

Presentation of Financial Results for the First Quarter Ended June 2021



August 2021

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Consolidated Income Statement

Income Statement

(Million yen)

	FY2020 1Q	FY2021 1Q	Yr/Yr Change	Main factor behind changes
Net sales *1	15,322	10,622	(4,700)	A decline in revenue due to the Accounting Standard for Revenue Recognition applied from beginning FY2021 (Coal Sales Business)
Operating profit [Operating profit before amortization of goodwill] *2	504 [673]	1,044 [1,208]	+540 [+535]	Increase in profits in Consumer Goods and Services Business Division
Ordinary profit	1,622	1,200	(422)	Foreign exchange gain: 129 million yen * In the same period of the previous fiscal year, a one-time foreign exchange gain of 650 million yen was recorded due to the redemption of redeemable preference shares (RPS).
Quarterly net profit attributable to owners of parent	1,416	852	(563)	Gain on sales of fixed assets: 71 million yen Tax expense: 387 million yen

*1 Impact of the Accounting Standard for Revenue Recognition

(1) In the Coal Sales Business, the recording of Net sales and cost of sales applicable to agent transactions was changed from gross amount to net amount.

(2) Net sales in the case where the said accounting standard is not applied: 17,105 million yen (+1,783 million yen YoY)

(3) There is no impact on operating profit, ordinary profit, and quarterly net profit attributable to owners of parent.

*2 "Operating profit before amortization of goodwill" is operating profit excluding the amortization of goodwill that arises from business acquisitions.

Consolidated Segment Information

- Consumer Goods and Services Business Division
The Consumer Goods and Services Business segment comprises the Beverage and Food Packages Business, the Fashion Business, the Electronic Parts Business, the Office Equipment Business, the Pet Business, the Housing-Related Material Business, and the Nursing Care Business.
✓ Increase in orders in Electronic Parts Business
✓ Consolidation of Systech Kyowa Co., Ltd. (in the Housing-Related Material Business in February 2021)
✓ Return to profitability in the Fashion Business
- Energy Business Division The Energy Business segment comprises the Coal Sales Business, the Coal Production Business, and the Renewable Energy Business.

Net sales

Business	FY2020 1Q	FY2021 1Q	Yr/Yr Change
Consumer Goods and Services	5,068	6,363	+1,294
Energy <i>of which, Coal Sales Business</i>	9,934 8,327	3,958 47	(5,976) (8,279)
Others	307	312	+4
Adjustments	11	(11)	(22)
Total	15,322	10,622	(4,700)

Segment profit

(Million yen)

Business	FY2020 1Q	FY2021 1Q	Yr/Yr Change
Consumer Goods and Services [Before goodwill amortization]	181 [350]	716 [880]	+535 [+529]
Energy <i>of which, Coal Sales Business</i>	629 31	561 18	(68) (13)
Others	35	32	(3)
Adjustments	(342)	(265)	+77
Total [Before goodwill amortization]	504 [673]	1,044 [1,208]	540 [+535]

* Segment profit for the Energy Business includes equity-method investment returns [1Q/FY2020: 28 million yen; 1Q/FY2021: (2) million yen].

* "Others" represent business segments not included in reportable segments, and include the Real Estate Business, the Stevedore and Warehouse Business, etc.

* Net sales in "Adjustments" include rent income of Company-wide assets; segment profit includes deduction of the aforesaid equity in net income of affiliates, Company-wide profit & expenses not allocated to any reportable segments, etc.

Breakdown of the Energy Business Division

- Coal Sales Business Net sales: A decline in revenue due to the Accounting Standard for Revenue Recognition that has been applied since beginning FY2021.
Profit: Declined due to a decrease in sales volume.
- Coal Production Business Net sales: Rose due to an increase in sales volume.
Profit: Declined due to a fall in the coal price.

Net sales

Business	FY2020 1Q	FY2021 1Q	Yr/Yr Change
Coal Sales Business	8,327	47	(8,279)
Sales volume	1.01 million tons	0.73 million tons	(0.27 million tons)
Coal Production Business	3,310	3,824	+514
Sales volume	0.34 million tons	0.45 million tons	+0.11 million tons
Renewable Energy Business	92	86	(6)
Adjustments	(1,794)	(0)	+1,794
Total	9,934	3,958	(5,976)

Segment profit

(Million yen)

Business	FY2020 1Q	FY2021 1Q	Yr/Yr Change
Coal Sales Business	31	18	(13)
[of which, equity in net income of affiliates]	(-)	[(2)]	[(2)]
Coal Production Business	547	495	(51)
[of which, equity in net income of affiliates]	[28]	(-)	[(28)]
Renewable Energy Business	50	47	(3)
Adjustments	-	-	-
Total	629	561	(68)

Major indexes

	FY2020 1Q Results	FY2021 1Q Results	Change
Coal Production Business (Jan.–Mar. results)			
Sales volume: Thermal coal	0.29 million tons	0.41 million tons	+0.12 million tons
Sales volume: Semi-soft coking coal	0.05 million tons	0.04 million tons	(0.01 million tons)
Average coal price: Thermal coal	US\$ 80.82	US\$ 79.88	US\$ (0.94)
Average coal price: Semi-soft coking coal	US\$ 103.54	US\$ 78.45	US\$ (25.09)
Exchange rate: A\$/US\$ (average rate)	US\$ 0.63	US\$ 0.77	Stronger A\$ against US\$ 0.14
Exchange rate: A\$/¥ (average rate)	JPY 71.7	JPY 82.0	Yen depreciation ¥10.3

Consolidated Balance Sheet

Balance sheet	Mar. 31, 2021		Jun. 30, 2021		Change	Main factor behind changes
	Amount	Ratio (%)	Amount	Ratio (%)		
Current assets	40,777	57.7	37,715	56.0	(3,061)	Cash and deposits: (1,306); Accounts receivable: (737); Other accounts receivable: (517)
Fixed assets	29,840	42.3	29,562	44.0	(278)	Intangible fixed assets: (178)
Total assets	70,618	100.0	67,277	100.0	(3,340)	
Current liabilities	25,492	36.1	21,951	32.6	(3,540)	Short-term debt: (3,530)
Fixed liabilities	14,838	21.0	14,324	21.3	(514)	Long-term debt: (500)
Total liabilities	40,330	57.1	36,276	53.9	(4,054)	
Total net assets	30,287	42.9	31,001	46.1	+714	Quarterly net profit attributable to owners of parent: +852 Dividends paid: (653) Foreign currency translation adjustments: +585
Total liabilities and net assets	70,618	100.0	67,277	100.0	(3,340)	

Other indicators	Mar. 31, 2021	Jun. 30, 2021	Change
Cash and deposits (including long-term deposits)	23,880	22,575	(1,305)
Debt	(22,562)	(18,508)	+4,053
Net cash and deposits	1,318	4,066	+2,747
Shareholders' equity ratio (%)	42.8	46.0	+3.2
Debt/equity ratio (times)	0.78	0.64	(0.14)

Consolidated Balance Sheet (June 30, 2021)

Balance sheet

Current assets 37.7 billion

- Cash and deposits 22.5 billion
- Accounts receivable 6.4 billion
- Inventory assets 6.5 billion

Fixed assets 29.6 billion

- Tangible fixed assets 13.3 billion
 - [Buildings, machinery, etc.] [4.8 billion]
 - [Land] [7.5 billion]
 - [Leases] [1.1 billion]
- Intangible fixed assets 10.8 billion
 - [Goodwill] [10.6 billion]
- Securities 3.4 billion

Total assets: 67.3 billion

Current liabilities 22.0 billion

- Accounts payable 5.8 billion
- Debt 8.9 billion

Fixed liabilities 14.3 billion

- Debt 9.7 billion
- Leases 1.0 billion

Net assets 31.0 billion

Shareholders'
equity ratio
46.0%

Debt/equity ratio
0.64 times

**Total liabilities and net assets:
67.3 billion**

Latest Topics

T SECURE becomes a subsidiary of Meiko Shokai Co., Ltd.

- Meiko Shokai Co., Ltd., a company under the group, made T SECURE INTERNATIONAL CO., LTD. (hereinafter referred to as "T SECURE"), which is an important partner factory in Thailand for shredder manufacturing, its subsidiary (August 2, 2021).
- This enables Meiko Shokai Co., Ltd. to make a further leap forward as a “comprehensive shredder company that can handle everything from planning to manufacturing, sales, and maintenance” in both name and reality since it will become possible to manufacture most of its “MS shredder” brand products within the group.

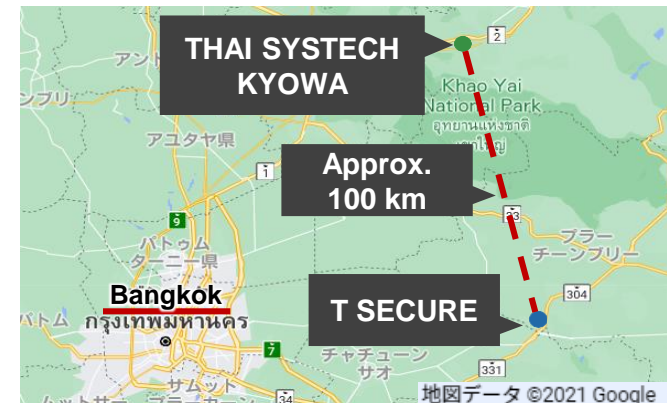
Company Profile: T SECURE

Company Name	T SECURE INTERNATIONAL CO., LTD.
Location	359 Moo 12 Hua Wa Sub-district, Si Maha Phot District, Prachin Buri Province, Thailand
Business Description	Manufacturing and sale of shredders
Capital	THB 5,000,000
Date of Establishment	December 24, 2010



Intergroup synergies

- By making use of T SECURE, Meiko Shokai Co., Ltd. will be able to ensure a more stable supply of MS Shredder, enhance product development capabilities, reduce manufacturing costs through more precise cost management, and so on.
- Manufacturing some of the plastic parts for MS Shredder at THAI SYSTECH KYOWA CO., LTD. (a subsidiary of the group company, Systech Kyowa), which is also located in Thailand, will help to reduce the outflow of profit to outside the group and enhance the functionality of its products.



Reference Materials

Trends in the Coal Market

Coal market information

(US\$/Mt) "globalCOAL" INDEX, Australia Newcastle Port Load, Trend in Standard-Quality Thermal Coal Index



(US\$/Mt)		2018				2019				2020				2021	
		Jan.–Mar.	Apr.–Jun.	Jul.–Sep.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.	Jul.–Sep.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.	Jul.–Sep.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.
Coking coal*	Heavy coking coal	237	197	188-189	212-213	210-211	207-208	177-178	141-142	147-148	136	110	116	122	117
	Semi-soft coking coal	150	132	129	135	132	129	115	107	100-104	95-104	82-86	87-91	91-92	93-94
Thermal coal	Apr. contract	84.97	110.00				94.75				68.75				109.97
	Oct. contract	94.75				109.77				72.75				NA	
Foreign Exchange	US\$/A\$	US\$0.74				US\$0.69				US\$0.78				US\$0.77	
	Yen/A\$	82.6 yen				75.8 yen				85.0 yen				83.1 yen	

* Effective April 2017, the method of calculating the price of coking coal was changed to a spot-linked method.

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