

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

August 14, 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: August 14, 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 three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(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	%
Three months ended June 30, 2020	9,798	24.3	757	–	735	987.9	465	126.3
Three months ended June 30, 2019	7,882	3.7	(101)	–	67	–	205	161.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	55.08		–	
Three months ended June 30, 2019	22.86		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2020	61,599	34,781	56.5	4,115.92
As of March 31, 2020	60,985	34,602	56.7	4,095.51

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, 2020	–	0.00	–	100.00	100.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	0.00	–	100.00	100.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	48,100	3.4	2,160	(16.7)	2,520	(15.2)	1,630	(5.1)	185.84

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020  
 (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 June 30, 2020	9,323,074 shares	As of March 31, 2020	9,323,074 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	872,843 shares	As of March 31, 2020	874,440 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	8,449,028 shares	Three months ended June 30, 2019	8,994,759 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	11,507	12,847
Notes and accounts receivable - trade	15,413	12,514
Investments in leases	937	828
Merchandise and finished goods	27	35
Work in process	5,179	5,878
Raw materials and supplies	1,977	2,195
Other	435	973
Allowance for doubtful accounts	(16)	(14)
Total current assets	35,461	35,258
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,218	4,149
Machinery, equipment and vehicles, net	1,016	940
Tools, furniture and fixtures, net	364	364
Land	10,568	10,499
Construction in progress	253	377
Other, net	20	22
Total property, plant and equipment	16,442	16,352
Intangible assets	381	376
Investments and other assets		
Investment securities	8,013	8,968
Deferred tax assets	45	39
Retirement benefit asset	38	17
Other	889	872
Allowance for doubtful accounts	(286)	(286)
Total investments and other assets	8,699	9,611
Total non-current assets	25,523	26,340
Total assets	60,985	61,599

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	919	1,189
Short-term borrowings	7,849	7,849
Current portion of long-term borrowings	619	600
Accrued expenses	4,763	3,645
Income taxes payable	553	739
Advances received	2,790	3,929
Provision for bonuses	267	–
Provision for loss on order received	241	62
Provision for warranties for completed construction	389	382
Other	455	646
<b>Total current liabilities</b>	<b>18,848</b>	<b>19,044</b>
<b>Non-current liabilities</b>		
Long-term borrowings	4,488	4,500
Deferred tax liabilities	1,520	1,754
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	152	148
Asset retirement obligations	235	235
Other	40	38
<b>Total non-current liabilities</b>	<b>7,534</b>	<b>7,773</b>
<b>Total liabilities</b>	<b>26,382</b>	<b>26,817</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	15,224	14,844
Treasury shares	(2,355)	(2,352)
<b>Total shareholders' equity</b>	<b>32,722</b>	<b>32,346</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,666	3,329
Deferred gains or losses on hedges	0	3
Revaluation reserve for land	106	106
Foreign currency translation adjustment	(729)	(857)
Remeasurements of defined benefit plans	(165)	(147)
<b>Total accumulated other comprehensive income</b>	<b>1,878</b>	<b>2,434</b>
<b>Non-controlling interests</b>	<b>1</b>	<b>0</b>
<b>Total net assets</b>	<b>34,602</b>	<b>34,781</b>
<b>Total liabilities and net assets</b>	<b>60,985</b>	<b>61,599</b>

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

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	7,882	9,798
Cost of sales	6,476	7,476
Gross profit	1,405	2,321
Selling, general and administrative expenses	1,507	1,563
Operating profit (loss)	(101)	757
Non-operating income		
Interest income	2	4
Dividend income	147	145
Foreign exchange gains	9	–
Other	26	25
Total non-operating income	187	175
Non-operating expenses		
Interest expenses	14	17
Foreign exchange losses	–	178
Other	3	2
Total non-operating expenses	17	198
Ordinary profit	67	735
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	290	–
Total extraordinary income	290	1
Extraordinary losses		
Loss on sales of non-current assets	7	–
Retirement benefits for directors (and other officers)	–	2
Merger expenses	22	–
Loss on disaster	–	7
Other	0	0
Total extraordinary losses	29	9
Profit before income taxes	328	727
Income taxes - current	96	321
Income taxes - deferred	26	(59)
Total income taxes	122	262
Profit	205	465
Profit attributable to		
Profit attributable to owners of parent	205	465
Profit (loss) attributable to non-controlling interests	0	(0)
Other comprehensive income		
Valuation difference on available-for-sale securities	48	662
Deferred gains or losses on hedges	(3)	3
Foreign currency translation adjustment	32	(128)
Remeasurements of defined benefit plans, net of tax	3	17
Total other comprehensive income	80	555
Comprehensive income	286	1,020
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	286	1,021
Comprehensive income attributable to non-controlling interests	0	(0)