

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

February 12, 2021

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 12, 2021
 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, 2020 (from April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	31,344	(3.2)	1,974	51.6	2,091	31.3	1,359	8.1
Nine months ended December 31, 2019	32,394	20.1	1,302	–	1,593	–	1,258	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	161.36		–	
Nine months ended December 31, 2019	141.89		–	

(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, 2020	59,307	36,867	62.2	4,486.07
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	–	0.00	–		
Year ending March 31, 2021 (Forecast)				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 nine months ended December 31, 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 December 31, 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 December 31, 2020	1,104,975 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)

Nine months ended December 31, 2020	8,425,597 shares	Nine months ended December 31, 2019	8,867,410 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	11,507	10,413
Notes and accounts receivable - trade	15,413	8,729
Investments in leases	937	642
Merchandise and finished goods	27	66
Work in process	5,179	7,080
Raw materials and supplies	1,977	2,331
Other	435	1,173
Allowance for doubtful accounts	(16)	(9)
Total current assets	35,461	30,428
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,218	4,272
Machinery, equipment and vehicles, net	1,016	995
Tools, furniture and fixtures, net	364	325
Land	10,568	10,528
Construction in progress	253	346
Other, net	20	28
Total property, plant and equipment	16,442	16,496
Intangible assets	381	359
Investments and other assets		
Investment securities	8,013	11,402
Deferred tax assets	45	39
Retirement benefit asset	38	20
Other	889	846
Allowance for doubtful accounts	(286)	(284)
Total investments and other assets	8,699	12,024
Total non-current assets	25,523	28,879
Total assets	60,985	59,307

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	919	826
Short-term borrowings	7,849	4,120
Current portion of long-term borrowings	619	–
Accrued expenses	4,763	4,099
Income taxes payable	553	317
Advances received	2,790	2,678
Provision for bonuses	267	28
Provision for loss on order received	241	38
Provision for warranties for completed construction	389	362
Other	455	730
Total current liabilities	18,848	13,202
Non-current liabilities		
Bonds payable	–	500
Long-term borrowings	4,488	4,591
Deferred tax liabilities	1,520	2,584
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	152	196
Asset retirement obligations	235	231
Other	40	37
Total non-current liabilities	7,534	9,237
Total liabilities	26,382	22,439
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	15,224	15,730
Treasury shares	(2,355)	(2,847)
Total shareholders' equity	32,722	32,736
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,666	4,885
Deferred gains or losses on hedges	0	12
Revaluation reserve for land	106	106
Foreign currency translation adjustment	(729)	(778)
Remeasurements of defined benefit plans	(165)	(96)
Total accumulated other comprehensive income	1,878	4,129
Non-controlling interests	1	0
Total net assets	34,602	36,867
Total liabilities and net assets	60,985	59,307

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

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	32,394	31,344
Cost of sales	26,247	24,436
Gross profit	6,147	6,908
Selling, general and administrative expenses	4,844	4,934
Operating profit	1,302	1,974
Non-operating income		
Interest income	6	10
Dividend income	260	242
Foreign exchange gains	0	–
Other	75	76
Total non-operating income	343	329
Non-operating expenses		
Interest expenses	42	43
Foreign exchange losses	–	147
Other	10	22
Total non-operating expenses	53	213
Ordinary profit	1,593	2,091
Extraordinary income		
Gain on sales of investment securities	578	–
Other	0	0
Total extraordinary income	579	0
Extraordinary losses		
Loss on valuation of investment securities	93	21
Merger expenses	24	–
Loss on disaster	–	13
Other	10	2
Total extraordinary losses	128	37
Profit before income taxes	2,043	2,054
Income taxes - current	416	623
Income taxes - deferred	369	71
Total income taxes	786	695
Profit	1,257	1,359
Profit attributable to		
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	1,258	1,359
Other comprehensive income		
Valuation difference on available-for-sale securities	592	2,219
Deferred gains or losses on hedges	4	12
Foreign currency translation adjustment	(25)	(48)
Remeasurements of defined benefit plans, net of tax	13	68
Total other comprehensive income	584	2,251
Comprehensive income	1,842	3,610
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,842	3,610
Comprehensive income attributable to non-controlling interests	(0)	(0)