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

November 06, 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 filing quarterly securities report: November 08, 2019

Scheduled date of commencing dividend payments: December 02, 2019

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 01, 2019 to September 30, 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	%
Six months ended September 30, 2019	249,907	5.9	10,174	41.6	9,675	64.1	7,889	83.2
September 30, 2018	236,071	(2.9)	7,184	(30.9)	5,897	(38.2)	4,307	(16.4)

(Note) Comprehensive income: Six months ended September 30, 2019: ¥ 4,120 million [ (17.6) %]  
Six months ended September 30, 2018: ¥ 5,002 million [ (29.4) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	143.51	143.33
September 30, 2018	78.38	78.27

(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
	Million yen	Million yen	%
As of September 30, 2019	295,880	102,995	31.8
March 31, 2019	275,055	100,758	33.0

(Reference) Equity: As of September 30, 2019: ¥ 93,993 million  
As of March 31, 2019: ¥ 90,898 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	-	4.00	-	30.00	-
Fiscal year ending March 31, 2020	-	20.00			
Fiscal year ending March 31, 2020 (Forecast)			-	40.00	60.00

(Note) Revision to the forecast for dividends announced most recently: No

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
Full year	480,000	0.7	20,000	11.2	18,000	9.3	12,000	7.0	218.36

(Note) Revision to the financial results forecast announced most recently: No

### \* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2019

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) 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

(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: 57,629,140 shares

March 31, 2019: 57,629,140 shares

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

September 30, 2019: 2,641,179 shares

March 31, 2019: 2,670,805 shares

3) Average number of shares during the period:

Six months ended September 30, 2019: 54,972,777 shares

Six months ended September 30, 2018: 54,950,335 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, 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.

# Quarterly Consolidated Financial Statement

## Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31,2019	As of September 30,2019
<b>Assets</b>		
Current assets		
Cash and deposits	45,501	50,063
Group deposits paid	9,996	7,009
Notes and accounts receivable - trade	60,054	61,470
Merchandise and finished goods	34,775	32,404
Work in process	1,905	5,186
Raw materials and supplies	6,584	7,411
Other	31,888	33,075
Allowance for doubtful accounts	(1,443)	(1,375)
<b>Total current assets</b>	<b>189,263</b>	<b>195,246</b>
Non-current assets		
Property, plant and equipment	28,290	44,017
Intangible assets		
Goodwill	3,691	2,964
Other	10,055	9,968
<b>Total intangible assets</b>	<b>13,746</b>	<b>12,933</b>
Investments and other assets		
Other	43,909	43,771
Allowance for doubtful accounts	(153)	(89)
<b>Total investments and other assets</b>	<b>43,755</b>	<b>43,682</b>
<b>Total non-current assets</b>	<b>85,792</b>	<b>100,634</b>
<b>Total assets</b>	<b>275,055</b>	<b>295,880</b>

(Million yen)

	As of March 31,2019	As of September 30,2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	56,215	58,250
Short-term borrowings	383	489
Income taxes payable	1,800	3,126
Other	68,374	73,088
Total current liabilities	126,774	134,954
Non-current liabilities		
Long-term borrowings	0	423
Retirement benefit liability	34,621	34,062
Other	12,901	23,444
Total non-current liabilities	47,523	57,930
Total liabilities	174,297	192,885
<b>Net assets</b>		
Shareholders' equity		
Share capital	39,970	39,970
Capital surplus	-	24
Retained earnings	45,103	51,299
Treasury shares	(5,474)	(5,414)
Total shareholders' equity	79,599	85,879
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,835	1,577
Deferred gains or losses on hedges	21	(12)
Foreign currency translation adjustment	9,111	6,313
Minimum pension liability adjustments	(458)	(437)
Remeasurements of defined benefit plans	788	672
Total accumulated other comprehensive income	11,298	8,113
Share acquisition rights	147	110
Non-controlling interests	9,712	8,891
Total net assets	100,758	102,995
<b>Total liabilities and net assets</b>	<b>275,055</b>	<b>295,880</b>

Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income (For the six months)

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Net sales	236,071	249,907
Cost of sales	138,153	147,446
Gross profit	97,918	102,461
Selling, general and administrative expenses	90,733	92,287
Operating profit	7,184	10,174
Non-operating income		
Interest income	180	144
Dividend income	24	54
Gain on valuation of derivatives	-	2
Foreign exchange gains	824	-
Other	177	217
Total non-operating income	1,206	419
Non-operating expenses		
Interest expenses	176	209
Loss on valuation of derivatives	1,388	-
Foreign exchange losses	-	13
Other	928	695
Total non-operating expenses	2,493	918
Ordinary profit	5,897	9,675
Extraordinary income		
Gain on sales of investment securities	506	3
Total extraordinary income	506	3
Extraordinary losses		
Impairment loss of non-current assets	-	85
Restructuring cost	-	291
Total extraordinary losses	-	376
Profit before income taxes	6,403	9,301
Income taxes	2,125	1,661
Profit	4,278	7,640
Loss attributable to non-controlling interests	(28)	(249)
Profit attributable to owners of parent	4,307	7,889

Quarterly Consolidated Statement of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Profit	4,278	7,640
Other comprehensive income		
Valuation difference on available-for-sale securities	(103)	(257)
Deferred gains or losses on hedges	32	(33)
Foreign currency translation adjustment	476	(3,132)
Minimum pension liability adjustment	208	20
Remeasurements of defined benefit plans, net of tax	110	(116)
Total other comprehensive income	724	(3,520)
Comprehensive income	5,002	4,120
Comprehensive income attributable to		
Owners of parent	4,393	4,704
Non-controlling interests	608	(584)

## Quarterly Consolidated Statement of Cash Flows (For the six months)

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,403	9,301
Depreciation and amortization	7,042	8,134
Impairment loss of non-current assets	-	85
Increase (decrease) in allowance for doubtful accounts	(180)	(88)
Increase (decrease) in retirement benefit liability	(239)	(750)
Interest and dividend income	(204)	(199)
Interest expenses	176	209
Loss (gain) on sales of investment securities	(506)	(3)
Decrease (increase) in trade receivables	12,496	(3,573)
Decrease (increase) in inventories	228	(3,054)
Increase (decrease) in trade payables	(4,588)	4,732
Restructuring cost	-	291
Other, net	(6,386)	1,315
Subtotal	14,242	16,400
Interest and dividends received	226	172
Interest paid	(200)	(199)
Income taxes paid	(4,387)	(2,042)
Income taxes refund	-	408
Net cash provided by (used in) operating activities	9,880	14,740
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,487)	(5,102)
Proceeds from sales of property, plant and equipment	39	92
Purchase of intangible assets	(1,157)	(1,468)
Purchase of investment securities	(6)	(517)
Proceeds from sales of investment securities	631	3
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(667)	-
Net decrease (increase) in short-term loans receivable	0	0
Long-term loan advances	(0)	(0)
Collection of long-term loans receivable	5	4
Other, net	160	(20)
Net cash provided by (used in) investing activities	(6,481)	(7,009)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(7)	109
Repayments of finance lease obligations	(1,649)	(2,346)
Proceeds from long-term borrowings	-	470
Repayments of long-term borrowings	(1)	(38)
Purchase of treasury shares	(7)	(2)
Dividends paid	(1,373)	(1,646)
Dividends paid to non-controlling interests	(749)	(284)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,495)	-
Net cash provided by (used in) financing activities	(5,285)	(3,737)
Effect of exchange rate change on cash and cash equivalents	1,441	(2,418)
Net increase (decrease) in cash and cash equivalents	(444)	1,574
Cash and cash equivalents at beginning of period	57,355	55,498
Cash and cash equivalents at end of period	56,911	57,072

Notes to Quarterly Consolidated Financial Statement

(Changes in Accounting Policies)

(Application of IFRS 16 “Leases” and ASU 2016-02 “Leases” )

The Company's overseas consolidated subsidiaries have applied IFRS 16 “Leases” and ASU 2016-02 “Leases” from the first quarter of the fiscal year ending March 31, 2020.

Under this standard, the lessee should in principle recognize assets and liabilities arising from all leases.

In applying IFRS 16 “Leases” and ASU 2016-02 “Leases” the Company has adopted a method that recognizes the cumulative effect of applying this standard on the effective date of application as a transitional measure as of the beginning of the first quarter of the fiscal year ending March 31, 2020.

As a result, as of the beginning of the first quarter of the fiscal year ending March 31, 2020, mainly leased assets increased by 18,680 million yen, lease obligations in current liabilities increased by 4,495 million yen, lease obligations in non-current liabilities increased by 14,230 million yen, and retained earnings decreased by 44 million yen.

The impact of the application of said accounting standard on profit and loss for the second quarter of the fiscal year under review was insignificant.