13	–
Other	15	0
Total extraordinary losses	1,149	157
Profit before income taxes	2,892	3,716
Income taxes - current	1,199	1,331
Income taxes - deferred	(83)	50
Total income taxes	1,115	1,382
Profit	1,777	2,334
Profit attributable to		
Profit attributable to owners of parent	1,777	2,334
Profit (loss) attributable to non-controlling interests	(0)	0

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Other comprehensive income		
Valuation difference on available-for-sale securities	1,271	(1,305)
Deferred gains or losses on hedges	9	(6)
Foreign currency translation adjustment	(104)	(44)
Remeasurements of defined benefit plans, net of tax	360	(34)
Total other comprehensive income	1,536	(1,390)
Comprehensive income	3,313	943
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,314	943
Comprehensive income attributable to non-controlling interests	(0)	0

Consolidated statements of changes in equity

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

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,892	3,716
Depreciation	776	745
Amortization of goodwill	–	1
Impairment losses	1,047	–
Increase (decrease) in allowance for doubtful accounts	(61)	7
Increase (decrease) in retirement benefit liability	(39)	40
Decrease (increase) in retirement benefit asset	94	(66)
Increase (decrease) in provision for loss on orders received	(211)	(30)
Increase (decrease) in provision for warranties for completed construction	(41)	(48)
Interest and dividend income	(273)	(279)
Interest expenses	59	62
Loss on disaster	13	–
Foreign exchange losses (gains)	97	(166)
Loss (gain) on valuation of investment securities	73	96
Loss (gain) on sale of investment securities	(913)	(333)
Loss (gain) on sale of non-current assets	(9)	(50)
Loss on retirement of non-current assets	4	0
Decrease in trade receivables and contract assets	1,865	(10,362)
Decrease (increase) in investments in leases	370	330
Decrease (increase) in inventories	(2,134)	5,953
Decrease (increase) in advance payments to suppliers	(228)	231
Increase (decrease) in trade payables	(785)	1,243
Increase (decrease) in contract liabilities	(436)	(1,782)
Other, net	(54)	916
Subtotal	2,104	225
Interest and dividends received	273	279
Interest paid	(62)	(63)
Payments associated with disaster loss	(28)	–
Income taxes paid	(804)	(1,539)
Net cash provided by (used in) operating activities	1,482	(1,097)
Cash flows from investing activities		
Payments into time deposits	(102)	(102)
Proceeds from withdrawal of time deposits	102	102
Purchase of non-current assets	(1,131)	(1,013)
Proceeds from sale of non-current assets	11	0
Purchase of investment securities	(470)	(43)
Proceeds from sale and redemption of investment securities	1,238	644
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(619)
Other, net	12	200
Net cash provided by (used in) investing activities	(338)	(830)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,229)	4,164
Proceeds from long-term borrowings	100	–
Repayments of long-term borrowings	(619)	(8)
Proceeds from issuance of bonds	1,000	–
Purchase of treasury shares	(583)	(3)
Proceeds from disposal of treasury shares	5	–
Proceeds from share issuance to non-controlling shareholders	–	2
Dividends paid	(850)	(945)
Net cash provided by (used in) financing activities	(5,176)	3,208
Effect of exchange rate change on cash and cash equivalents	(59)	64
Net increase (decrease) in cash and cash equivalents	(4,093)	1,345
Cash and cash equivalents at beginning of period	11,402	7,309
Cash and cash equivalents at end of period	7,309	8,654