

Consolidated Financial Results for the Six Months Ended September 30, 2019 [Japanese GAAP]



October 25, 2019

Company name: Toyo Machinery & Metal Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 6210

URL: <http://www.toyo-mm.co.jp/>

Representative: Yoshiaki Tabata, President and Representative Director

Contact: Masato Sakai, Corporate Officer General Manager Management Planning Office

Phone: +81-78-942-2345

Scheduled date of filing quarterly securities report: November 14, 2019

Scheduled date of commencing dividend payments: December 2, 2019

Availability of supplementary briefing materials on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|-------------------------------------|-------------|-----|------------------|------|-----------------|-----|---|-----|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Six months ended September 30, 2019 | 17,038 | 9.6 | 1,093 | 13.8 | 1,091 | 9.5 | 652 | 5.5 |
| September 30, 2018 | 15,541 | 1.0 | 960 | 3.9 | 996 | 5.6 | 619 | 1.7 |

(Note) Comprehensive income: Six months ended September 30, 2019: ¥629 million [10.0%]

Six months ended September 30, 2018: ¥572 million [(6.6)%]

| | Profit per share | | Diluted profit per share | |
|-------------------------------------|------------------|--|--------------------------|--|
| | Yen | | Yen | |
| Six months ended September 30, 2019 | 32.09 | | — | |
| September 30, 2018 | 32.86 | | — | |

(2) Consolidated Financial Position

| | Total assets | | Net assets | | Equity ratio | |
|--------------------------|--------------|--|-------------|--|--------------|--|
| | Million yen | | Million yen | | % | |
| As of September 30, 2019 | 29,386 | | 18,423 | | 61.7 | |
| As of March 31, 2019 | 29,080 | | 17,038 | | 57.7 | |

(Reference) Equity: As of September 30, 2019: ¥18,142 million

As of March 31, 2019: ¥16,778 million

2. Dividends

| | Annual dividends | | | | |
|--|------------------|-----------------|-----------------|-----------|-----------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| Fiscal year ended March 31, 2019 | Yen — | Yen 10.00 | Yen — | Yen 15.00 | Yen 25.00 |
| Fiscal year ending March 31, 2020 | — | 10.00 | | | |
| Fiscal year ending March 31, 2020 (Forecast) | | | — | 5.00 | 15.00 |

(Note) Revision to the most recent dividend forecast: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Profit per share |
|-----------|-------------|-------|------------------|--------|-----------------|--------|---|--------|------------------|
| Full year | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| | 30,900 | (2.8) | 1,550 | (24.6) | 1,520 | (28.9) | 930 | (30.8) | 45.72 |

(Note) Revision to the most recent financial results forecast: Yes

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New companies: –

Excluded companies: –

(2) Application of specific accounting methods in the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2019: 20,703,000 shares

March 31, 2019: 20,703,000 shares

2) Total number of treasury shares at the end of the period:

September 30, 2019: 112,695 shares

March 31, 2019: 1,816,446 shares

3) Average number of shares during the period:

Six months ended September 30, 2019: 20,342,655 shares

Six months ended September 30, 2018: 18,838,590 shares

* This Consolidated Financial Results is not subject to auditing performed by certified public accountant or audit firm

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions which the Company deems as reasonable, and do not constitute a guarantee that they will be achieved by the Company. Actual results may differ significantly from these forecasts due to a wide range of factors.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2019 | As of September 30, 2019 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,613 | 4,863 |
| Notes and accounts receivable - trade | 5,927 | 6,858 |
| Electronically recorded monetary claims - operating | 1,338 | 1,997 |
| Merchandise and finished goods | 3,176 | 2,678 |
| Work in process | 3,056 | 2,983 |
| Raw materials and supplies | 411 | 440 |
| Other | 1,516 | 780 |
| Allowance for doubtful accounts | (8) | (10) |
| Total current assets | 21,030 | 20,591 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 3,677 | 3,722 |
| Machinery, equipment and vehicles, net | 1,912 | 1,897 |
| Tools, furniture and fixtures, net | 116 | 113 |
| Land | 780 | 780 |
| Leased assets, net | 4 | 3 |
| Construction in progress | 52 | 178 |
| Total property, plant and equipment | 6,544 | 6,696 |
| Intangible assets | 565 | 591 |
| Investments and other assets | | |
| Investment securities | 219 | 807 |
| Deferred tax assets | 524 | 511 |
| Net defined benefit asset | 136 | 136 |
| Other | 59 | 54 |
| Allowance for doubtful accounts | — | (3) |
| Total investments and other assets | 940 | 1,507 |
| Total non-current assets | 8,050 | 8,794 |
| Total assets | 29,080 | 29,386 |

(Million yen)

| | As of March 31, 2019 | As of September 30, 2019 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 4,293 | 3,810 |
| Electronically recorded obligations - operating | 1,236 | 1,326 |
| Short-term loans payable | 800 | 800 |
| Current portion of long-term loans payable | 200 | 200 |
| Accrued expenses | 726 | 725 |
| Income taxes payable | 300 | 256 |
| Accrued consumption taxes | 14 | 14 |
| Provision for product warranties | 123 | 132 |
| Provision for directors' bonuses | 25 | 13 |
| Other | 1,505 | 1,023 |
| Total current liabilities | 9,227 | 8,302 |
| Non-current liabilities | | |
| Long-term loans payable | 300 | 200 |
| Net defined benefit liability | 2,503 | 2,449 |
| Other | 11 | 9 |
| Total non-current liabilities | 2,814 | 2,659 |
| Total liabilities | 12,041 | 10,962 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,506 | 2,506 |
| Capital surplus | 2,053 | 2,382 |
| Retained earnings | 12,874 | 13,243 |
| Treasury shares | (749) | (40) |
| Total shareholders' equity | 16,685 | 18,092 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 74 | 85 |
| Deferred gains or losses on hedges | (0) | 0 |
| Foreign currency translation adjustment | 28 | (31) |
| Remeasurements of defined benefit plans | (8) | (5) |
| Total accumulated other comprehensive income | 93 | 49 |
| Non-controlling interests | 260 | 281 |
| Total net assets | 17,038 | 18,423 |
| Total liabilities and net assets | 29,080 | 29,386 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Million yen)

| | For the Six months ended September 30, 2018 | For the Six months ended September 30, 2019 |
|--|--|--|
| Net sales | 15,541 | 17,038 |
| Cost of sales | 11,931 | 13,178 |
| Gross profit | 3,609 | 3,860 |
| Selling, general and administrative expenses | 2,649 | 2,767 |
| Operating income | 960 | 1,093 |
| Non-operating income | | |
| Interest and dividend income | 4 | 4 |
| Rent income on non-current assets | 33 | 33 |
| Compensation income | — | 17 |
| Other | 21 | 18 |
| Total non-operating income | 60 | 74 |
| Non-operating expenses | | |
| Interest expenses | 1 | 2 |
| Loss on sales of notes receivable - trade | 5 | 1 |
| Loss on retirement of non-current assets | 0 | 2 |
| Rent expenses on non-current assets | 4 | 4 |
| Foreign exchange losses | 10 | 44 |
| Commission fee | 0 | 11 |
| Other | 1 | 8 |
| Total non-operating expenses | 24 | 75 |
| Ordinary income | 996 | 1,091 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | — | 96 |
| Total extraordinary losses | — | 96 |
| Profit before income taxes | 996 | 995 |
| Income taxes - current | 337 | 322 |
| Income taxes - deferred | 17 | 5 |
| Total income taxes | 355 | 328 |
| Profit | 641 | 667 |
| Profit attributable to non-controlling interests | 22 | 14 |
| Profit attributable to owners of parent | 619 | 652 |

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended September 30

(Million yen)

| | For the Six months ended September 30, 2018 | For the Six months ended September 30, 2019 |
|--|--|--|
| Profit | 641 | 667 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 18 | 11 |
| Deferred gains or losses on hedges | — | 0 |
| Foreign currency translation adjustment | (93) | (52) |
| Remeasurements of defined benefit plans, net of tax | 6 | 3 |
| Total other comprehensive income | (68) | (37) |
| Comprehensive income | 572 | 629 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 558 | 608 |
| Comprehensive income attributable to non-controlling interests | 14 | 21 |