

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 14, 2024

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 26, 2024
 Scheduled date to file Securities Report: June 26, 2024
 Scheduled date to commence dividend payments: June 27, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	53,787	13.6	3,090	23.8	3,579	23.6	3,554	49.5
Year ended March 31, 2023	47,351	(20.0)	2,497	(11.1)	2,896	(16.6)	2,378	1.9

	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, 2024	456.13	–	9.4	5.4	5.7
Year ended March 31, 2023	293.63	–	6.4	4.5	5.3

(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, 2024	67,891	37,752	55.6	4,894.51
As of March 31, 2023	64,001	38,087	59.5	4,708.95

(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, 2024	(739)	(1,045)	3,120	8,285
Year ended March 31, 2023	1,105	826	(3,719)	6,921

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, 2023	–	0.00	–	147.00	147.00	1,197	50.1	3.2
Year ended March 31, 2024	–	0.00	–	229.00	229.00	1,784	50.2	4.8
Year ending March 31, 2025 (Forecast)	–	0.00	–	163.00	163.00		50.3	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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
Six months ending September 30, 2024	24,000	3.7	250	(54.7)	350	(60.1)	230	(42.9)	29.82
Full year	58,500	8.8	3,400	10.0	3,700	3.4	2,500	(29.7)	324.17

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(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, 2024	8,323,074 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 March 31, 2024	611,100 shares	As of March 31, 2023	1,235,672 shares
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Average number of shares during the period

Year ended March 31, 2024	7,792,229 shares	Year ended March 31, 2023	8,099,101 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	6,989	8,351
Notes and accounts receivable - trade, and contract assets	23,649	25,571
Investments in leases	35	-
Merchandise and finished goods	19	26
Work in process	1,117	1,476
Raw materials and supplies	4,787	5,163
Other	1,156	1,420
Allowance for doubtful accounts	(20)	(34)
Total current assets	37,734	41,975
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,206	4,634
Machinery, equipment and vehicles, net	568	698
Tools, furniture and fixtures, net	434	484
Land	10,092	10,092
Construction in progress	543	598
Other, net	58	43
Total property, plant and equipment	15,903	16,551
Intangible assets	877	634
Investments and other assets		
Investment securities	8,059	6,971
Deferred tax assets	240	205
Retirement benefit asset	514	820
Other	894	948
Allowance for doubtful accounts	(221)	(216)
Total investments and other assets	9,486	8,729
Total non-current assets	26,267	25,915
Total assets	64,001	67,891

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,243	997
Short-term borrowings	5,357	11,375
Current portion of long-term borrowings	1,700	2,480
Accrued expenses	4,715	5,197
Income taxes payable	908	1,384
Contract liabilities	2,138	584
Provision for bonuses	423	410
Provision for loss on orders received	45	104
Provision for warranties for completed construction	202	106
Other	696	1,043
Total current liabilities	17,430	23,685
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	3,380	2,160
Deferred tax liabilities	1,730	858
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	392	420
Asset retirement obligations	800	820
Other	84	99
Total non-current liabilities	8,483	6,454
Total liabilities	25,914	30,139
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	18,135	17,722
Treasury shares	(3,200)	(1,704)
Total shareholders' equity	34,789	35,871
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,374	1,835
Deferred gains or losses on hedges	(6)	21
Revaluation reserve for land	684	684
Foreign currency translation adjustment	(899)	(958)
Remeasurements of defined benefit plans	140	291
Total accumulated other comprehensive income	3,293	1,874
Non-controlling interests	4	5
Total net assets	38,087	37,752
Total liabilities and net assets	64,001	67,891

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	47,351	53,787
Cost of sales	36,543	42,018
Gross profit	10,807	11,768
Selling, general and administrative expenses	8,310	8,678
Operating profit	2,497	3,090
Non-operating income		
Interest income	6	5
Dividend income	252	231
Foreign exchange gains	100	129
Insurance return	–	79
Gain on sale of scraps	38	33
Subsidy income	33	21
Reversal of allowance for doubtful accounts	0	0
Other	68	105
Total non-operating income	499	607
Non-operating expenses		
Interest expenses	82	81
Share of loss of entities accounted for using equity method	–	13
Other	17	24
Total non-operating expenses	100	118
Ordinary profit	2,896	3,579
Extraordinary income		
Gain on sale of non-current assets	149	439
Gain on sale of investment securities	880	1,210
Insurance claim income	–	496
Other	0	0
Total extraordinary income	1,030	2,146
Extraordinary losses		
Loss on valuation of investment securities	74	12
Impairment losses	304	368
Extra retirement payments	111	–
Loss on disaster	–	509
Other	27	11
Total extraordinary losses	518	902
Profit before income taxes	3,408	4,823
Income taxes - current	1,257	1,523
Income taxes - deferred	(228)	(255)
Total income taxes	1,028	1,267

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	2,379	3,555
Profit attributable to		
Profit attributable to owners of parent	2,378	3,554
Profit attributable to non-controlling interests	1	1
Other comprehensive income		
Valuation difference on available-for-sale securities	742	(1,538)
Deferred gains or losses on hedges	(9)	27
Foreign currency translation adjustment	(20)	(59)
Remeasurements of defined benefit plans, net of tax	(20)	151
Share of other comprehensive income of entities accounted for using equity method	–	(0)
Total other comprehensive income	691	(1,419)
Comprehensive income	3,071	2,136
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,069	2,134
Comprehensive income attributable to non-controlling interests	1	1

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(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	17,533	(2,936)	34,450
Changes during period					
Dividends of surplus			(1,197)		(1,197)
Profit attributable to owners of parent			2,378		2,378
Purchase of treasury shares				(302)	(302)
Disposal of treasury shares				38	38
Reversal of revaluation reserve for land			(577)		(577)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	602	(263)	339
Balance at end of period	18,580	1,273	18,135	(3,200)	34,789

	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	2,632	3	106	(878)	160	2,024	2	36,477
Changes during period								
Dividends of surplus								(1,197)
Profit attributable to owners of parent								2,378
Purchase of treasury shares								(302)
Disposal of treasury shares								38
Reversal of revaluation reserve for land								(577)
Net changes in items other than shareholders' equity	742	(9)	577	(20)	(20)	1,269	1	1,270
Total changes during period	742	(9)	577	(20)	(20)	1,269	1	1,610
Balance at end of period	3,374	(6)	684	(899)	140	3,293	4	38,087

Fiscal year ended March 31, 2024

(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	18,135	(3,200)	34,789
Changes during period					
Dividends of surplus			(1,197)		(1,197)
Profit attributable to owners of parent			3,554		3,554
Purchase of treasury shares				(1,203)	(1,203)
Cancellation of treasury shares			(2,769)	2,769	–
Increase in treasury stock due to increase in equity method affiliates				(70)	(70)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(413)	1,495	1,082
Balance at end of period	18,580	1,273	17,722	(1,704)	35,871

	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	3,374	(6)	684	(899)	140	3,293	4	38,087
Changes during period								
Dividends of surplus								(1,197)
Profit attributable to owners of parent								3,554
Purchase of treasury shares								(1,203)
Cancellation of treasury shares								–
Increase in treasury stock due to increase in equity method affiliates								(70)
Net changes in items other than shareholders' equity	(1,538)	27	–	(59)	151	(1,419)	1	(1,417)
Total changes during period	(1,538)	27	–	(59)	151	(1,419)	1	(335)
Balance at end of period	1,835	21	684	(958)	291	1,874	5	37,752

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,408	4,823
Depreciation	783	755
Amortization of goodwill	1	6
Share of loss (profit) of entities accounted for using equity method	–	13
Impairment losses	304	368
Increase (decrease) in allowance for doubtful accounts	(7)	9
Increase (decrease) in retirement benefit liability	(10)	2
Decrease (increase) in retirement benefit asset	(92)	(73)
Increase (decrease) in provision for loss on orders received	45	58
Increase (decrease) in provision for warranties for completed construction	(97)	(95)
Interest and dividend income	(258)	(237)
Interest expenses	82	81
Insurance claim income	–	(496)
Loss on disaster	–	509
Foreign exchange losses (gains)	(110)	(105)
Loss (gain) on valuation of investment securities	74	12
Loss (gain) on sale of investment securities	(880)	(1,210)
Loss (gain) on sale of non-current assets	(129)	(439)
Loss on retirement of non-current assets	3	10
Decrease in trade receivables and contract assets	1,689	(1,874)
Decrease (increase) in investments in leases	185	30
Decrease (increase) in inventories	(2,541)	(737)
Decrease (increase) in advance payments to suppliers	(164)	(426)
Increase (decrease) in trade payables	(697)	214
Increase (decrease) in contract liabilities	1,478	(1,550)
Other, net	(1,054)	468
Subtotal	2,013	118
Interest and dividends received	258	237
Interest paid	(82)	(79)
Proceeds from insurance income	–	496
Payments associated with disaster loss	–	(492)
Income taxes paid	(1,083)	(1,019)
Net cash provided by (used in) operating activities	1,105	(739)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(102)	(102)
Proceeds from withdrawal of time deposits	138	102
Purchase of non-current assets	(1,187)	(1,460)
Proceeds from sale of non-current assets	507	449
Purchase of investment securities	(55)	(1,392)
Proceeds from sale and redemption of investment securities	1,565	1,379
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	15
Other, net	(39)	(36)
Net cash provided by (used in) investing activities	826	(1,045)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,763)	6,018
Proceeds from long-term borrowings	500	1,200
Repayments of long-term borrowings	–	(1,700)
Purchase of treasury shares	(302)	(1,203)
Proceeds from disposal of treasury shares	38	–
Dividends paid	(1,193)	(1,194)
Net cash provided by (used in) financing activities	(3,719)	3,120
Effect of exchange rate change on cash and cash equivalents	53	28
Net increase (decrease) in cash and cash equivalents	(1,733)	1,364
Cash and cash equivalents at beginning of period	8,654	6,921
Cash and cash equivalents at end of period	6,921	8,285