

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 13, 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.
 Inquiries: Business Administration Div. Mamoru Sato TEL 03-6361-5450
 Scheduled date of ordinary general meeting of shareholders: June 26, 2020
 Scheduled date to file Securities Report: June 26, 2020
 Scheduled date to commence dividend payments: June 29, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

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	%
Year ended March 31, 2020	174,805	6.7	9,268	18.6	9,168	13.6	5,766	5.9
Year ended March 31, 2019	163,860	(5.1)	7,815	(27.8)	8,069	(23.4)	5,445	(22.8)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	61.31	–	10.7	6.6	5.3
Year ended March 31, 2019	57.92	–	11.0	5.5	4.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	135,516	57,329	41.3	595.12
As of March 31, 2019	140,419	52,966	36.8	549.48

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	(269)	(2,966)	(2,632)	26,181
Year ended March 31, 2019	9,348	(2,239)	(2,967)	32,040

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	–	–	–	12.00	12.00	1,131	20.7	2.3
Year ended March 31, 2020	–	–	–	15.00	15.00	1,414	24.5	2.6
Year ending March 31, 2021 (Forecast)	–	–	–	12.00	12.00		22.6	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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
Six months ending September 30, 2020	85,000	(1.6)	3,500	(27.9)	3,300	(30.6)	2,000	(34.3)	21.26
Full year	175,000	0.1	8,100	(12.6)	7,700	(16.0)	5,000	(13.3)	53.16

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2020	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 March 31, 2020	353,331 shares	As of March 31, 2019	349,393 shares
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Average number of shares during the period

Year ended March 31, 2020	94,054,592 shares	Year ended March 31, 2019	94,014,360 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	32,140	26,369
Notes receivable, accounts receivable from completed construction contracts and other	53,867	49,989
Costs on construction contracts in progress	4,541	5,079
Advances paid	2,533	2,485
Other accounts receivable	3,589	7,807
Other	2,836	2,710
Allowance for doubtful accounts	(2)	(12)
Total current assets	99,505	94,428
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,791	14,221
Machinery, vehicles, tools, furniture and fixtures	25,635	25,470
Land	22,417	22,259
Construction in progress	650	32
Accumulated depreciation	(27,743)	(27,995)
Total property, plant and equipment	33,751	33,988
Intangible assets	180	287
Investments and other assets		
Investment securities	3,045	2,491
Deferred tax assets	2,654	2,935
Retirement benefit asset	50	106
Other	1,354	1,409
Allowance for doubtful accounts	(125)	(131)
Total investments and other assets	6,980	6,811
Total non-current assets	40,913	41,087
Total assets	140,419	135,516

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	41,907	33,535
Short-term borrowings	8,879	8,200
Income taxes payable	796	1,878
Advances received on construction contracts in progress	10,485	8,851
Deposits received	3,427	2,343
Accrued consumption taxes	5,822	8,107
Provision for warranties for completed construction	566	376
Provision for loss on construction contracts	2	126
Provision for bonuses	969	997
Other	1,879	1,308
Total current liabilities	74,738	65,723
Non-current liabilities		
Long-term borrowings	3,515	2,951
Deferred tax liabilities	87	64
Deferred tax liabilities for land revaluation	2,227	2,211
Provisions	28	55
Retirement benefit liability	6,497	6,637
Other	357	542
Total non-current liabilities	12,714	12,463
Total liabilities	87,452	78,187
Net assets		
Shareholders' equity		
Share capital	14,049	14,049
Capital surplus	6,057	6,057
Retained earnings	29,363	34,007
Treasury shares	(148)	(147)
Total shareholders' equity	49,321	53,966
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	688	398
Deferred gains or losses on hedges	(3)	3
Revaluation reserve for land	2,732	2,722
Foreign currency translation adjustment	(30)	(22)
Remeasurements of defined benefit plans	(1,044)	(1,116)
Total accumulated other comprehensive income	2,341	1,985
Non-controlling interests	1,304	1,377
Total net assets	52,966	57,329
Total liabilities and net assets	140,419	135,516

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales		
Net sales of completed construction contracts	163,048	174,166
Net sales in sideline businesses	812	638
Total net sales	163,860	174,805
Cost of sales		
Cost of sales of completed construction contracts	146,676	156,479
Cost of sales in sideline businesses	396	220
Total cost of sales	147,072	156,699
Gross profit		
Gross profit on completed construction contracts	16,372	17,687
Gross profit on sideline business	416	417
Total gross profit	16,788	18,105
Selling, general and administrative expenses	8,972	8,836
Operating profit	7,815	9,268
Non-operating income		
Interest income	21	58
Dividend income	37	40
Reversal of allowance for doubtful accounts	418	–
Other	74	51
Total non-operating income	552	150
Non-operating expenses		
Interest expenses	152	145
Commitment fee	27	26
Other	118	78
Total non-operating expenses	298	250
Ordinary profit	8,069	9,168
Extraordinary income		
Gain on sales of non-current assets	190	93
Gain on sales of investment securities	64	28
Other	29	4
Total extraordinary income	284	126
Extraordinary losses		
Loss on sales of non-current assets	5	4
Loss on retirement of non-current assets	26	159
Impairment loss	–	230
Loss on valuation of shares of subsidiaries and associates	72	10
Other	9	96
Total extraordinary losses	114	501
Profit before income taxes	8,240	8,793
Income taxes - current	2,224	3,033
Income taxes - deferred	355	(194)
Total income taxes	2,580	2,839
Profit	5,660	5,954
Profit attributable to non-controlling interests	214	187
Profit attributable to owners of parent	5,445	5,766

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	5,660	5,954
Other comprehensive income		
Valuation difference on available-for-sale securities	(33)	(298)
Deferred gains or losses on hedges	6	6
Foreign currency translation adjustment	(48)	21
Remeasurements of defined benefit plans, net of tax	150	(48)
Total other comprehensive income	74	(318)
Comprehensive income	5,734	5,635
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,529	5,420
Comprehensive income attributable to non-controlling interests	204	215

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,049	6,052	25,332	(157)	45,276
Changes during period					
Dividends of surplus			(1,414)		(1,414)
Profit attributable to owners of parent			5,445		5,445
Reversal of revaluation reserve for land					–
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				9	9
Change in ownership interest of parent due to transactions with non-controlling interests		5			5
Net changes in items other than shareholders' equity					
Total changes during period	–	5	4,030	8	4,044
Balance at end of period	14,049	6,057	29,363	(148)	49,321

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	717	(9)	2,732	(11)	(1,171)	2,257	1,106	48,640
Changes during period								
Dividends of surplus								(1,414)
Profit attributable to owners of parent								5,445
Reversal of revaluation reserve for land								–
Purchase of treasury shares								(0)
Disposal of treasury shares								9
Change in ownership interest of parent due to transactions with non-controlling interests								5
Net changes in items other than shareholders' equity	(29)	6	–	(19)	126	84	197	281
Total changes during period	(29)	6	–	(19)	126	84	197	4,326
Balance at end of period	688	(3)	2,732	(30)	(1,044)	2,341	1,304	52,966

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,049	6,057	29,363	(148)	49,321
Changes during period					
Dividends of surplus			(1,131)		(1,131)
Profit attributable to owners of parent			5,766		5,766
Reversal of revaluation reserve for land			9		9
Purchase of treasury shares				(72)	(72)
Disposal of treasury shares				73	73
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	4,644	0	4,645
Balance at end of period	14,049	6,057	34,007	(147)	53,966

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	688	(3)	2,732	(30)	(1,044)	2,341	1,304	52,966
Changes during period								
Dividends of surplus								(1,131)
Profit attributable to owners of parent								5,766
Reversal of revaluation reserve for land								9
Purchase of treasury shares								(72)
Disposal of treasury shares								73
Change in ownership interest of parent due to transactions with non-controlling interests								-
Net changes in items other than shareholders' equity	(290)	6	(9)	8	(71)	(355)	73	(282)
Total changes during period	(290)	6	(9)	8	(71)	(355)	73	4,362
Balance at end of period	398	3	2,722	(22)	(1,116)	1,985	1,377	57,329

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	8,240	8,793
Depreciation	1,794	1,911
Impairment loss	–	230
Increase (decrease) in allowance for doubtful accounts	(614)	16
Increase (decrease) in provision for loss on construction contracts	(491)	123
Increase (decrease) in retirement benefit liability	173	14
Interest and dividend income	(59)	(99)
Interest expenses	152	145
Loss (gain) on sales of investment securities	(64)	(28)
Loss (gain) on sales of property, plant and equipment	(184)	(88)
Loss on retirement of property, plant and equipment	26	159
Decrease (increase) in trade receivables	3,905	3,907
Decrease (increase) in costs on construction contracts in progress	5,084	(537)
Decrease (increase) in real estate for sale	51	–
Decrease (increase) in accounts receivable - other	1,160	410
Decrease (increase) in other accounts receivable	4,273	(4,217)
Decrease (increase) in advances paid	4,774	52
Increase (decrease) in trade payables	(11,145)	(8,412)
Increase (decrease) in advances received on construction contracts in progress	(2,786)	(1,655)
Increase (decrease) in accrued consumption taxes	(2,909)	2,284
Increase (decrease) in deposits received	800	(1,085)
Other, net	749	(191)
Subtotal	12,930	1,733
Interest and dividends received	59	100
Interest paid	(156)	(139)
Income taxes paid	(3,484)	(1,962)
Net cash provided by (used in) operating activities	9,348	(269)
Cash flows from investing activities		
Payments into time deposits	(100)	(188)
Proceeds from withdrawal of time deposits	140	100
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	(2,665)	(3,062)
Proceeds from sales of property, plant and equipment	234	166
Purchase of intangible assets	(21)	(160)
Purchase of investment securities	(4)	(4)
Proceeds from sales of investment securities	112	137
Loan advances	(15)	(5)
Collection of loans receivable	43	25
Other, net	–	1
Net cash provided by (used in) investing activities	(2,239)	(2,966)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	331	100
Proceeds from long-term borrowings	1,712	1,200
Repayments of long-term borrowings	(3,521)	(2,543)
Repayments of lease obligations	(78)	(87)
Dividends paid	(1,414)	(1,131)
Dividends paid to non-controlling interests	(2)	(129)
Proceeds from sales of treasury shares	4	33
Purchase of treasury shares	(0)	(72)
Net cash provided by (used in) financing activities	(2,967)	(2,632)
Effect of exchange rate change on cash and cash equivalents	68	9
Net increase (decrease) in cash and cash equivalents	4,209	(5,859)
Cash and cash equivalents at beginning of period	27,830	32,040
Cash and cash equivalents at end of period	32,040	26,181