

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 8, 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 to file Quarterly Securities Report: August 8, 2019
 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, 2019 (from April 1, 2019 to June 30, 2019)

(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, 2019	7,882	3.7	(101)	–	67	–	205	161.1
Three months ended June 30, 2018	7,603	(17.0)	(417)	–	(148)	–	78	(88.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	22.86		–	
Three months ended June 30, 2018	8.55		–	

(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, 2019	56,916	34,416	60.5	3,845.44
As of March 31, 2019	64,756	35,234	54.4	3,897.68

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, 2019	–	0.00	–	100.00	100.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	0.00	–	100.00	100.00

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 three months ended June 30, 2019
 (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, 2019	9,323,074 shares	As of March 31, 2019	9,323,074 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	373,572 shares	As of March 31, 2019	283,723 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, 2019	8,994,759 shares	Three months ended June 30, 2018	9,212,286 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	7,666	9,155
Notes and accounts receivable - trade	23,267	12,712
Investments in leases	1,499	1,350
Merchandise and finished goods	38	53
Work in process	4,252	5,469
Raw materials and supplies	1,670	1,678
Other	534	669
Allowance for doubtful accounts	(22)	(16)
Total current assets	38,906	31,074
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,321	3,419
Machinery, equipment and vehicles, net	1,021	996
Tools, furniture and fixtures, net	310	304
Land	10,556	10,568
Construction in progress	622	788
Other, net	12	15
Total property, plant and equipment	15,845	16,092
Intangible assets	357	370
Investments and other assets		
Investment securities	8,671	8,592
Deferred tax assets	63	59
Retirement benefit asset	332	150
Other	868	866
Allowance for doubtful accounts	(289)	(289)
Total investments and other assets	9,646	9,379
Total non-current assets	25,850	25,841
Total assets	64,756	56,916

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,570	1,259
Short-term borrowings	7,849	5,349
Current portion of long-term borrowings	514	480
Accrued expenses	7,534	3,584
Income taxes payable	659	117
Advances received	2,020	2,908
Provision for bonuses	227	–
Provision for loss on order received	121	151
Provision for warranties for completed construction	555	366
Other	870	789
Total current liabilities	21,922	15,006
Non-current liabilities		
Long-term borrowings	4,627	4,651
Deferred tax liabilities	1,267	1,289
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	358	207
Asset retirement obligations	224	221
Other	27	27
Total non-current liabilities	7,599	7,493
Total liabilities	29,522	22,499
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	14,549	13,850
Treasury shares	(1,077)	(1,278)
Total shareholders' equity	33,324	32,426
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,621	2,669
Deferred gains or losses on hedges	–	(3)
Revaluation reserve for land	106	106
Foreign currency translation adjustment	(759)	(727)
Remeasurements of defined benefit plans	(61)	(57)
Total accumulated other comprehensive income	1,907	1,988
Non-controlling interests	1	1
Total net assets	35,234	34,416
Total liabilities and net assets	64,756	56,916

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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	7,603	7,882
Cost of sales	6,681	6,476
Gross profit	921	1,405
Selling, general and administrative expenses	1,339	1,507
Operating loss	(417)	(101)
Non-operating income		
Interest income	2	2
Dividend income	205	147
Foreign exchange gains	23	9
Other	56	26
Total non-operating income	288	187
Non-operating expenses		
Interest expenses	11	14
Other	7	3
Total non-operating expenses	18	17
Ordinary profit (loss)	(148)	67
Extraordinary income		
Gain on sales of investment securities	–	290
Gain on bargain purchase	87	–
Other	–	0
Total extraordinary income	87	290
Extraordinary losses		
Loss on sales of non-current assets	1	7
Merger expenses	–	22
Other	0	0
Total extraordinary losses	1	29
Profit (loss) before income taxes	(61)	328
Income taxes - current	84	96
Income taxes - deferred	(224)	26
Total income taxes	(140)	122
Profit	78	205
Profit attributable to		
Profit attributable to owners of parent	78	205
Profit attributable to non-controlling interests	–	0
Other comprehensive income		
Valuation difference on available-for-sale securities	108	48
Deferred gains or losses on hedges	–	(3)
Foreign currency translation adjustment	(76)	32
Remeasurements of defined benefit plans, net of tax	(4)	3
Total other comprehensive income	27	80
Comprehensive income	105	286
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	105	286
Comprehensive income attributable to non-controlling interests	–	0