

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Consolidated Financial Results for the Year Ended March 31, 2019 [Japanese GAAP]

May 10, 2019

Company name: TOSHIBA TEC CORPORATION

Stock exchange listing: Tokyo

Code number: 6588

URL: <http://www.toshibatec.co.jp/>

Representative: Takayuki Ikeda

President and CEO

Contact: Takashi Mizuno

Senior Manager of Corporate Communications Division

Phone: 03-6830-9151

Scheduled date of Annual General Meeting of Shareholders: June 28, 2019

Scheduled date of commencing dividend payments: June 07, 2019

Scheduled date of filing annual securities report: June 28, 2019

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 01, 2018 to March 31, 2019)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2019	476,824	(7.1)	17,989	(26.7)	16,471	(27.7)	11,211	(36.0)
March 31, 2018	513,289	3.2	24,546	67.6	22,768	81.6	17,512	125.7

(Note) Comprehensive income: Fiscal year ended March 31, 2019: ¥ 10,948 million [(43.2)%]
Fiscal year ended March 31, 2018: ¥ 19,264 million [210.0%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2019	204.00	203.72	12.9	5.9	3.8
March 31, 2018	318.73	318.38	23.7	8.2	4.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2019: ¥ - million
Fiscal year ended March 31, 2018: ¥ - million

(Note) The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018. Accordingly, the figures for basic earnings per share and diluted earnings per share have been calculated assuming that the share consolidation was executed at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2019	275,055	100,758	33.0	1,653.94
March 31, 2018	282,630	93,215	29.2	1,501.94

(Reference) Equity: As of March 31, 2019: ¥ 90,898 million
As of March 31, 2018: ¥ 82,518 million

(Note) The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018. Accordingly, the figures for net assets per share have been calculated assuming that the share consolidation was executed at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2019	18,400	(12,779)	(8,129)	55,498
March 31, 2018	29,092	(11,487)	(6,095)	57,355

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2018	-	3.00	-	5.00	8.00	2,197	12.6	3.0
March 31, 2019	-	4.00	-	30.00	-	2,747	24.5	3.2
Fiscal year ending March 31, 2020 (Forecast)	-	20.00	-	40.00	60.00		27.5	

(Notes)The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018. Accordingly, the amount of the year-end dividend per share for the year ended March 31, 2019 takes this share consolidation into account and disclosure of the total annual dividends per share is described as "-".

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 01, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2019	235,000	(0.5)	8,000	11.3	7,000	18.7	4,600	6.8	83.70
Full year	480,000	0.7	20,000	11.2	18,000	9.3	12,000	7.0	218.36

* Notes:

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

New - (Company name:)
Exclusion: - (Company name:)

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2019: 57,629,140 shares

March 31, 2018: 57,629,140 shares

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

March 31, 2019: 2,670,805 shares

March 31, 2018: 2,688,267 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2019: 54,954,677 shares

Fiscal Year ended March 31, 2018: 54,943,772 shares

(Note)The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018. Accordingly, the figures for total number of issued shares (common shares), total number of treasury shares at the end of the period, and average number of shares during the period have been calculated assuming that the stock split was executed at the beginning of the previous fiscal year.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 01, 2018 to March 31, 2019)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2019	249,394	(11.9)	5,358	(56.2)	8,335	(45.1)	8,875	(49.9)
March 31, 2018	282,974	8.5	12,239	701.8	15,184	(61.4)	17,733	(51.3)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2019	161.51	161.29
March 31, 2018	322.76	322.40

(Note)The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018. Accordingly, the figures for basic earnings per share and diluted earnings per share have been calculated assuming that the share consolidation was executed at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2019	204,671	77,898	38.0	1,414.72
March 31, 2018	209,349	71,725	34.2	1,302.70

(Reference) Equity: As of March 31, 2019: ¥ 77,750 million
As of March 31, 2018: ¥ 71,572 million

(Note)The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018. Accordingly, the figures for net assets per share have been calculated assuming that the share consolidation was executed at the beginning of the previous fiscal year.

Consolidated Financial Statement

Consolidated Balance Sheet

(Million yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	57,355	45,501
Group Deposits Paid	-	9,996
Notes and accounts receivable - trade	67,996	60,054
Merchandise and finished goods	32,885	34,775
Work in process	1,525	1,905
Raw materials and supplies	6,758	6,584
Other	32,775	31,888
Allowance for doubtful accounts	(1,925)	(1,443)
Total current assets	197,373	189,263
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,044	24,343
Accumulated depreciation	(17,944)	(18,190)
Buildings and structures, net	6,099	6,152
Machinery, equipment and vehicles	41,686	43,841
Accumulated depreciation	(33,718)	(33,791)
Machinery, equipment and vehicles, net	7,968	10,050
Tools, furniture and fixtures	45,442	43,725
Accumulated depreciation	(39,423)	(37,808)
Tools, furniture and fixtures, net	6,018	5,917
Land	1,269	1,269
Leased assets	11,758	9,381
Accumulated depreciation	(6,208)	(5,259)
Leased assets, net	5,550	4,121
Construction in progress	1,183	779
Total property, plant and equipment	28,090	28,290
Intangible assets		
Goodwill	4,083	3,691
Customer relationship assets	568	497
Other	8,484	9,557
Total intangible assets	13,135	13,746
Investments and other assets		
Investment securities	6,058	4,008
Net defined benefit asset	2,448	2,459
Deferred tax assets	23,368	22,653
Other	12,262	14,787
Allowance for doubtful accounts	(107)	(153)
Total investments and other assets	44,030	43,755
Total non-current assets	85,257	85,792
Total assets	282,630	275,055

(Million yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	59,604	56,215
Short-term loans payable	304	383
Lease obligations	4,795	4,054
Accounts payable - other	25,269	22,834
Income taxes payable	4,771	1,800
Other	45,154	41,486
Total current liabilities	139,898	126,774
Non-current liabilities		
Lease obligations	5,682	4,747
Net defined benefit liability	35,779	34,621
Other	8,054	8,154
Total non-current liabilities	49,516	47,523
Total liabilities	189,415	174,297
Net assets		
Shareholders' equity		
Capital stock	39,970	39,970
Capital surplus	12	-
Retained earnings	35,861	45,103
Treasury shares	(5,507)	(5,474)
Total shareholders' equity	70,337	79,599
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,181	1,835
Deferred gains or losses on hedges	(22)	21
Foreign currency translation adjustment	10,207	9,111
Minimum pension liability adjustment	(655)	(458)
Remeasurements of defined benefit plans	468	788
Total accumulated other comprehensive income	12,180	11,298
Share acquisition rights	153	147
Non-controlling interests	10,543	9,712
Total net assets	93,215	100,758
Total liabilities and net assets	282,630	275,055

Consolidated Statement of Income and Comprehensive Income
Consolidated Statement of Income

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Net sales	513,289	476,824
Cost of sales	305,196	278,464
Gross profit	208,093	198,359
Selling, general and administrative expenses	183,547	180,370
Operating profit	24,546	17,989
Non-operating income		
Interest income	560	388
Dividend income	97	56
Insurance income	0	373
Gain on valuation of derivatives	820	-
Other	339	568
Total non-operating income	1,818	1,387
Non-operating expenses		
Interest expenses	631	348
Loss on valuation of derivatives	-	555
Foreign exchange losses	1,235	82
Loss on sales and retirement of non-current assets	89	333
Other	1,640	1,586
Total non-operating expenses	3,597	2,905
Ordinary profit	22,768	16,471
Extraordinary income		
Gain on sales of investment securities	274	544
Gain on sales of shares of subsidiaries	238	-
Gain on reversal of foreign currency translation adjustment	438	-
Total extraordinary income	951	544
Extraordinary losses		
Loss on pension fund liquidation at a consolidated subsidiary	-	335
Loss on valuation of investment securities	236	-
Restructuring cost	176	-
Total extraordinary losses	412	335
Profit before income taxes	23,307	16,679
Income taxes - current	5,079	4,380
Income taxes - deferred	(572)	892
Total income taxes	4,507	5,273
Profit	18,800	11,406
Profit attributable to non-controlling interests	1,287	195
Profit attributable to owners of parent	17,512	11,211

Consolidated Statement of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Profit	18,800	11,406
Other comprehensive income		
Valuation difference on available-for-sale securities	598	(345)
Deferred gains or losses on hedges	(16)	43
Foreign currency translation adjustment	732	(782)
Minimum pension liability adjustment	76	305
Remeasurements of defined benefit plans, net of tax	(927)	320
Total other comprehensive income	463	(458)
Comprehensive income	19,264	10,948
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,504	10,329
Comprehensive income attributable to non-controlling interests	760	619

Consolidated Statement of Changes in Net Assets

For the fiscal year ended March 31, 2018

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	39,970	11	19,722	(5,488)	54,217
Cumulative effects of changes in accounting policies					-
Restated balance	39,970	11	19,722	(5,488)	54,217
Changes of items during period					
Dividends of surplus			(1,373)		(1,373)
Profit attributable to owners of parent			17,512		17,512
Purchase of treasury shares				(22)	(22)
Disposal of treasury shares		0		3	4
Purchase of shares of consolidated subsidiaries					-
Transfer to capital surplus from retained earnings					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	16,139	(19)	16,120
Balance at end of current period	39,970	12	35,861	(5,507)	70,337

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minimum pension liability adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	1,581	(6)	8,927	(720)	1,407	11,189	104	10,537	76,047
Cumulative effects of changes in accounting policies									-
Restated balance	1,581	(6)	8,927	(720)	1,407	11,189	104	10,537	76,047
Changes of items during period									
Dividends of surplus									(1,373)
Profit attributable to owners of parent									17,512
Purchase of treasury shares									(22)
Disposal of treasury shares									4
Purchase of shares of consolidated subsidiaries									-
Transfer to capital surplus from retained earnings									-
Net changes of items other than shareholders' equity	600	(16)	1,280	65	(939)	991	49	6	1,046
Total changes of items during period	600	(16)	1,280	65	(939)	991	49	6	17,167
Balance at end of current period	2,181	(22)	10,207	(655)	468	12,180	153	10,543	93,215

For the fiscal year ended March 31, 2019

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	39,970	12	35,861	(5,507)	70,337
Cumulative effects of changes in accounting policies			1,045		1,045
Restated balance	39,970	12	36,907	(5,507)	71,382
Changes of items during period					
Dividends of surplus			(2,472)		(2,472)
Profit attributable to owners of parent			11,211		11,211
Purchase of treasury shares				(13)	(13)
Disposal of treasury shares		10		46	56
Purchase of shares of consolidated subsidiaries		(564)			(564)
Transfer to capital surplus from retained earnings		542	(542)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(12)	8,196	32	8,216
Balance at end of current period	39,970	-	45,103	(5,474)	79,599

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minimum pension liability adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,181	(22)	10,207	(655)	468	12,180	153	10,543	93,215
Cumulative effects of changes in accounting policies								547	1,592
Restated balance	2,181	(22)	10,207	(655)	468	12,180	153	11,090	94,807
Changes of items during period									
Dividends of surplus									(2,472)
Profit attributable to owners of parent									11,211
Purchase of treasury shares									(13)
Disposal of treasury shares									56
Purchase of shares of consolidated subsidiaries									(564)
Transfer to capital surplus from retained earnings									-
Net changes of items other than shareholders' equity	(345)	43	(1,096)	196	320	(881)	(5)	(1,378)	(2,266)
Total changes of items during period	(345)	43	(1,096)	196	320	(881)	(5)	(1,378)	5,950
Balance at end of current period	1,835	21	9,111	(458)	788	11,298	147	9,712	100,758

Consolidated Statement of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	23,307	16,679
Depreciation and amortization	14,036	14,308
Loss (gain) on sales and retirement of non-current assets	89	333
Increase (decrease) in allowance for doubtful accounts	(1,247)	(469)
Increase (decrease) in net defined benefit liability	(315)	(743)
Interest and dividend income	(658)	(445)
Interest expenses	631	348
Decrease (increase) in notes and accounts receivable - trade	(4,253)	9,034
Decrease (increase) in inventories	(756)	(1,224)
Increase (decrease) in notes and accounts payable - trade	(983)	(5,305)
Loss (gain) on sales of investment securities	(274)	(544)
Loss (gain) on valuation of investment securities	236	-
Loss (gain) on sales of shares of subsidiaries	(238)	-
Loss (gain) on pension fund liquidation of a consolidated subsidiary	-	335
Restructuring cost	176	-
Other, net	5,966	(6,241)
Subtotal	35,716	26,065
Interest and dividend income received	632	469
Interest expenses paid	(610)	(363)
Income taxes paid	(6,646)	(7,770)
Net cash provided by (used in) operating activities	29,092	18,400
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,214)	(9,350)
Proceeds from sales of property, plant and equipment	123	131
Purchase of investment securities	(13)	(21)
Proceeds from sales of investment securities	313	680
Purchase of intangible assets	(3,349)	(3,424)
Payments for acquisition of businesses	(320)	(423)
Net decrease (increase) in short-term loans receivable	0	3
Payments of long-term loans receivable	(7)	(0)
Collection of long-term loans receivable	12	13
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(667)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(289)	-
Other, net	257	281
Net cash provided by (used in) investing activities	(11,487)	(12,779)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(787)	80
Repayments of finance lease obligations	(3,415)	(3,056)
Repayments of long-term loans payable	(3)	(9)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(1,910)
Purchase of treasury shares	(22)	(13)
Cash dividends paid	(1,374)	(2,471)
Dividends paid to non-controlling interests	(492)	(749)
Other, net	0	-
Net cash provided by (used in) financing activities	(6,095)	(8,129)
Effect of exchange rate change on cash and cash equivalents	(282)	251
Net increase (decrease) in cash and cash equivalents	11,226	(2,257)
Cash and cash equivalents at beginning of period	46,129	57,355
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	399
Cash and cash equivalents at end of period	57,355	55,498

Notes to Consolidated Financial Statement

(Changes in Accounting Policy)

TOSHIBA TEC CORPORATION Group's subsidiaries reporting under IFRS and US GAAP have applied IFRS 15 and ASU 2014-09 "Revenue from Contracts with Customers" from the beginning of the fiscal year ended March 31, 2019. The impact of this change on profit or loss for the twelve months ended March 31, 2019 is insignificant. The Group has adopted the approach of recognizing the cumulative effect of applying this standard at the date of initial application as permitted by transitional method of IFRS 15 and ASU 2014-09.

(Changes of indication)

(Changes of indication accordance with application of "Partial Amendments to Accounting Standard for Tax Effect Accounting", etc.)

TOSHIBA TEC CORPORATION has applied the ASBJ Statement No.28 "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, Deferred tax assets are classified as Investments and other assets, and Deferred tax liabilities are classified as Non-current liabilities.

As a result, 6,155 million yen of Deferred tax assets in Current assets is included in Deferred tax assets in Investments and other assets in Consolidated Balance Sheet as of March 31, 2018.