

Summary of Consolidated Financial Results
For the Year Ended March, 2021
(Based on Japanese GAAP)

May 14, 2021

Company name: KYOKUYO CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange, First Section
 Stock code: 1301 URL <https://www.kyokuyo.co.jp/en/>

(Yen in millions, rounded down)

1. Consolidated Financial Results for the Year Ended March, 2021

(April 1, 2020- March 31, 2021)

(1) Consolidated Result of Operations (cumulative) (% figures denote year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year Ended March, 2021	249,197	-5.1	4,657	59.6	4,879	35.2	3,838	88.4
Year Ended March, 2020	262,519	2.5	2,918	-23.8	3,608	-18.6	2,037	-30.1

(Note) Comprehensive Income : The year ended March, 2021 ¥8,410 million (445.5%)
 The year ended March, 2020 ¥1,541 million (-51.1%)

	Profit per Share	Diluted Profit Per Share	Profit to Shareholder's Equity ratio	Ordinary Profit to Total Assets ratio	Operating Profit to Net Sales ratio
	Yen	Yen	%	%	%
Year Ended March, 2021	356.95	—	10.5	4.3	1.9
Year Ended March, 2020	188.53	—	6.3	3.2	1.1

(Reference) Share of profit of entities accounted for using equity method: March,2021 ¥86million March,2020 ¥202million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
Year Ended March, 2021	116,331	39,975	34.7	3,753.90
Year Ended March, 2020	111,184	32,593	29.4	3,046.26

(Reference) Shareholders' Equity: ¥40,382million (Year Ended March,2021), ¥32,718 million (Year Ended March, 2020)

(3) Consolidated Cash Flow

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Equivalents, end of period
	Million yen	Million yen	Million Yen	Million Yen
Year Ended March, 2021	5,997	-527	-4,627	7,097
Year Ended March, 2020	9,410	-2,931	-4,817	6,313

2. Dividends

	Dividend per share					Total Dividend	Payout Ratio (consolidated)	Ratio of Total Amount of dividends to Net Assets (consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year End	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Year Ended March, 2020	—	—	—	70.00	70.00	754	37.1	2.3
Year Ended March, 2021	—	—	—	80.00	80.00	864	22.4	2.4
Year Ending March,2022 (Estimate)	—	—	—	80.00	80.00		24.6	

3. Forecast for the Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(% figures denote change from the same period in the previous year)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Profit Per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	250,000	0.3	5,000	7.3	5,000	2.5	3,500	-8.8	325.35

* Notes

(1) Major changes among subsidiaries during period under review: None

(2) Changes in accounting principles and accounting estimates, retrospective restatements:

(i) Changes due to revisions in accounting standards, etc.: None

(ii) Changes other than (i): None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(3) Number of shares issued (common shares)

(i) Number of shares issued at the end of the period
(including treasury stock)

March,2021	10,928,283	March,2020	10,928,283
March,2021	170,774	March,2020	187,735
March,2021	10,753,590	March,2020	10,806,001

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares during the term

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated

(%figure denotes year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year Ended March, 2021	246,277	-4.4	3,605	60.0	3,873	70.1	3,652	226.4
Year Ended March, 2020	257,599	2.8	2,253	-14.8	2,276	-18.0	1,119	-27.9

	Profit per Share		Diluted Profit Per Share	
	Yen		Yen	
Year Ended March, 2021	339.65		—	
Year Ended March, 2020	103.56		—	

(2) Non-consolidated Financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
Year Ended March, 2021	102,442	31,528	30.8	2,930.79
Year Ended March, 2020	93,268	23,971	25.7	2,231.84

(Reference) Shareholders' Equity: ¥31,528million (Year Ended March, 2021), ¥23,971 million (Year Ended March, 2020)

* The summary of financial results is not subject to audits.

*Explanation about the appropriate use of the forecasts of financial results, and other noteworthy matters.

The projections and other statements with respect to the future included in this material are based on currently available information and certain assumptions that are judged reasonable by the Company. Please be advised that the Company does not guarantee in any way the achievement of the projections and other goals in this material and that cases may occur where the actual results and other situations differ materially from the projections due to various factors.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of March 31,2021
Assets		
Current assets		
Cash and deposits	6,522	7,100
Notes and accounts receivable - trade	33,444	32,869
Merchandise and finished goods	31,409	32,150
Work in process	3,885	3,667
Raw materials and supplies	5,749	5,942
Other	4,246	4,927
Allowance for doubtful accounts	(5)	(8)
Total current assets	85,251	86,649
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,513	6,512
Machinery, equipment and vehicles, net	3,684	4,070
Vessels, net	541	384
Land	4,041	3,763
Leased assets, net	399	345
Construction in progress	373	172
Other, net	423	467
Total property, plant and equipment	15,976	15,715
Intangible assets		
Goodwill	9	—
Leased assets	2	2
Other	529	415
Total intangible assets	541	417
Investments and other assets		
Investment securities	5,693	11,682
Deferred tax assets	2,411	566
Other	3,106	2,911
Allowance for doubtful accounts	(1,796)	(1,612)
Total investments and other assets	9,414	13,547
Total non-current assets	25,932	29,681
Total assets	111,184	116,331

(Million yen)

	As of March 31,2020	As of March 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,061	8,941
Short-term borrowings	25,594	8,056
Commercial papers	10,000	10,000
Lease obligations	164	143
Income taxes payable	1,032	1,721
Provision for bonuses	941	984
Provision for bonuses for directors (and other officers)	6	6
Accounts payable - other	5,843	6,323
Other	3,174	3,010
Total current liabilities	54,818	39,189
Non-current liabilities		
Long-term borrowings	19,124	32,720
Lease obligations	290	253
Deferred tax liabilities	—	67
Provision for special repairs	72	82
Provision for loss on litigation	174	175
Provision for share awards for directors (and other officers)	101	69
Retirement benefit liability	3,947	3,764
Asset retirement obligations	51	29
Long-term accounts payable - other	11	4
Other	0	0
Total non-current liabilities	23,773	37,166
Total liabilities	78,591	76,355
Net assets		
Shareholders' equity		
Share capital	5,664	5,664
Capital surplus	1,308	1,329
Retained earnings	25,895	28,737
Treasury shares	(471)	(430)
Total shareholders' equity	32,396	35,300
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	591	5,139
Deferred gains or losses on hedges	82	148
Foreign currency translation adjustment	215	95
Remeasurements of defined benefit plans	(568)	(301)
Total accumulated other comprehensive income	321	5,081
Non-controlling interests	(125)	(407)
Total net assets	32,593	39,975
Total liabilities and net assets	111,184	116,331

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	As of March 31,2020	As of March 31,2021
Net sales	262,519	249,197
Cost of sales	238,274	223,620
Gross profit	24,245	25,576
Selling, general and administrative expenses		
Selling expenses	14,801	14,445
General and administrative expenses	6,525	6,472
Total selling, general and administrative expenses	21,326	20,918
Operating profit	2,918	4,657
Non-operating income		
Interest income	8	6
Dividend income	123	132
Share of profit of entities accounted for using equity method	202	86
Foreign exchange gains	109	155
Subsidy income	545	115
Other	218	239
Total non-operating income	1,208	735
Non-operating expenses		
Interest expenses	446	387
Provision for loss on litigation	—	9
Provision of allowance for doubtful accounts	—	(12)
Other	72	130
Total non-operating expenses	518	514
Ordinary profit	3,608	4,879
Extraordinary income		
Gain on disposal of non-current assets	1	18
Gain on sale of investment securities	13	1,268
Gain on forgiveness of debts	—	165
Insurance claim income	9	125
National subsidy income	43	98
Total extraordinary income	68	1,676
Extraordinary losses		
Loss on disposal of non-current assets	40	26
Impairment losses	292	660
Loss on disaster	94	141
Loss on tax purpose reduction entry of non-current assets	43	98
Provision of allowance for doubtful accounts	168	—
Loss on valuation of investment securities	25	—
Other	—	7
Total extraordinary losses	664	934
Profit before income taxes	3,012	5,621
Income taxes - current	1,479	2,194
Income taxes - deferred	(142)	(242)
Total income taxes	1,336	1,952
Profit	1,675	3,668
Profit (loss) attributable to :		
Owners of parent	2,037	3,838
Non-controlling interests	(361)	(169)

Consolidated Statements of Comprehensive Income

(Million yen)

	As of March 31,2020	As of March 31,2021
Other comprehensive income		
Valuation difference on available-for-sale securities	(591)	4,547
Deferred gains or losses on hedges	59	66
Foreign currency translation adjustment	62	(138)
Remeasurements of defined benefit plans, net of tax	335	266
Total other comprehensive income	(133)	4,741
Comprehensive income	1,541	8,410
Comprehensive income attributable to :		
Owners of parent	1,883	8,598
Non-controlling interests	(341)	(188)

Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2019	5,664	1,308	24,618	(244)	31,346
Changes during period					
Dividends of surplus			(760)		(760)
Profit attributable to owners of parent			2,037		2,037
Purchase of treasury shares				(227)	(227)
Disposal of treasury shares					—
Purchase of shares of consolidated subsidiaries					—
Change in scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,277	(227)	1,050
Balance at March 31, 2020	5,664	1,308	25,895	(471)	32,396

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2019	1,183	23	172	(903)	475	174	31,996
Changes during period							
Dividends of surplus							(760)
Profit attributable to owners of parent							2,037
Purchase of treasury shares							(227)
Disposal of treasury shares							—
Purchase of shares of consolidated subsidiaries							—
Change in scope of consolidation							—
Net changes in items other than shareholders' equity	(591)	59	43	335	(153)	(300)	(453)
Total changes during period	(591)	59	43	335	(153)	(300)	596
Balance at March 31, 2020	591	82	215	(568)	321	(125)	32,593

Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2020	5,664	1,308	25,895	(471)	32,396
Changes during period					
Dividends of surplus			(754)		(754)
Profit attributable to owners of parent			3,838		3,838
Purchase of treasury shares				(82)	(82)
Disposal of treasury shares		11		123	135
Purchase of shares of consolidated subsidiaries		8			8
Change in scope of consolidation			(241)		(241)
Net changes in items other than shareholders' equity					
Total changes during period	—	20	2,842	41	2,903
Balance at March 31, 2021	5,664	1,329	28,737	(430)	35,300

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2020	591	82	215	(568)	321	(125)	32,593
Changes during period							
Dividends of surplus							(754)
Profit attributable to owners of parent							3,838
Purchase of treasury shares							(82)
Disposal of treasury shares							135
Purchase of shares of consolidated subsidiaries							8
Change in scope of consolidation							(241)
Net changes in items other than shareholders' equity	4,547	66	(120)	266	4,760	(281)	4,478
Total changes during period	4,547	66	(120)	266	4,760	(281)	7,382
Balance at March 31, 2021	5,139	148	95	(301)	5,081	(407)	39,975

Consolidated Statements of Cash Flows

(Million yen)

	As of March 31,2020	As of March 31,2021
Cash flows from operating activities		
Profit before income taxes	3,012	5,621
Depreciation	1,904	1,941
Impairment losses	292	660
Increase (decrease) in allowance for doubtful accounts	1	(180)
Increase (decrease) in provision for bonuses	8	42
Increase (decrease) in provision for bonuses for directors (and other officers)	(2)	(0)
Increase (decrease) in retirement benefit liability	52	209
Increase (decrease) in provision for share awards for directors (and other officers)	24	10
Increase (decrease) in provision for special repairs	37	9
Increase (decrease) in provision for loss on litigation	168	9
Interest and dividend income	(131)	(138)
Interest expenses	446	387
Loss (gain) on valuation of investment securities	25	—
Loss (gain) on sale of investment securities	(13)	(1,268)
Loss (gain) on disposal of non-current assets	38	8
Loss on tax purpose reduction entry of non-current assets	43	98
National subsidy income	(43)	(98)
Gain on forgiveness of debts	—	(165)
Decrease (increase) in trade receivables	2,071	428
Decrease (increase) in other receivables	(6)	(355)
Decrease (increase) in inventories	4,668	(802)
Decrease (increase) in other investments	(14)	42
Increase (decrease) in trade payables	(1,401)	975
Increase (decrease) in other payables	(407)	365
Other, net	(206)	(85)
Sub total	10,565	7,715
Interest and dividends received	174	135
Interest paid	(444)	(387)
National subsidy received	43	98
Income taxes paid	(929)	(1,564)
Net cash provided by operating activities	9,410	5,997
Cash flows from investing activities		
Net decrease (increase) in time deposits	(2)	196
Purchase of non-current assets	(2,948)	(2,395)
Proceeds from sale of non-current assets	9	46
Purchase of investment securities	(199)	(96)
Proceeds from sale of investment securities	50	1,773
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	140	—
Loan advances	(15)	(75)
Proceeds from collection of loans receivable	34	31
Other, net	—	(6)
Net cash used in investing activities	(2,931)	(527)

(Million yen)

	As of March 31,2020	As of March 31,2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,682)	(8,927)
Proceeds from long-term borrowings	6,388	16,078
Repayments of long-term borrowings	(4,371)	(10,794)
Decrease (increase) in treasury shares	(227)	9
Dividends paid	(760)	(754)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(82)
Repayments of lease obligations	(162)	(152)
Other, net	(1)	(2)
Net cash used in financing activities	(4,817)	(4,627)
Effect of exchange rate change on cash and cash equivalents	29	(58)
Net increase (decrease) in cash and cash equivalents	1,691	784
Cash and cash equivalents at beginning of the period	4,621	6,313
Cash and cash equivalents at end of the period	6,313	7,097