

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 9, 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 Toru Yanagawa
 Inquiries: Managing Officer Takeshi Yonehara TEL 03-5857-3333
 Scheduled date to file Quarterly Securities Report: February 10, 2022
 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, 2021 (from April 1, 2021 to December 31, 2021)

(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, 2021	43,183	–	1,991	–	2,397	–	1,473	–
Nine months ended December 31, 2020	31,344	(3.2)	1,974	51.6	2,091	31.3	1,359	8.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	180.17		–	
Nine months ended December 31, 2020	161.36		–	

(Note) From the beginning of the 1st quarter of the current fiscal year ending March 31, 2022, the Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). The figures for the 3rd quarter of the current fiscal year above include the effects of the said standards. Accordingly, percentages of changes from the same period of 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 December 31, 2021	62,336	36,346	58.3	4,444.59
As of March 31, 2021	58,764	36,484	62.1	4,461.06

(Note) From the beginning of the 1st quarter of the current fiscal year ending March 31, 2022, the Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). The figures for the 3rd quarter of the current fiscal year above include the effects of the said standards.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	0.00	–	115.00	115.00
Year ending March 31, 2022	–	0.00	–		
Year ending March 31, 2022 (Forecast)				105.00	105.00

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 nine months ended December 31, 2021
(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: Yes
- 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, 2021	9,323,074 shares	As of March 31, 2021	9,323,074 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	1,145,857 shares	As of March 31, 2021	1,144,747 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, 2021	8,177,847 shares	Nine months ended December 31, 2020	8,425,597 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	7,413	6,962
Notes and accounts receivable - trade, and contract assets	13,489	23,283
Investments in leases	550	296
Merchandise and finished goods	57	28
Work in process	6,732	1,582
Raw materials and supplies	2,523	2,318
Other	863	821
Allowance for doubtful accounts	(13)	(26)
Total current assets	31,616	35,268
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,142	4,114
Machinery, equipment and vehicles, net	716	734
Tools, furniture and fixtures, net	284	411
Land	10,122	10,372
Construction in progress	356	544
Other, net	18	36
Total property, plant and equipment	15,641	16,213
Intangible assets	481	681
Investments and other assets		
Investment securities	9,909	8,966
Deferred tax assets	42	167
Retirement benefit asset	452	415
Other	847	849
Allowance for doubtful accounts	(227)	(225)
Total investments and other assets	11,024	10,173
Total non-current assets	27,147	27,068
Total assets	58,764	62,336

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,091	1,424
Short-term borrowings	3,620	8,120
Current portion of long-term borrowings	8	–
Accrued expenses	3,778	3,945
Income taxes payable	914	141
Contract liabilities	2,354	1,264
Provision for bonuses	259	139
Provision for loss on order received	30	–
Provision for warranties for completed construction	348	300
Other	681	1,122
Total current liabilities	13,086	16,459
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	4,580	4,580
Deferred tax liabilities	2,138	2,059
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	107	386
Asset retirement obligations	230	310
Other	41	97
Total non-current liabilities	9,193	9,530
Total liabilities	22,280	25,989
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	16,148	16,672
Treasury shares	(2,933)	(2,936)
Total shareholders' equity	33,068	33,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,937	3,297
Deferred gains or losses on hedges	9	4
Revaluation reserve for land	106	106
Foreign currency translation adjustment	(833)	(836)
Remeasurements of defined benefit plans	195	182
Total accumulated other comprehensive income	3,415	2,754
Non-controlling interests	0	2
Total net assets	36,484	36,346
Total liabilities and net assets	58,764	62,336

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

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	31,344	43,183
Cost of sales	24,436	35,741
Gross profit	6,908	7,442
Selling, general and administrative expenses	4,934	5,450
Operating profit	1,974	1,991
Non-operating income		
Interest income	10	5
Dividend income	242	249
Foreign exchange gains	–	75
Gain on sale of scraps	11	56
Other	65	70
Total non-operating income	329	457
Non-operating expenses		
Interest expenses	43	45
Foreign exchange losses	147	–
Other	22	6
Total non-operating expenses	213	51
Ordinary profit	2,091	2,397
Extraordinary income		
Gain on sale of membership	–	9
Other	0	3
Total extraordinary income	0	12
Extraordinary losses		
Loss on valuation of investment securities	21	90
Loss on disaster	13	–
Other	2	0
Total extraordinary losses	37	91
Profit before income taxes	2,054	2,318
Income taxes - current	623	626
Income taxes - deferred	71	219
Total income taxes	695	845
Profit	1,359	1,473
Profit attributable to		
Profit attributable to owners of parent	1,359	1,473
Profit (loss) attributable to non-controlling interests	(0)	0
Other comprehensive income		
Valuation difference on available-for-sale securities	2,219	(639)
Deferred gains or losses on hedges	12	(4)
Foreign currency translation adjustment	(48)	(2)
Remeasurements of defined benefit plans, net of tax	68	(12)
Total other comprehensive income	2,251	(660)
Comprehensive income	3,610	813
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,610	813
Comprehensive income attributable to non-controlling interests	(0)	0