

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 13, 2019

Company name: TOYO CONSTRUCTION CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 1890 URL <http://www.toyo-const.co.jp/>  
 Representative: Representative Director, President Kyoji Takezawa  
 General Manager, Administration Dept. Tomoyoshi Shinozaki  
 Business Administration Div. TEL 03-6361-5450  
 Scheduled date to file Quarterly Securities Report: November 13, 2019  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2019	86,364	14.2	4,857	48.0	4,753	36.2	3,042	38.9
Six months ended September 30, 2018	75,617	(7.2)	3,281	(35.0)	3,491	(30.3)	2,190	(31.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	32.34	–
Six months ended September 30, 2018	23.30	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	129,607	55,010	41.4	570.15
As of March 31, 2019	140,419	52,966	36.8	549.48

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	–	–	12.00	12.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	–	–	15.00	15.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	183,000	11.7	9,100	16.4	8,900	10.3	5,500	1.0	58.50

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2019	94,371,183 shares	As of March 31, 2019	94,371,183 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	353,037 shares	As of March 31, 2019	349,393 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	94,091,198 shares	Six months ended September 30, 2018	94,006,915 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	32,140	18,913
Notes receivable, accounts receivable from completed construction contracts and other	53,867	55,735
Costs on construction contracts in progress	4,541	4,622
Advances paid	2,533	3,418
other account receivable	3,589	3,256
Other	2,836	2,507
Allowance for doubtful accounts	(2)	(3)
Total current assets	99,505	88,450
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,791	12,846
Machinery, vehicles, tools, furniture and fixtures	25,635	25,434
Land	22,417	22,417
Construction in progress	650	1,307
Accumulated depreciation	(27,743)	(27,760)
Total property, plant and equipment	33,751	34,245
Intangible assets	180	186
Investments and other assets		
Investment securities	3,045	2,868
Deferred tax assets	2,654	2,621
Retirement benefit asset	50	50
Other	1,354	1,310
Allowance for doubtful accounts	(125)	(125)
Total investments and other assets	6,980	6,725
Total non-current assets	40,913	41,157
Total assets	140,419	129,607

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	41,907	38,344
Short-term borrowings	8,879	3,054
Income taxes payable	796	1,622
Advances received on construction contracts in progress	10,485	8,038
Deposits received	3,427	1,454
Provision for warranties for completed construction	566	482
Provision for loss on construction contracts	2	–
Provision for bonuses	969	1,003
Other	7,702	8,391
<b>Total current liabilities</b>	<b>74,738</b>	<b>62,391</b>
<b>Non-current liabilities</b>		
Long-term borrowings	3,515	3,148
Deferred tax liabilities	87	86
Deferred tax liabilities for land revaluation	2,227	2,227
Provisions	28	54
Retirement benefit liability	6,497	6,336
Other	357	352
<b>Total non-current liabilities</b>	<b>12,714</b>	<b>12,205</b>
<b>Total liabilities</b>	<b>87,452</b>	<b>74,597</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	14,049	14,049
Capital surplus	6,057	6,057
Retained earnings	29,363	31,274
Treasury shares	(148)	(147)
<b>Total shareholders' equity</b>	<b>49,321</b>	<b>51,233</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	688	616
Deferred gains or losses on hedges	(3)	2
Revaluation reserve for land	2,732	2,732
Foreign currency translation adjustment	(30)	(33)
Remeasurements of defined benefit plans	(1,044)	(947)
<b>Total accumulated other comprehensive income</b>	<b>2,341</b>	<b>2,370</b>
<b>Non-controlling interests</b>	<b>1,304</b>	<b>1,406</b>
<b>Total net assets</b>	<b>52,966</b>	<b>55,010</b>
<b>Total liabilities and net assets</b>	<b>140,419</b>	<b>129,607</b>

## Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

### Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales		
Net sales of completed construction contracts	75,123	86,010
Net sales in sideline businesses	493	354
Total net sales	75,617	86,364
Cost of sales		
Cost of sales of completed construction contracts	67,655	76,897
Cost of sales in sideline businesses	257	136
Total cost of sales	67,913	77,034
Gross profit		
Gross profit on completed construction contracts	7,468	9,112
Gross profit on sideline business	235	217
Total gross profit	7,704	9,329
Selling, general and administrative expenses	4,422	4,472
Operating profit	3,281	4,857
Non-operating income		
Interest income	4	26
Dividend income	23	24
Reversal of allowance for doubtful accounts	207	–
Foreign exchange gains	102	–
Other	20	34
Total non-operating income	357	85
Non-operating expenses		
Interest expenses	84	77
Foreign exchange losses	–	54
Other	63	58
Total non-operating expenses	147	189
Ordinary profit	3,491	4,753
Extraordinary income		
Gain on sales of non-current assets	7	23
Gain on sales of investment securities	–	3
Surrender value of insurance policies	22	4
Total extraordinary income	29	31
Extraordinary losses		
Loss on sales of non-current assets	–	4
Loss on retirement of non-current assets	12	18
Loss on liquidation of subsidiaries and associates	–	38
Other	5	0
Total extraordinary losses	18	61
Profit before income taxes	3,502	4,723
Income taxes - current	1,000	1,554
Income taxes - deferred	237	18
Total income taxes	1,238	1,572
Profit	2,264	3,150
Profit attributable to non-controlling interests	73	107
Profit attributable to owners of parent	2,190	3,042

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	2,264	3,150
Other comprehensive income		
Valuation difference on available-for-sale securities	176	(71)
Deferred gains or losses on hedges	61	5
Foreign currency translation adjustment	(64)	(5)
Remeasurements of defined benefit plans, net of tax	133	97
Total other comprehensive income	307	25
Comprehensive income	2,571	3,176
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,536	3,072
Comprehensive income attributable to non-controlling interests	35	104

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	3,502	4,723
Depreciation	853	896
Increase (decrease) in allowance for doubtful accounts	(333)	0
Increase (decrease) in provision for loss on construction contracts	(420)	(2)
Increase (decrease) in retirement benefit liability	88	(20)
Interest and dividend income	(28)	(50)
Interest expenses	84	77
Loss (gain) on sales of investment securities	–	(3)
Loss (gain) on sales of property, plant and equipment	(7)	(19)
Loss on retirement of property, plant and equipment	12	18
Decrease (increase) in trade receivables	6,167	(1,874)
Decrease (increase) in costs on construction contracts in progress	2,587	(81)
Decrease (increase) in real estate for sale	46	–
Decrease (increase) in accounts receivable - other	650	473
Decrease (increase) in other accounts receivable	5,742	332
Decrease (increase) in advances paid	3,447	(884)
Increase (decrease) in trade payables	(10,816)	(3,557)
Increase (decrease) in advances received on construction contracts in progress	1,308	(2,440)
Increase (decrease) in accrued consumption taxes	(3,339)	1,478
Increase (decrease) in deposits received	(1,152)	(1,972)
Other, net	93	(490)
Subtotal	8,486	(3,398)
Interest and dividends received	27	50
Interest paid	(85)	(77)
Income taxes paid	(1,939)	(706)
Net cash provided by (used in) operating activities	6,489	(4,131)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	40	–
Purchase of securities	(32)	(10)
Proceeds from sales and redemption of short-term and long-term investment securities	68	33
Purchase of property, plant and equipment	(1,348)	(1,822)
Proceeds from sales of property, plant and equipment	12	87
Purchase of intangible assets	(9)	(27)
Purchase of investment securities	(2)	(2)
Proceeds from sales of investment securities	–	81
Loan advances	(15)	–
Collection of loans receivable	17	19
Other, net	–	3
Net cash provided by (used in) investing activities	(1,268)	(1,637)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,660)	(5,000)
Proceeds from long-term borrowings	400	500
Repayments of long-term borrowings	(1,568)	(1,692)
Repayments of lease obligations	(39)	(42)
Dividends paid	(1,414)	(1,131)
Dividends paid to non-controlling interests	(2)	(2)
Proceeds from sales of treasury shares	4	33
Purchase of treasury shares	(0)	(72)
Net cash provided by (used in) financing activities	(7,280)	(7,408)
Effect of exchange rate change on cash and cash equivalents	92	(49)
Net increase (decrease) in cash and cash equivalents	(1,967)	(13,226)
Cash and cash equivalents at beginning of period	27,830	32,040
Cash and cash equivalents at end of period	25,863	18,813