

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 11, 2020

Company name: TOYO CONSTRUCTION CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1890 URL <https://www.toyo-const.co.jp/>
 Representative: Representative Director, President Kyoji Takezawa
 General Manager, Administration Dept. Mamoru Sato TEL 03-6361-5450
 Business Administration Div.
 Scheduled date to file Quarterly Securities Report: November 11, 2020
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020 | 75,853 | (12.2) | 4,044 | (16.7) | 3,766 | (20.8) | 2,358 | (22.5) |
| Six months ended September 30, 2019 | 86,364 | 14.2 | 4,857 | 48.0 | 4,753 | 36.2 | 3,042 | 38.9 |

| | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2020 | 25.09 | – |
| Six months ended September 30, 2019 | 32.34 | – |

(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, 2020 | 132,061 | 58,439 | 43.1 | 606.38 |
| As of March 31, 2020 | 135,516 | 57,329 | 41.3 | 595.12 |

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, 2020 | – | – | – | 15.00 | 15.00 |
| Year ending March 31, 2021 | – | – | – | – | – |
| Year ending March 31, 2021 (Forecast) | – | – | – | 12.00 | 12.00 |

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 |
| 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 six months ended September 30, 2020
(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, 2020 | 94,371,183 shares | As of March 31, 2020 | 94,371,183 shares |
|--------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|--------------------------|----------------|----------------------|----------------|
| As of September 30, 2020 | 429,915 shares | As of March 31, 2020 | 353,331 shares |
|--------------------------|----------------|----------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Six months ended September 30, 2020 | 93,994,053 shares | Six months ended September 30, 2019 | 94,091,198 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2020 | As of September 30, 2020 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 26,369 | 14,552 |
| Notes receivable, accounts receivable from completed construction contracts and other | 49,989 | 55,197 |
| Costs on construction contracts in progress | 5,079 | 8,455 |
| Advances paid | 2,485 | 3,316 |
| other account receivable | 7,807 | 7,182 |
| Other | 2,710 | 2,984 |
| Allowance for doubtful accounts | (12) | (5) |
| Total current assets | 94,428 | 91,682 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 14,221 | 13,597 |
| Machinery, vehicles, tools, furniture and fixtures | 25,470 | 25,554 |
| Land | 22,259 | 22,259 |
| Construction in progress | 32 | 52 |
| Accumulated depreciation | (27,995) | (28,036) |
| Total property, plant and equipment | 33,988 | 33,428 |
| Intangible assets | 287 | 403 |
| Investments and other assets | | |
| Investment securities | 2,491 | 2,357 |
| Deferred tax assets | 2,935 | 2,758 |
| Retirement benefit asset | 106 | 107 |
| Other | 1,409 | 1,472 |
| Allowance for doubtful accounts | (131) | (148) |
| Total investments and other assets | 6,811 | 6,547 |
| Total non-current assets | 41,087 | 40,378 |
| Total assets | 135,516 | 132,061 |

(Millions of yen)

| | As of March 31, 2020 | As of September 30, 2020 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | 33,535 | 31,964 |
| Short-term borrowings | 8,200 | 5,038 |
| Income taxes payable | 1,878 | 1,185 |
| Advances received on construction contracts in progress | 8,851 | 11,193 |
| Deposits received | 2,343 | 2,598 |
| Accrued consumption taxes | 8,107 | 7,027 |
| Provision for warranties for completed construction | 376 | 298 |
| Provision for loss on construction contracts | 126 | 252 |
| Provision for bonuses | 997 | 1,024 |
| Other | 1,308 | 1,206 |
| Total current liabilities | 65,723 | 61,790 |
| Non-current liabilities | | |
| Long-term borrowings | 2,951 | 2,540 |
| Deferred tax liabilities | 64 | 64 |
| Deferred tax liabilities for land revaluation | 2,211 | 2,211 |
| Provisions | 55 | 83 |
| Retirement benefit liability | 6,637 | 6,405 |
| Other | 542 | 525 |
| Total non-current liabilities | 12,463 | 11,831 |
| Total liabilities | 78,187 | 73,622 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 14,049 | 14,049 |
| Capital surplus | 6,057 | 6,057 |
| Retained earnings | 34,007 | 34,951 |
| Treasury shares | (147) | (178) |
| Total shareholders' equity | 53,966 | 54,879 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 398 | 380 |
| Deferred gains or losses on hedges | 3 | – |
| Revaluation reserve for land | 2,722 | 2,722 |
| Foreign currency translation adjustment | (22) | (19) |
| Remeasurements of defined benefit plans | (1,116) | (999) |
| Total accumulated other comprehensive income | 1,985 | 2,083 |
| Non-controlling interests | 1,377 | 1,475 |
| Total net assets | 57,329 | 58,439 |
| Total liabilities and net assets | 135,516 | 132,061 |

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, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Net sales | | |
| Net sales of completed construction contracts | 86,010 | 75,511 |
| Net sales in sideline businesses | 354 | 342 |
| Total net sales | 86,364 | 75,853 |
| Cost of sales | | |
| Cost of sales of completed construction contracts | 76,897 | 67,399 |
| Cost of sales in sideline businesses | 136 | 122 |
| Total cost of sales | 77,034 | 67,522 |
| Gross profit | | |
| Gross profit on completed construction contracts | 9,112 | 8,111 |
| Gross profit on sideline business | 217 | 220 |
| Total gross profit | 9,329 | 8,331 |
| Selling, general and administrative expenses | 4,472 | 4,287 |
| Operating profit | 4,857 | 4,044 |
| Non-operating income | | |
| Interest income | 26 | 11 |
| Dividend income | 24 | 22 |
| Other | 34 | 54 |
| Total non-operating income | 85 | 87 |
| Non-operating expenses | | |
| Interest expenses | 77 | 75 |
| Commitment fee | 14 | 242 |
| Foreign exchange losses | 54 | – |
| Other | 43 | 47 |
| Total non-operating expenses | 189 | 365 |
| Ordinary profit | 4,753 | 3,766 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 23 | 30 |
| Gain on sales of investment securities | 3 | – |
| Surrender value of insurance policies | 4 | – |
| Total extraordinary income | 31 | 30 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 4 | – |
| Loss on retirement of non-current assets | 18 | 5 |
| Loss on sales of investment securities | – | 96 |
| Loss on liquidation of subsidiaries and associates | 38 | – |
| Other | 0 | 9 |
| Total extraordinary losses | 61 | 112 |
| Profit before income taxes | 4,723 | 3,684 |
| Income taxes - current | 1,554 | 1,085 |
| Income taxes - deferred | 18 | 149 |
| Total income taxes | 1,572 | 1,235 |
| Profit | 3,150 | 2,449 |
| Profit attributable to non-controlling interests | 107 | 90 |
| Profit attributable to owners of parent | 3,042 | 2,358 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Profit | 3,150 | 2,449 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (71) | (14) |
| Deferred gains or losses on hedges | 5 | (3) |
| Foreign currency translation adjustment | (5) | 6 |
| Remeasurements of defined benefit plans, net of tax | 97 | 116 |
| Total other comprehensive income | 25 | 105 |
| Comprehensive income | 3,176 | 2,554 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 3,072 | 2,456 |
| Comprehensive income attributable to non-controlling interests | 104 | 97 |

Consolidated statements of cash flows

(Millions of yen)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 4,723 | 3,684 |
| Depreciation | 896 | 853 |
| Increase (decrease) in allowance for doubtful accounts | 0 | 9 |
| Increase (decrease) in provision for loss on construction contracts | (2) | 126 |
| Increase (decrease) in retirement benefit liability | (20) | (63) |
| Interest and dividend income | (50) | (33) |
| Interest expenses | 77 | 75 |
| Loss (gain) on sales of investment securities | (3) | 96 |
| Loss (gain) on sales of property, plant and equipment | (19) | (29) |
| Loss on retirement of property, plant and equipment | 18 | 5 |
| Decrease (increase) in trade receivables | (1,874) | (5,195) |
| Decrease (increase) in costs on construction contracts in progress | (81) | (3,374) |
| Decrease (increase) in accounts receivable - other | 473 | 152 |
| Decrease (increase) in other accounts receivable | 332 | 625 |
| Decrease (increase) in advances paid | (884) | (832) |
| Increase (decrease) in trade payables | (3,557) | (1,581) |
| Increase (decrease) in advances received on construction contracts in progress | (2,440) | 2,342 |
| Increase (decrease) in accrued consumption taxes | 1,478 | (1,079) |
| Increase (decrease) in deposits received | (1,972) | 252 |
| Other, net | (490) | (487) |
| Subtotal | (3,398) | (4,452) |
| Interest and dividends received | 50 | 34 |
| Interest paid | (77) | (78) |
| Income taxes paid | (706) | (1,762) |
| Net cash provided by (used in) operating activities | (4,131) | (6,259) |
| Cash flows from investing activities | | |
| Proceeds from withdrawal of time deposits | – | 88 |
| Purchase of securities | (10) | (65) |
| Proceeds from sales and redemption of securities | 33 | 10 |
| Purchase of property, plant and equipment | (1,822) | (391) |
| Proceeds from sales of property, plant and equipment | 87 | 56 |
| Purchase of intangible assets | (27) | (138) |
| Purchase of investment securities | (2) | (2) |
| Proceeds from sales of investment securities | 81 | 0 |
| Collection of loans receivable | 19 | 9 |
| Other, net | 3 | 1 |
| Net cash provided by (used in) investing activities | (1,637) | (430) |

(Millions of yen)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|---|--|--|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (5,000) | (3,200) |
| Proceeds from long-term borrowings | 500 | 532 |
| Repayments of long-term borrowings | (1,692) | (905) |
| Repayments of lease obligations | (42) | (45) |
| Dividends paid | (1,131) | (1,414) |
| Dividends paid to non-controlling interests | (2) | – |
| Proceeds from sales of treasury shares | 33 | 0 |
| Purchase of treasury shares | (72) | (32) |
| Net cash provided by (used in) financing activities | (7,408) | (5,064) |
| Effect of exchange rate change on cash and cash equivalents | (49) | 25 |
| Net increase (decrease) in cash and cash equivalents | (13,226) | (11,728) |
| Cash and cash equivalents at beginning of period | 32,040 | 26,181 |
| Cash and cash equivalents at end of period | 18,813 | 14,452 |