

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

February 12, 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 to file Quarterly Securities Report: February 13, 2020
 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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(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	%
Nine months ended December 31, 2019	32,394	20.1	1,302	–	1,593	–	1,258	–
Nine months ended December 31, 2018	26,963	(14.5)	(240)	–	85	(96.5)	(68)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2019	141.89		–	
Nine months ended December 31, 2018	(7.54)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	58,798	34,757	59.1	4,113.65
As of March 31, 2019	64,756	35,234	54.4	3,897.68

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	0.00	–	100.00	100.00
Year ending March 31, 2020	–	0.00	–		
Year ending March 31, 2020 (Forecast)				100.00	100.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	44,700	(1.1)	1,780	26.6	2,080	17.4	1,320	28.7	145.17

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2019
(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 December 31, 2019	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 December 31, 2019	874,103 shares	As of March 31, 2019	283,723 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2019	8,867,410 shares	Nine months ended December 31, 2018	9,108,896 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	7,666	6,722
Notes and accounts receivable - trade	23,267	15,063
Investments in leases	1,499	1,067
Merchandise and finished goods	38	34
Work in process	4,252	6,134
Raw materials and supplies	1,670	1,841
Other	534	1,243
Allowance for doubtful accounts	(22)	(16)
Total current assets	38,906	32,092
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,321	4,280
Machinery, equipment and vehicles, net	1,021	1,003
Tools, furniture and fixtures, net	310	348
Land	10,556	10,556
Construction in progress	622	224
Other, net	12	15
Total property, plant and equipment	15,845	16,429
Intangible assets	357	361
Investments and other assets		
Investment securities	8,671	9,230
Deferred tax assets	63	28
Retirement benefit asset	332	89
Other	868	854
Allowance for doubtful accounts	(289)	(287)
Total investments and other assets	9,646	9,916
Total non-current assets	25,850	26,706
Total assets	64,756	58,798

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,570	1,385
Short-term borrowings	7,849	6,349
Current portion of long-term borrowings	514	1,080
Accrued expenses	7,534	3,987
Income taxes payable	659	193
Advances received	2,020	2,512
Provision for bonuses	227	63
Provision for loss on order received	121	67
Provision for warranties for completed construction	555	398
Other	870	578
Total current liabilities	21,922	16,616
Non-current liabilities		
Long-term borrowings	4,627	4,034
Deferred tax liabilities	1,267	1,844
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	358	174
Asset retirement obligations	224	249
Other	27	27
Total non-current liabilities	7,599	7,425
Total liabilities	29,522	24,041
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	14,549	14,764
Treasury shares	(1,077)	(2,354)
Total shareholders' equity	33,324	32,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,621	3,214
Deferred gains or losses on hedges	–	4
Revaluation reserve for land	106	106
Foreign currency translation adjustment	(759)	(785)
Remeasurements of defined benefit plans	(61)	(47)
Total accumulated other comprehensive income	1,907	2,492
Non-controlling interests	1	1
Total net assets	35,234	34,757
Total liabilities and net assets	64,756	58,798

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

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	26,963	32,394
Cost of sales	23,043	26,247
Gross profit	3,919	6,147
Selling, general and administrative expenses	4,159	4,844
Operating profit (loss)	(240)	1,302
Non-operating income		
Interest income	9	6
Dividend income	296	260
Foreign exchange gains	–	0
Other	120	75
Total non-operating income	426	343
Non-operating expenses		
Interest expenses	37	42
Foreign exchange losses	34	–
Other	28	10
Total non-operating expenses	100	53
Ordinary profit	85	1,593
Extraordinary income		
Gain on sales of investment securities	74	578
Gain on bargain purchase	87	–
Other	23	0
Total extraordinary income	185	579
Extraordinary losses		
Loss on valuation of investment securities	190	93
Merger expenses	–	24
Other	98	10
Total extraordinary losses	289	128
Profit (loss) before income taxes	(18)	2,043
Income taxes - current	194	416
Income taxes - deferred	(143)	369
Total income taxes	50	786
Profit (loss)	(69)	1,257
Profit attributable to		
Profit (loss) attributable to owners of parent	(68)	1,258
Loss attributable to non-controlling interests	(0)	(0)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,401)	592
Deferred gains or losses on hedges	(0)	4
Foreign currency translation adjustment	(40)	(25)
Remeasurements of defined benefit plans, net of tax	(13)	13
Total other comprehensive income	(1,457)	584
Comprehensive income	(1,526)	1,842
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,525)	1,842
Comprehensive income attributable to non-controlling interests	(0)	(0)