

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

February 7, 2020

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: February 7, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 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	%
Nine months ended December 31, 2019	133,121	14.4	7,564	53.3	7,473	42.5	4,805	43.2
Nine months ended December 31, 2018	116,402	(4.7)	4,934	(32.8)	5,246	(27.7)	3,356	(26.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2019	51.08		–	
Nine months ended December 31, 2018	35.70		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	139,551	56,769	39.7	589.96
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				
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 nine months ended December 31, 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 December 31, 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 December 31, 2019	353,241 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)

Nine months ended December 31, 2019	94,066,825 shares	Nine months ended December 31, 2018	94,011,882 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	32,140	28,332
Notes receivable, accounts receivable from completed construction contracts and other	53,867	58,870
Costs on construction contracts in progress	4,541	4,819
Advances paid	2,533	3,324
other account receivable	3,589	499
Other	2,836	2,345
Allowance for doubtful accounts	(2)	(6)
Total current assets	99,505	98,185
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,791	12,867
Machinery, vehicles, tools, furniture and fixtures	25,635	25,488
Land	22,417	22,417
Construction in progress	650	1,947
Accumulated depreciation	(27,743)	(28,152)
Total property, plant and equipment	33,751	34,568
Intangible assets	180	197
Investments and other assets		
Investment securities	3,045	2,913
Deferred tax assets	2,654	2,375
Retirement benefit asset	50	50
Other	1,354	1,384
Allowance for doubtful accounts	(125)	(124)
Total investments and other assets	6,980	6,599
Total non-current assets	40,913	41,365
Total assets	140,419	139,551

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	41,907	42,884
Short-term borrowings	8,879	3,027
Income taxes payable	796	1,216
Advances received on construction contracts in progress	10,485	8,958
Deposits received	3,427	3,716
Provision for warranties for completed construction	566	360
Provision for loss on construction contracts	2	7
Provision for bonuses	969	397
Other	7,702	10,396
Total current liabilities	74,738	70,965
Non-current liabilities		
Long-term borrowings	3,515	2,799
Deferred tax liabilities	87	88
Deferred tax liabilities for land revaluation	2,227	2,227
Provisions	28	55
Retirement benefit liability	6,497	6,301
Other	357	343
Total non-current liabilities	12,714	11,815
Total liabilities	87,452	82,781
Net assets		
Shareholders' equity		
Share capital	14,049	14,049
Capital surplus	6,057	6,057
Retained earnings	29,363	33,036
Treasury shares	(148)	(147)
Total shareholders' equity	49,321	52,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	688	664
Deferred gains or losses on hedges	(3)	10
Revaluation reserve for land	2,732	2,732
Foreign currency translation adjustment	(30)	(37)
Remeasurements of defined benefit plans	(1,044)	(898)
Total accumulated other comprehensive income	2,341	2,471
Non-controlling interests	1,304	1,303
Total net assets	52,966	56,769
Total liabilities and net assets	140,419	139,551

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales		
Net sales of completed construction contracts	115,740	132,630
Net sales in sideline businesses	661	491
Total net sales	116,402	133,121
Cost of sales		
Cost of sales of completed construction contracts	104,560	118,740
Cost of sales in sideline businesses	318	169
Total cost of sales	104,879	118,910
Gross profit		
Gross profit on completed construction contracts	11,179	13,889
Gross profit on sideline business	343	322
Total gross profit	11,522	14,211
Selling, general and administrative expenses	6,588	6,647
Operating profit	4,934	7,564
Non-operating income		
Interest income	11	45
Dividend income	34	38
Reversal of allowance for doubtful accounts	418	–
Other	79	37
Total non-operating income	544	121
Non-operating expenses		
Interest expenses	117	111
Other	115	101
Total non-operating expenses	232	212
Ordinary profit	5,246	7,473
Extraordinary income		
Gain on sales of non-current assets	187	23
Gain on sales of investment securities	50	13
Other	23	4
Total extraordinary income	261	41
Extraordinary losses		
Loss on sales of non-current assets	–	4
Loss on retirement of non-current assets	13	29
Loss on liquidation of subsidiaries and associates	–	48
Other	37	8
Total extraordinary losses	50	91
Profit before income taxes	5,456	7,423
Income taxes - current	1,272	2,267
Income taxes - deferred	633	208
Total income taxes	1,906	2,476
Profit	3,550	4,946
Profit attributable to non-controlling interests	194	141
Profit attributable to owners of parent	3,356	4,805

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	3,550	4,946
Other comprehensive income		
Valuation difference on available-for-sale securities	(87)	(25)
Deferred gains or losses on hedges	(19)	13
Foreign currency translation adjustment	(53)	(16)
Remeasurements of defined benefit plans, net of tax	200	146
Total other comprehensive income	39	117
Comprehensive income	3,590	5,063
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,431	4,934
Comprehensive income attributable to non-controlling interests	158	128