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Consolidated Financial Results for the Six Months Ended September 30, 2020 [Japanese GAAP]

November 09, 2020

Company name: TOSHIBA TEC CORPORATION

Stock exchange listing: Tokyo

Code number: 6588

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

Representative: Hironobu Nishikori

President and CEO

Contact: Takashi Mizuno

Senior Manager of Corporate Communications Division

Phone: 03-6830-9151

Scheduled date of filing quarterly securities report: November 11, 2020

Scheduled date of commencing dividend payments: -

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, 2020 (April 01, 2020 to September 30, 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	%
Six months ended September 30, 2020	191,735	(23.3)	(930)	-	(1,388)	-	(6,968)	-
September 30, 2019	249,907	5.9	10,174	41.6	9,675	64.1	7,889	83.2

(Note) Comprehensive income: Six months ended September 30, 2020: ¥ (8,770) million [-%]
Six months ended September 30, 2019: ¥ 4,120 million [(17.6)%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2020	Yen (126.71)	Yen -
September 30, 2019	143.51	143.33

(Note) Diluted earnings per share for the six months ended September 30, 2020 is not presented even though The Company has issued potential shares, because the per share data is a net loss per share.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2020	Million yen 257,874	Million yen 86,969	30.8
March 31, 2020	288,473	96,384	30.3

(Reference) Equity: As of September 30, 2020: ¥ 79,540 million
As of March 31, 2020: ¥ 87,399 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, 2020	-	20.00	-	10.00	30.00
Fiscal year ending March 31, 2021	-	0.00			
Fiscal year ending March 31, 2021 (Forecast)			-	-	-

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

(Note) The forecast for dividends of year end is undecided.

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	400,000	(17.3)	10,000	(28.5)	7,000	(39.4)	500	(86.6)	9.09

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2020

(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: 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, 2020: 57,629,140 shares

March 31, 2020: 57,629,140 shares

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

September 30, 2020: 2,617,050 shares

March 31, 2020: 2,642,915 shares

3) Average number of shares during the period:

Six months ended September 30, 2020: 54,998,810 shares

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

Quarterly Consolidated Financial Statement
Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31,2020	As of September 30,2020
Assets		
Current assets		
Cash and deposits	44,907	35,415
Group deposits paid	8,394	485
Notes and accounts receivable - trade	59,701	58,469
Merchandise and finished goods	33,502	31,542
Work in process	4,974	3,957
Raw materials and supplies	8,026	6,601
Other	30,435	24,517
Allowance for doubtful accounts	(1,393)	(1,477)
Total current assets	188,549	159,510
Non-current assets		
Property, plant and equipment	46,046	45,505
Intangible assets		
Goodwill	2,377	1,968
Other	9,999	9,906
Total intangible assets	12,376	11,874
Investments and other assets		
Other	41,520	41,075
Allowance for doubtful accounts	(19)	(91)
Total investments and other assets	41,501	40,983
Total non-current assets	99,924	98,363
Total assets	288,473	257,874

(Million yen)

	As of March 31,2020	As of September 30,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,775	43,723
Short-term borrowings	346	422
Income taxes payable	3,845	1,399
Other	71,503	67,770
Total current liabilities	130,471	113,316
Non-current liabilities		
Long-term borrowings	804	870
Retirement benefit liability	35,861	31,414
Other	24,951	25,303
Total non-current liabilities	61,617	57,588
Total liabilities	192,088	170,904
Net assets		
Shareholders' equity		
Share capital	39,970	39,970
Capital surplus	24	55
Retained earnings	46,040	38,521
Treasury shares	(5,422)	(5,371)
Total shareholders' equity	80,612	73,176
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,208	1,537
Deferred gains or losses on hedges	(4)	(3)
Foreign currency translation adjustment	7,795	6,894
Minimum pension liability adjustments	(521)	(538)
Remeasurements of defined benefit plans	(1,691)	(1,526)
Total accumulated other comprehensive income	6,786	6,363
Share acquisition rights	110	64
Non-controlling interests	8,873	7,364
Total net assets	96,384	86,969
Total liabilities and net assets	288,473	257,874

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 30,2019	For the six months ended September 30,2020
Net sales	249,907	191,735
Cost of sales	147,446	116,731
Gross profit	102,461	75,003
Selling, general and administrative expenses	92,287	75,933
Operating profit (loss)	10,174	(930)
Non-operating income		
Interest income	144	150
Dividend income	54	22
Gain on valuation of derivatives	2	-
Foreign exchange gains	-	387
Other	217	220
Total non-operating income	419	780
Non-operating expenses		
Interest expenses	209	263
Loss on valuation of derivatives	-	164
Foreign exchange losses	13	-
Foreign withholding tax	-	208
Other	695	601
Total non-operating expenses	918	1,238
Ordinary profit (loss)	9,675	(1,388)
Extraordinary income		
Gain on sales of investment securities	3	-
Reversal of environmental expenses	-	284
Total extraordinary income	3	284
Extraordinary losses		
Impairment loss of non-current assets	85	-
Restructuring cost	291	6,630
Total extraordinary losses	376	6,630
Profit (loss) before income taxes	9,301	(7,735)
Income taxes	1,661	470
Profit (loss)	7,640	(8,205)
Loss attributable to non-controlling interests	(249)	(1,236)
Profit (loss) attributable to owners of parent	7,889	(6,968)

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

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Profit (loss)	7,640	(8,205)
Other comprehensive income		
Valuation difference on available-for-sale securities	(257)	329
Deferred gains or losses on hedges	(33)	0
Foreign currency translation adjustment	(3,132)	(1,042)
Minimum pension liability adjustment	20	(16)
Remeasurements of defined benefit plans, net of tax	(116)	164
Total other comprehensive income	(3,520)	(564)
Comprehensive income	4,120	(8,770)
Comprehensive income attributable to		
Owners of parent	4,704	(7,391)
Non-controlling interests	(584)	(1,378)

Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Cash flows from operating activities		
Profit (loss) before income taxes	9,301	(7,735)
Depreciation and amortization	8,134	7,932
Loss (gain) on sales of investment securities	(3)	-
Reversal of environmental expenses	-	(284)
Impairment loss of non-current assets	85	-
Restructuring cost	291	6,630
Increase (decrease) in allowance for doubtful accounts	(88)	154
Increase (decrease) in retirement benefit liability	(750)	(4,171)
Interest and dividend income	(199)	(172)
Interest expenses	209	263
Decrease (increase) in trade receivables	(3,573)	1,262
Decrease (increase) in inventories	(3,054)	4,263
Increase (decrease) in trade payables	4,732	(10,747)
Other, net	1,315	1,239
Subtotal	16,400	(1,362)
Interest and dividends received	172	197
Interest paid	(199)	(260)
Payment for extra retirement payments	-	(6,154)
Income taxes paid	(2,042)	(2,787)
Income taxes refund	408	20
Net cash provided by (used in) operating activities	14,740	(10,347)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,102)	(4,097)
Proceeds from sales of property, plant and equipment	92	66
Purchase of intangible assets	(1,468)	(1,006)
Purchase of investment securities	(517)	(36)
Proceeds from sales of investment securities	3	11
Net decrease (increase) in short-term loans receivable	0	32
Long-term loan advances	(0)	(3)
Collection of long-term loans receivable	4	2
Payments for acquisition of businesses	-	(124)
Other, net	(20)	(67)
Net cash provided by (used in) investing activities	(7,009)	(5,224)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	109	(89)
Repayments of finance lease obligations	(2,346)	(1,571)
Proceeds from long-term borrowings	470	207
Repayments of long-term borrowings	(38)	-
Purchase of treasury shares	(2)	(6)
Dividends paid	(1,646)	(550)
Dividends paid to non-controlling interests	(284)	(130)
Net cash provided by (used in) financing activities	(3,737)	(2,141)
Effect of exchange rate change on cash and cash equivalents	(2,418)	311
Net increase (decrease) in cash and cash equivalents	1,574	(17,401)
Cash and cash equivalents at beginning of period	55,498	53,302
Cash and cash equivalents at end of period	57,072	35,900