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Consolidated Financial Results for the Year Ended March 31, 2020 [Japanese GAAP]

May 26, 2020

Company name: TOSHIBA TEC CORPORATION

Stock exchange listing: Tokyo

Code number: 6588

URL: <https://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 26, 2020

Scheduled date of commencing dividend payments: June 29, 2020

Scheduled date of filing annual securities report: June 26, 2020

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, 2020 (April 01, 2019 to March 31, 2020)

(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, 2020	483,799	1.5	13,977	(22.3)	11,559	(29.8)	3,730	(66.7)
March 31, 2019	476,824	(7.1)	17,989	(26.7)	16,471	(27.7)	11,211	(36.0)

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥ (1,383) million [-%]
Fiscal year ended March 31, 2019: ¥ 10,948 million [(43.2)%]

	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, 2020	67.84	67.76	4.2	4.1	2.9
March 31, 2019	204.00	203.72	12.9	5.9	3.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2020: ¥ - million
Fiscal year ended March 31, 2019: ¥ - 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, 2020	288,473	96,384	30.3	1,589.48
March 31, 2019	275,055	100,758	33.0	1,653.94

(Reference) Equity: As of March 31, 2020: ¥ 87,399 million
As of March 31, 2019: ¥ 90,898 million

(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, 2020	20,751	(13,844)	(7,051)	53,302
March 31, 2019	18,400	(12,779)	(8,129)	55,498

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, 2019	-	4.00	-	30.00	-	2,747	24.5	3.2
March 31, 2020	-	20.00	-	10.00	30.00	1,649	44.2	1.8
Fiscal year ending March 31, 2021 (Forecast)	-	0.00	-	-	-		-	

(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, 2021 (April 01, 2020 to March 31, 2021)

(% 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	410,000	(15.3)	10,000	(28.5)	7,000	(39.4)	500	(86.6)	9.09

* 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, 2020: 57,629,140 shares

March 31, 2019: 57,629,140 shares

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

March 31, 2020: 2,642,915 shares

March 31, 2019: 2,670,805 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2020: 54,979,836 shares

Fiscal Year ended March 31, 2019: 54,954,677 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, 2020 (April 01, 2019 to March 31, 2020)

(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, 2020	268,970	7.8	7,149	33.4	8,503	2.0	279	(96.9)
March 31, 2019	249,394	(11.9)	5,358	(56.2)	8,335	(45.1)	8,875	(49.9)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2020	5.07	5.06
March 31, 2019	161.51	161.29

(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, 2020	199,090	75,126	37.7	1,364.27
March 31, 2019	204,671	77,898	38.0	1,414.72

(Reference) Equity: As of March 31, 2020: ¥ 75,016 million
As of March 31, 2019: ¥ 77,750 million

Consolidated Financial Statement

Consolidated Balance Sheet

(Million yen)

	As of March 31,2019	As of March 31,2020
Assets		
Current assets		
Cash and deposits	45,501	44,907
Group deposits paid	9,996	8,394
Notes and accounts receivable - trade	60,054	59,701
Merchandise and finished goods	34,775	33,502
Work in process	1,905	4,974
Raw materials and supplies	6,584	8,026
Other	31,888	30,435
Allowance for doubtful accounts	(1,443)	(1,393)
Total current assets	189,263	188,549
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,343	23,657
Accumulated depreciation	(18,190)	(17,831)
Buildings and structures, net	6,152	5,825
Machinery, equipment and vehicles	43,841	45,252
Accumulated depreciation	(33,791)	(34,685)
Machinery, equipment and vehicles, net	10,050	10,566
Tools, furniture and fixtures	43,725	41,155
Accumulated depreciation	(37,808)	(36,183)
Tools, furniture and fixtures, net	5,917	4,971
Land	1,269	1,268
Leased assets	9,381	30,294
Accumulated depreciation	(5,259)	(9,122)
Leased assets, net	4,121	21,171
Construction in progress	779	2,241
Total property, plant and equipment	28,290	46,046
Intangible assets		
Goodwill	3,691	2,377
Customer relationship assets	497	426
Other	9,557	9,572
Total intangible assets	13,746	12,376
Investments and other assets		
Investment securities	4,008	4,276
Retirement benefit asset	2,459	1,908
Deferred tax assets	22,653	21,869
Other	14,787	13,466
Allowance for doubtful accounts	(153)	(19)
Total investments and other assets	43,755	41,501
Total non-current assets	85,792	99,924
Total assets	275,055	288,473

(Million yen)

	As of March 31,2019	As of March 31,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	56,215	54,775
Short-term borrowings	383	346
Lease obligations	4,054	7,043
Accounts payable - other	22,834	22,101
Income taxes payable	1,800	3,845
Other	41,486	42,358
Total current liabilities	126,774	130,471
Non-current liabilities		
Long-term borrowings	0	804
Lease obligations	4,747	18,747
Retirement benefit liability	34,621	35,861
Other	8,153	6,204
Total non-current liabilities	47,523	61,617
Total liabilities	174,297	192,088
Net assets		
Shareholders' equity		
Share capital	39,970	39,970
Capital surplus	-	24
Retained earnings	45,103	46,040
Treasury shares	(5,474)	(5,422)
Total shareholders' equity	79,599	80,612
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,835	1,208
Deferred gains or losses on hedges	21	(4)
Foreign currency translation adjustment	9,111	7,795
Minimum pension liability adjustments	(458)	(521)
Remeasurements of defined benefit plans	788	(1,691)
Total accumulated other comprehensive income	11,298	6,786
Share acquisition rights	147	110
Non-controlling interests	9,712	8,873
Total net assets	100,758	96,384
Total liabilities and net assets	275,055	288,473

Consolidated Statement of Income and Comprehensive Income

Consolidated Statement of Income

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Net sales	476,824	483,799
Cost of sales	278,464	289,093
Gross profit	198,359	194,706
Selling, general and administrative expenses	180,370	180,728
Operating profit	17,989	13,977
Non-operating income		
Interest income	388	364
Dividend income	56	84
Insurance claim income	373	-
Other	568	599
Total non-operating income	1,387	1,049
Non-operating expenses		
Interest expenses	348	522
Loss on valuation of derivatives	555	150
Foreign exchange losses	82	920
Loss on sales and retirement of non-current assets	333	181
Compensation for damage	52	460
Other	1,533	1,232
Total non-operating expenses	2,905	3,467
Ordinary profit	16,471	11,559
Extraordinary income		
Gain on sales of investment securities	544	18
Total extraordinary income	544	18
Extraordinary losses		
Impairment loss of non-current assets	-	85
Loss on valuation of investment securities	-	13
Restructuring cost	-	589
Environmental expenses	-	729
Loss on dissolution of pension fund at consolidated subsidiary	335	-
Total extraordinary losses	335	1,418
Profit before income taxes	16,679	10,159
Income taxes - current	4,380	5,242
Income taxes - deferred	892	1,394
Total income taxes	5,273	6,636
Profit	11,406	3,522
Profit (loss) attributable to non-controlling interests	195	(207)
Profit attributable to owners of parent	11,211	3,730

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Profit (loss)	11,406	3,522
Other comprehensive income		
Valuation difference on available-for-sale securities	(345)	(627)
Deferred gains or losses on hedges	43	(25)
Foreign currency translation adjustment	(782)	(1,710)
Minimum pension liability adjustment	305	(62)
Remeasurements of defined benefit plans, net of tax	320	(2,480)
Other comprehensive income	(458)	(4,906)
Comprehensive income	10,948	(1,383)
Comprehensive income attributable to		
Owners of parent	10,329	(781)
Non-controlling interests	619	(601)

Consolidated Statement of Changes in Net Assets

For the fiscal year ended March 31,2019

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of 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 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 from retained earnings to capital surplus		542	(542)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	(12)	8,196	32	8,216
Balance at end of 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 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 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 from retained earnings to capital surplus									-
Net changes in items other than shareholders' equity	(345)	43	(1,096)	196	320	(881)	(5)	(1,378)	(2,266)
Total changes during period	(345)	43	(1,096)	196	320	(881)	(5)	(1,378)	5,950
Balance at end of period	1,835	21	9,111	(458)	788	11,298	147	9,712	100,758

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 beginning of period	39,970	-	45,103	(5,474)	79,599
Cumulative effects of changes in accounting policies			(44)		(44)
Restated balance	39,970	-	45,058	(5,474)	79,554
Changes during period					
Dividends of surplus			(2,748)		(2,748)
Profit attributable to owners of parent			3,730		3,730
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares		24		62	86
Purchase of shares of consolidated subsidiaries					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity					
Total changes during period	-	24	981	52	1,058
Balance at end of period	39,970	24	46,040	(5,422)	80,612

	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 period	1,835	21	9,111	(458)	788	11,298	147	9,712	100,758
Cumulative effects of changes in accounting policies									(44)
Restated balance	1,835	21	9,111	(458)	788	11,298	147	9,712	100,713
Changes during period									
Dividends of surplus									(2,748)
Profit attributable to owners of parent									3,730
Purchase of treasury shares									(10)
Disposal of treasury shares									86
Purchase of shares of consolidated subsidiaries									-
Transfer from retained earnings to capital surplus									-
Net changes in items other than shareholders' equity	(627)	(25)	(1,315)	(62)	(2,480)	(4,511)	(36)	(838)	(5,387)
Total changes during period	(627)	(25)	(1,315)	(62)	(2,480)	(4,511)	(36)	(838)	(4,328)
Balance at end of period	1,208	(4)	7,795	(521)	(1,691)	6,786	110	8,873	96,384

Consolidated Statement of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Cash flows from operating activities		
Profit before income taxes	16,679	10,159
Depreciation and amortization	14,308	16,629
Impairment loss of non-current assets	-	85
Loss (gain) on sales and retirement of non-current assets	333	181
Increase (decrease) in allowance for doubtful accounts	(469)	(148)
Increase (decrease) in retirement benefit liability	(743)	(1,721)
Interest and dividend income	(445)	(449)
Interest expenses	348	522
Decrease (increase) in trade receivables	9,034	(1,267)
Decrease (increase) in inventories	(1,224)	(4,307)
Increase (decrease) in trade payables	(5,305)	543
Loss (gain) on sales of investment securities	(544)	(18)
Loss (gain) on valuation of investment securities	-	13
Restructuring cost	-	589
Environmental expenses	-	729
Loss on pension fund liquidation at consolidated subsidiary	335	-
Other, net	(6,241)	3,370
Subtotal	26,065	24,913
Interest and dividends received	469	419
Interest paid	(363)	(509)
Income taxes paid	(7,770)	(4,480)
Income taxes refund	-	408
Net cash provided by (used in) operating activities	18,400	20,751
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,350)	(9,922)
Proceeds from sales of property, plant and equipment	131	194
Purchase of investment securities	(21)	(1,254)
Proceeds from sales of investment securities	680	22
Purchase of intangible assets	(3,424)	(2,740)
Payments for acquisition of businesses	(423)	-
Net decrease (increase) in short-term loans receivable	3	(34)
Long-term loan advances	(0)	(1)
Collection of long-term loans receivable	13	7
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(667)	-
Other, net	281	(115)
Net cash provided by (used in) investing activities	(12,779)	(13,844)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	80	13
Proceeds from long-term borrowings	-	834
Repayments of finance lease obligations	(3,056)	(4,856)
Repayments of long-term borrowings	(9)	(3)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,910)	-
Purchase of treasury shares	(13)	(10)
Dividends paid	(2,471)	(2,745)
Dividends paid to non-controlling interests	(749)	(284)
Net cash provided by (used in) financing activities	(8,129)	(7,051)
Effect of exchange rate change on cash and cash equivalents	251	(2,051)
Net increase (decrease) in cash and cash equivalents	(2,257)	(2,196)
Cash and cash equivalents at beginning of period	57,355	55,498
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	399	-
Cash and cash equivalents at end of period	55,498	53,302

Notes to 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 beginning of the fiscal year ended 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 fiscal year ended March 31, 2020.

As a result, as of the beginning of the fiscal year ended 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 fiscal year under review was insignificant.