

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 13, 2023

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 to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(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	%
Six months ended September 30, 2023	23,140	6.8	551	(34.1)	877	(31.6)	402	(45.5)
Six months ended September 30, 2022	21,665	(29.3)	837	(48.1)	1,282	(32.7)	738	(35.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	51.24		–	
Six months ended September 30, 2022	91.07		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	65,552	36,085	55.0	4,665.34
As of March 31, 2023	64,001	38,087	59.5	4,708.95

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, 2023	–	0.00	–	147.00	147.00
Year ending March 31, 2024	–	0.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	150.00	150.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	54,000	14.0	3,300	32.2	3,500	20.8	2,400	0.9	296.76

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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 September 30, 2023	9,323,074 shares	As of March 31, 2023	9,323,074 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,589,241 shares	As of March 31, 2023	1,235,672 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	7,860,820 shares	Six months ended September 30, 2022	8,108,926 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	6,989	10,275
Notes and accounts receivable - trade, and contract assets	23,649	21,205
Investments in leases	35	9
Merchandise and finished goods	19	35
Work in process	1,117	1,249
Raw materials and supplies	4,787	5,087
Other	1,156	1,106
Allowance for doubtful accounts	(20)	(19)
Total current assets	37,734	38,950
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,206	4,429
Machinery, equipment and vehicles, net	568	617
Tools, furniture and fixtures, net	434	504
Land	10,092	10,092
Construction in progress	543	759
Other, net	58	46
Total property, plant and equipment	15,903	16,449
Intangible assets	877	634
Investments and other assets		
Investment securities	8,059	8,143
Deferred tax assets	240	219
Retirement benefit asset	514	444
Other	894	931
Allowance for doubtful accounts	(221)	(221)
Total investments and other assets	9,486	9,517
Total non-current assets	26,267	26,602
Total assets	64,001	65,552

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,243	1,200
Short-term borrowings	5,357	10,857
Current portion of long-term borrowings	1,700	1,700
Accrued expenses	4,715	4,173
Income taxes payable	908	254
Contract liabilities	2,138	1,361
Provision for bonuses	423	390
Provision for loss on orders received	45	39
Provision for warranties for completed construction	202	122
Other	696	817
Total current liabilities	17,430	20,916
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	3,380	3,458
Deferred tax liabilities	1,730	1,679
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	392	409
Asset retirement obligations	800	801
Other	84	104
Total non-current liabilities	8,483	8,549
Total liabilities	25,914	29,466
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	18,135	17,341
Treasury shares	(3,200)	(4,401)
Total shareholders' equity	34,789	32,792
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,374	3,443
Deferred gains or losses on hedges	(6)	6
Revaluation reserve for land	684	684
Foreign currency translation adjustment	(899)	(964)
Remeasurements of defined benefit plans	140	117
Total accumulated other comprehensive income	3,293	3,288
Non-controlling interests	4	4
Total net assets	38,087	36,085
Total liabilities and net assets	64,001	65,552

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	21,665	23,140
Cost of sales	16,810	18,433
Gross profit	4,855	4,706
Selling, general and administrative expenses	4,017	4,154
Operating profit	837	551
Non-operating income		
Interest income	2	1
Dividend income	185	156
Foreign exchange gains	225	169
Gain on sale of scraps	19	13
Other	56	34
Total non-operating income	489	375
Non-operating expenses		
Interest expenses	37	37
Other	7	12
Total non-operating expenses	44	49
Ordinary profit	1,282	877
Extraordinary income		
Gain on sale of non-current assets	27	449
Other	–	43
Total extraordinary income	27	493
Extraordinary losses		
Loss on sale of non-current assets	39	–
Loss on valuation of investment securities	60	7
Impairment losses	–	323
Loss on disaster	–	517
Other	0	3
Total extraordinary losses	101	851
Profit before income taxes	1,208	518
Income taxes - current	389	180
Income taxes - deferred	80	(65)
Total income taxes	469	115
Profit	739	403
Profit attributable to		
Profit attributable to owners of parent	738	402
Profit attributable to non-controlling interests	0	0
Other comprehensive income		
Valuation difference on available-for-sale securities	1,126	68
Deferred gains or losses on hedges	27	13
Foreign currency translation adjustment	(82)	(65)
Remeasurements of defined benefit plans, net of tax	(16)	(22)
Total other comprehensive income	1,055	(5)
Comprehensive income	1,794	397
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,794	397
Comprehensive income attributable to non-controlling interests	0	0

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,208	518
Depreciation	363	363
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	(4)	(1)
Decrease (increase) in retirement benefit asset	38	45
Increase (decrease) in retirement benefit liability	(9)	2
Increase (decrease) in provision for loss on orders received	11	(6)
Increase (decrease) in provision for warranties for completed construction	(57)	(80)
Interest and dividend income	(188)	(157)
Interest expenses	37	37
Loss on disaster	–	517
Foreign exchange losses (gains)	(246)	(165)
Loss (gain) on valuation of investment securities	60	7
Loss (gain) on sale of investment securities	–	(43)
Loss on retirement of non-current assets	0	2
Loss (gain) on sale of non-current assets	12	(449)
Impairment losses	–	323
Decrease in trade receivables and contract assets	748	2,522
Decrease (increase) in investments in leases	118	25
Decrease (increase) in inventories	(1,589)	(438)
Decrease (increase) in advance payments to suppliers	(220)	(17)
Increase (decrease) in trade payables	(1,852)	(597)
Increase (decrease) in contract liabilities	962	(776)
Other, net	(961)	(4)
Subtotal	(1,568)	1,629
Interest and dividends received	188	157
Interest paid	(38)	(35)
Payments associated with disaster loss	–	(393)
Income taxes paid	(711)	(808)
Net cash provided by (used in) operating activities	(2,129)	549
Cash flows from investing activities		
Payments into time deposits	(51)	(51)
Proceeds from withdrawal of time deposits	48	48
Purchase of non-current assets	(576)	(935)
Proceeds from sale of non-current assets	216	449
Purchase of investment securities	(54)	(0)
Proceeds from sale and redemption of investment securities	21	54
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	15
Other, net	9	(15)
Net cash provided by (used in) investing activities	(387)	(435)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,000	5,500
Proceeds from long-term borrowings	–	18
Proceeds from disposal of treasury shares	38	–
Purchase of treasury shares	(301)	(1,201)
Dividends paid	(1,191)	(1,192)
Net cash provided by (used in) financing activities	546	3,124
Effect of exchange rate change on cash and cash equivalents	105	44
Net increase (decrease) in cash and cash equivalents	(1,865)	3,282
Cash and cash equivalents at beginning of period	8,654	6,921
Cash and cash equivalents at end of period	6,789	10,203