

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 14, 2019

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 of ordinary general meeting of shareholders: June 27, 2019  
 Scheduled date to file Securities Report: June 27, 2019  
 Scheduled date to commence dividend payments: June 28, 2019  
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	45,188	8.2	1,406	(37.9)	1,771	(33.1)	1,025	(56.6)
Year ended March 31, 2018	41,758	(0.4)	2,265	(26.5)	2,646	(23.1)	2,362	(36.9)

	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, 2019	112.80	–	2.9	2.9	3.1
Year ended March 31, 2018	251.26	–	6.5	4.8	5.4

(Note) The Company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017.

Accordingly, the earnings per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(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, 2019	64,756	35,234	54.4	3,897.68
As of March 31, 2018	55,818	36,666	65.7	3,941.68

(Note) "Partial revision of Tax Effect Accounting" (Corporate Accounting Standard No.28, February 16, 2018) had been reflected from the year ending March 31, 2019, the consolidated financial position of previous fiscal year is shown as revision reflected amount.

(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, 2019	(6,698)	(1,315)	3,249	7,609
Year ended March 31, 2018	3,726	(85)	2,032	12,420

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, 2018	–	0.00	–	100.00	100.00	930	39.8	2.6
Year ended March 31, 2019	–	0.00	–	100.00	100.00	903	88.7	2.6
Year ending March 31, 2020 (Forecast)	–	0.00	–	100.00	100.00		68.9	

(Note) The Company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017.

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	44,700	(1.1)	1,780	26.6	2,080	17.4	1,320	28.7	145.17

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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, 2019	9,323,074 shares	As of March 31, 2018	9,703,074 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	283,723 shares	As of March 31, 2018	401,043 shares
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Average number of shares during the period

Year ended March 31, 2019	9,092,866 shares	Year ended March 31, 2018	9,401,990 shares
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(Note) The Company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017.

Accordingly, the average number of shares during the period is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	12,421	7,666
Notes and accounts receivable - trade	9,387	23,267
Lease investment assets	1,781	1,499
Securities	500	–
Merchandise and finished goods	40	38
Work in process	3,819	4,252
Raw materials and supplies	1,640	1,670
Other	494	534
Allowance for doubtful accounts	(21)	(22)
Total current assets	30,064	38,906
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,457	3,321
Machinery, equipment and vehicles, net	1,152	1,021
Tools, furniture and fixtures, net	282	310
Land	10,707	10,556
Construction in progress	110	622
Other, net	0	12
Total property, plant and equipment	15,710	15,845
Intangible assets	368	357
Investments and other assets		
Investment securities	8,730	8,671
Deferred tax assets	58	63
Retirement benefit asset	398	332
Other	778	868
Allowance for doubtful accounts	(292)	(289)
Total investments and other assets	9,674	9,646
Total non-current assets	25,753	25,850
Total assets	55,818	64,756

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	2,033	1,570
Short-term loans payable	4,604	7,849
Current portion of long-term loans payable	15	514
Accrued expenses	3,380	7,534
Income taxes payable	316	659
Advances received	417	2,020
Provision for bonuses	242	227
Provision for loss on order received	183	121
Provision for warranties for completed construction	580	555
Other	924	870
<b>Total current liabilities</b>	<b>12,698</b>	<b>21,922</b>
<b>Non-current liabilities</b>		
Long-term loans payable	3,080	4,627
Deferred tax liabilities	1,591	1,267
Deferred tax liabilities for land revaluation	1,107	1,095
Retirement benefit liability	325	358
Asset retirement obligations	321	224
Other	27	27
<b>Total non-current liabilities</b>	<b>6,453</b>	<b>7,599</b>
<b>Total liabilities</b>	<b>19,151</b>	<b>29,522</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	15,750	14,549
Treasury shares	(1,397)	(1,077)
<b>Total shareholders' equity</b>	<b>34,207</b>	<b>33,324</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,995	2,621
Revaluation reserve for land	133	106
Foreign currency translation adjustment	(676)	(759)
Remeasurements of defined benefit plans	5	(61)
<b>Total accumulated other comprehensive income</b>	<b>2,458</b>	<b>1,907</b>
<b>Non-controlling interests</b>	<b>0</b>	<b>1</b>
<b>Total net assets</b>	<b>36,666</b>	<b>35,234</b>
<b>Total liabilities and net assets</b>	<b>55,818</b>	<b>64,756</b>

## Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	41,758	45,188
Cost of sales	34,172	38,194
Gross profit	7,585	6,994
Selling, general and administrative expenses	5,319	5,588
Operating profit	2,265	1,406
Non-operating income		
Interest income	11	12
Dividend income	283	302
Foreign exchange gains	5	–
Miscellaneous income	134	136
Total non-operating income	434	452
Non-operating expenses		
Interest expenses	33	49
Foreign exchange losses	–	19
Miscellaneous loss	19	17
Total non-operating expenses	53	87
Ordinary profit	2,646	1,771
Extraordinary income		
Gain on sales of non-current assets	98	36
Gain on sales of investment securities	320	74
Gain on bargain purchase	–	87
Disaster donations	–	46
Other	–	1
Total extraordinary income	418	246
Extraordinary losses		
Loss on valuation of investment securities	–	237
Loss on disaster	–	159
Other	94	20
Total extraordinary losses	94	418
Profit before income taxes	2,971	1,599
Income taxes - current	582	748
Income taxes - deferred	26	(173)
Total income taxes	609	574
Profit	2,362	1,025
Profit attributable to		
Profit attributable to owners of parent	2,362	1,025
Loss attributable to non-controlling interests	(0)	(0)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,003	(374)
Deferred gains or losses on hedges	14	–
Foreign currency translation adjustment	(23)	(83)
Remeasurements of defined benefit plans, net of tax	(9)	(66)
Total other comprehensive income	985	(523)
Comprehensive income	3,347	501
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,347	501
Comprehensive income attributable to non-controlling interests	(0)	(0)

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,580	1,273	16,447	(2,323)	33,978
Changes of items during period					
Dividends of surplus			(1,150)		(1,150)
Profit attributable to owners of parent			2,362		2,362
Reversal of revaluation reserve for land			30		30
Purchase of treasury shares				(1,013)	(1,013)
Retirement of treasury shares			(1,939)	1,939	–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	(697)	926	229
Balance at end of current period	18,580	1,273	15,750	(1,397)	34,207

	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 current period	1,992	(14)	163	(652)	14	1,503	–	35,481
Changes of items during period								
Dividends of surplus								(1,150)
Profit attributable to owners of parent								2,362
Reversal of revaluation reserve for land								30
Purchase of treasury shares								(1,013)
Retirement of treasury shares								–
Net changes of items other than shareholders' equity	1,003	14	(30)	(23)	(9)	955	0	956
Total changes of items during period	1,003	14	(30)	(23)	(9)	955	0	1,185
Balance at end of current period	2,995	–	133	(676)	5	2,458	0	36,666

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,580	1,273	15,750	(1,397)	34,207
Changes of items during period					
Dividends of surplus			(930)		(930)
Profit attributable to owners of parent			1,025		1,025
Reversal of revaluation reserve for land			26		26
Purchase of treasury shares				(1,004)	(1,004)
Retirement of treasury shares			(1,323)	1,323	–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	(1,201)	319	(882)
Balance at end of current period	18,580	1,273	14,549	(1,077)	33,324

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,995	133	(676)	5	2,458	0	36,666
Changes of items during period							
Dividends of surplus							(930)
Profit attributable to owners of parent							1,025
Reversal of revaluation reserve for land							26
Purchase of treasury shares							(1,004)
Retirement of treasury shares							–
Net changes of items other than shareholders' equity	(374)	(26)	(83)	(66)	(550)	0	(550)
Total changes of items during period	(374)	(26)	(83)	(66)	(550)	0	(1,432)
Balance at end of current period	2,621	106	(759)	(61)	1,907	1	35,234

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	2,971	1,599
Depreciation	737	728
Impairment loss	72	–
Gain on bargain purchase	–	(87)
Increase (decrease) in allowance for doubtful accounts	(37)	(3)
Increase (decrease) in retirement benefit liability	(28)	(13)
Decrease (increase) in retirement benefit asset	(58)	4
Increase (decrease) in provision for loss on order received	(489)	(62)
Increase (decrease) in provision for warranties for completed construction	68	(25)
Interest and dividend income	(294)	(315)
Interest expenses	33	49
Disaster donations	–	(46)
Loss on disaster	–	159
Foreign exchange losses (gains)	18	72
Loss (gain) on valuation of investment securities	–	237
Loss (gain) on sales of investment securities	(320)	(74)
Loss (gain) on sales of non-current assets	(98)	(31)
Loss on retirement of non-current assets	19	8
Decrease (increase) in notes and accounts receivable - trade	3,375	(13,749)
Decrease (increase) in lease investment assets	(257)	272
Decrease (increase) in inventories	342	(419)
Decrease (increase) in advance payments	252	95
Increase (decrease) in notes and accounts payable - trade	(1,272)	3,714
Increase (decrease) in advances received	(773)	1,621
Other, net	74	(134)
Subtotal	4,336	(6,400)
Interest and dividend income received	294	314
Interest expenses paid	(32)	(50)
Disaster donations received	–	46
Payments associated with disaster loss	–	(159)
Income taxes paid	(872)	(449)
Net cash provided by (used in) operating activities	3,726	(6,698)
Cash flows from investing activities		
Proceeds from sales and redemption of securities	100	500
Purchase of non-current assets	(436)	(1,080)
Proceeds from sales of non-current assets	295	375
Purchase of investment securities	(634)	(717)
Proceeds from sales and redemption of investment securities	500	74
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(427)
Other, net	91	(40)
Net cash provided by (used in) investing activities	(85)	(1,315)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,250	3,217
Proceeds from long-term loans payable	2,000	2,000
Repayments of long-term loans payable	(60)	(38)
Purchase of treasury shares	(1,013)	(1,004)
Proceeds from share issuance to non-controlling shareholders	1	1
Cash dividends paid	(1,145)	(926)
Net cash provided by (used in) financing activities	2,032	3,249
Effect of exchange rate change on cash and cash equivalents	(64)	(45)
Net increase (decrease) in cash and cash equivalents	5,609	(4,810)
Cash and cash equivalents at beginning of period	6,810	12,420
Cash and cash equivalents at end of period	12,420	7,609