Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 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
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Corporate Division

Scheduled date to file Semi-annual Securities Report: November 14, 2024
Scheduled date to commence dividend payments: December 3, 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 six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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	%
Six months ended September 30, 2024	28,475	23.1	1,917	247.4	2,038	132.3	1,616	301.4
Six months ended September 30, 2023	23,140	6.8	551	(34.1)	877	(31.6)	402	(45.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	209.60	–
Six months ended September 30, 2023	51.24	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	60,838	37,129	61.0	4,811.97
As of March 31, 2024	67,891	37,752	55.6	4,894.51

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	0.00	–	229.00	229.00
Year ending March 31, 2025	–	50.00			
Year ending March 31, 2025 (Forecast)			–	132.00	182.00

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
Full year	59,500	10.6	3,900	26.2	4,100	14.5	2,800	(21.2)	363.02

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Application of special accounting methods for preparing semi-annual 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:	Yes
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 September 30, 2024	8,323,074 shares	As of March 31, 2024	8,323,074 shares

Number of treasury shares at the end of the period

As of September 30, 2024	608,354 shares	As of March 31, 2024	611,100 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	7,713,352 shares	Six months ended September 30, 2023	7,860,820 shares

Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	8,351	7,140
Notes and accounts receivable - trade, and contract assets	25,571	20,256
Merchandise and finished goods	26	36
Work in process	1,476	1,401
Raw materials and supplies	5,163	5,146
Other	1,420	1,155
Allowance for doubtful accounts	(34)	(27)
Total current assets	41,975	35,110
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,634	5,116
Machinery, equipment and vehicles, net	698	669
Tools, furniture and fixtures, net	484	533
Land	10,092	10,146
Construction in progress	598	628
Other, net	43	40
Total property, plant and equipment	16,551	17,135
Intangible assets	634	624
Investments and other assets		
Investment securities	6,971	6,329
Deferred tax assets	205	168
Retirement benefit asset	820	752
Other	948	932
Allowance for doubtful accounts	(216)	(215)
Total investments and other assets	8,729	7,967
Total non-current assets	25,915	25,727
Total assets	67,891	60,838

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	997	689
Short-term borrowings	11,375	6,575
Current portion of long-term borrowings	2,480	2,480
Accrued expenses	5,197	4,126
Income taxes payable	1,384	650
Contract liabilities	584	1,677
Provision for bonuses	410	486
Provision for loss on orders received	104	72
Provision for warranties for completed construction	106	283
Other	1,043	749
Total current liabilities	23,685	17,791
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	2,160	2,100
Deferred tax liabilities	858	697
Deferred tax liabilities for land revaluation	1,095	1,095
Retirement benefit liability	420	411
Asset retirement obligations	820	525
Other	99	87
Total non-current liabilities	6,454	5,917
Total liabilities	30,139	23,708
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	17,722	17,554
Treasury shares	(1,704)	(1,701)
Total shareholders' equity	35,871	35,707
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,835	1,401
Deferred gains or losses on hedges	21	(4)
Revaluation reserve for land	684	684
Foreign currency translation adjustment	(958)	(922)
Remeasurements of defined benefit plans	291	255
Total accumulated other comprehensive income	1,874	1,415
Non-controlling interests	5	6
Total net assets	37,752	37,129
Total liabilities and net assets	67,891	60,838

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

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	23,140	28,475
Cost of sales	18,433	22,124
Gross profit	4,706	6,351
Selling, general and administrative expenses	4,154	4,433
Operating profit	551	1,917
Non-operating income		
Interest income	1	3
Dividend income	156	151
Foreign exchange gains	169	16
Gain on sale of scraps	13	16
Other	34	38
Total non-operating income	375	226
Non-operating expenses		
Interest expenses	37	55
Share of loss of entities accounted for using equity method	–	34
Other	12	15
Total non-operating expenses	49	105
Ordinary profit	877	2,038
Extraordinary income		
Gain on sale of non-current assets	449	26
Gain on sale of investment securities	43	406
Total extraordinary income	493	432
Extraordinary losses		
Loss on valuation of investment securities	7	0
Impairment losses	323	–
Loss on disaster	517	9
Other	3	2
Total extraordinary losses	851	12
Profit before income taxes	518	2,458
Income taxes - current	180	733
Income taxes - deferred	(65)	107
Total income taxes	115	840
Profit	403	1,617

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit attributable to		
Profit attributable to owners of parent	402	1,616
Profit attributable to non-controlling interests	0	0
Other comprehensive income		
Valuation difference on available-for-sale securities	68	(452)
Deferred gains or losses on hedges	13	(25)
Foreign currency translation adjustment	(65)	36
Remeasurements of defined benefit plans, net of tax	(22)	(35)
Share of other comprehensive income of entities accounted for using equity method	–	18
Total other comprehensive income	(5)	(458)
Comprehensive income	397	1,158
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	397	1,157
Comprehensive income attributable to non-controlling interests	0	0

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	518	2,458
Depreciation	363	401
Amortization of goodwill	0	5
Share of loss (profit) of entities accounted for using equity method	–	34
Increase (decrease) in allowance for doubtful accounts	(1)	(8)
Decrease (increase) in retirement benefit asset	45	(14)
Increase (decrease) in retirement benefit liability	2	18
Increase (decrease) in provision for loss on orders received	(6)	(31)
Increase (decrease) in provision for warranties for completed construction	(80)	176
Interest and dividend income	(157)	(155)
Interest expenses	37	55
Loss on disaster	517	9
Foreign exchange losses (gains)	(165)	(42)
Loss (gain) on valuation of investment securities	7	0
Loss (gain) on sale of investment securities	(43)	(406)
Loss on retirement of non-current assets	2	0
Loss (gain) on sale of non-current assets	(449)	(26)
Impairment losses	323	–
Decrease in trade receivables and contract assets	2,522	5,359
Decrease (increase) in investments in leases	25	–
Decrease (increase) in inventories	(438)	94
Decrease (increase) in advance payments to suppliers	(17)	66
Increase (decrease) in trade payables	(597)	(1,374)
Increase (decrease) in contract liabilities	(776)	1,088
Other, net	(4)	(302)
Subtotal	1,629	7,408
Interest and dividends received	157	155
Interest paid	(35)	(54)
Payments associated with disaster loss	(393)	(16)
Income taxes paid	(808)	(1,417)
Net cash provided by (used in) operating activities	549	6,074

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from investing activities		
Payments into time deposits	(51)	(51)
Proceeds from withdrawal of time deposits	48	48
Purchase of non-current assets	(935)	(946)
Proceeds from sale of non-current assets	449	26
Payments for asset retirement obligations	–	(238)
Purchase of investment securities	(0)	(5)
Proceeds from sale and redemption of investment securities	54	456
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	15	–
Other, net	(15)	14
Net cash provided by (used in) investing activities	(435)	(695)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,500	(4,800)
Proceeds from long-term borrowings	18	–
Repayments of long-term borrowings	–	(60)
Proceeds from disposal of treasury shares	–	6
Purchase of treasury shares	(1,201)	(2)
Dividends paid	(1,192)	(1,775)
Net cash provided by (used in) financing activities	3,124	(6,632)
Effect of exchange rate change on cash and cash equivalents	44	39
Net increase (decrease) in cash and cash equivalents	3,282	(1,213)
Cash and cash equivalents at beginning of period	6,921	8,285
Cash and cash equivalents at end of period	10,203	7,071