

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 12, 2021

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
 Executive Officer General Manager,
 Inquiries: Administration Dept. Mamoru Sato TEL 03-6361-5450
 Business Administration Div.
 Scheduled date of ordinary general meeting of shareholders: June 25, 2021
 Scheduled date to file Securities Report: June 25, 2021
 Scheduled date to commence dividend payments: June 28, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021 | 172,976 | (1.0) | 14,259 | 53.8 | 14,103 | 53.8 | 9,176 | 59.1 |
| Year ended March 31, 2020 | 174,805 | 6.7 | 9,268 | 18.6 | 9,168 | 13.6 | 5,766 | 5.9 |

| | 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, 2021 | 97.65 | – | 15.3 | 9.9 | 8.2 |
| Year ended March 31, 2020 | 61.31 | – | 10.7 | 6.6 | 5.3 |

(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, 2021 | 148,953 | 65,875 | 43.1 | 684.14 |
| As of March 31, 2020 | 135,516 | 57,329 | 41.3 | 595.12 |

(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, 2021 | (6,548) | (961) | (2,095) | 16,670 |
| Year ended March 31, 2020 | (269) | (2,966) | (2,632) | 26,181 |

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, 2020 | – | – | – | 15.00 | 15.00 | 1,414 | 24.5 | 2.6 |
| Year ended March 31, 2021 | – | – | – | 25.00 | 25.00 | 2,358 | 25.6 | 3.9 |
| Year ending March 31, 2022 (Forecast) | – | – | – | 20.00 | 20.00 | | 31.3 | |

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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, 2021 | 77,000 | 1.5 | 3,700 | (8.5) | 3,600 | (4.4) | 2,350 | (0.4) | 25.01 |
| Full year | 170,000 | (1.7) | 9,200 | (35.5) | 9,100 | (35.5) | 6,000 | (34.6) | 63.85 |

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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, 2021 | 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 March 31, 2021 | 429,978 shares | As of March 31, 2020 | 353,331 shares |
|----------------------|----------------|----------------------|----------------|

Average number of shares during the period

| | | | |
|---------------------------|-------------------|---------------------------|-------------------|
| Year ended March 31, 2021 | 93,967,647 shares | Year ended March 31, 2020 | 94,054,592 shares |
|---------------------------|-------------------|---------------------------|-------------------|

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2020 | As of March 31, 2021 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 26,369 | 16,770 |
| Notes receivable, accounts receivable from completed construction contracts and other | 49,989 | 70,177 |
| Costs on construction contracts in progress | 5,079 | 2,763 |
| Advances paid | 2,485 | 5,757 |
| Other accounts receivable | 7,807 | 10,296 |
| Other | 2,710 | 3,265 |
| Allowance for doubtful accounts | (12) | (12) |
| Total current assets | 94,428 | 109,018 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 14,221 | 13,331 |
| Machinery, vehicles, tools, furniture and fixtures | 25,470 | 25,611 |
| Land | 22,259 | 21,592 |
| Construction in progress | 32 | 99 |
| Accumulated depreciation | (27,995) | (28,300) |
| Total property, plant and equipment | 33,988 | 32,334 |
| Intangible assets | 287 | 515 |
| Investments and other assets | | |
| Investment securities | 2,491 | 2,561 |
| Deferred tax assets | 2,935 | 2,971 |
| Retirement benefit asset | 106 | 190 |
| Other | 1,409 | 1,474 |
| Allowance for doubtful accounts | (131) | (114) |
| Total investments and other assets | 6,811 | 7,084 |
| Total non-current assets | 41,087 | 39,934 |
| Total assets | 135,516 | 148,953 |

(Millions of yen)

| | As of March 31, 2020 | As of March 31, 2021 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | 33,535 | 32,226 |
| Short-term borrowings | 8,200 | 7,841 |
| Income taxes payable | 1,878 | 3,275 |
| Advances received on construction contracts in progress | 8,851 | 13,126 |
| Deposits received | 2,343 | 2,754 |
| Accrued consumption taxes | 8,107 | 9,150 |
| Provision for warranties for completed construction | 376 | 445 |
| Provision for loss on construction contracts | 126 | 147 |
| Provision for bonuses | 997 | 1,011 |
| Other | 1,308 | 1,554 |
| Total current liabilities | 65,723 | 71,532 |
| Non-current liabilities | | |
| Long-term borrowings | 2,951 | 2,752 |
| Deferred tax liabilities | 64 | 127 |
| Deferred tax liabilities for land revaluation | 2,211 | 2,207 |
| Provisions | 55 | 85 |
| Retirement benefit liability | 6,637 | 5,807 |
| Other | 542 | 564 |
| Total non-current liabilities | 12,463 | 11,544 |
| Total liabilities | 78,187 | 83,077 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 14,049 | 14,049 |
| Capital surplus | 6,057 | 6,057 |
| Retained earnings | 34,007 | 41,419 |
| Treasury shares | (147) | (178) |
| Total shareholders' equity | 53,966 | 61,348 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 398 | 538 |
| Deferred gains or losses on hedges | 3 | – |
| Revaluation reserve for land | 2,722 | 3,071 |
| Foreign currency translation adjustment | (22) | (19) |
| Remeasurements of defined benefit plans | (1,116) | (670) |
| Total accumulated other comprehensive income | 1,985 | 2,920 |
| Non-controlling interests | 1,377 | 1,606 |
| Total net assets | 57,329 | 65,875 |
| Total liabilities and net assets | 135,516 | 148,953 |

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

(Millions of yen)

| | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 |
|--|-------------------------------------|-------------------------------------|
| Net sales | | |
| Net sales of completed construction contracts | 174,166 | 172,173 |
| Net sales in sideline businesses | 638 | 802 |
| Total net sales | 174,805 | 172,976 |
| Cost of sales | | |
| Cost of sales of completed construction contracts | 156,479 | 149,423 |
| Cost of sales in sideline businesses | 220 | 326 |
| Total cost of sales | 156,699 | 149,750 |
| Gross profit | | |
| Gross profit on completed construction contracts | 17,687 | 22,749 |
| Gross profit on sideline business | 417 | 476 |
| Total gross profit | 18,105 | 23,225 |
| Selling, general and administrative expenses | 8,836 | 8,966 |
| Operating profit | 9,268 | 14,259 |
| Non-operating income | | |
| Interest income | 58 | 83 |
| Dividend income | 40 | 90 |
| Foreign exchange gains | – | 82 |
| Other | 51 | 100 |
| Total non-operating income | 150 | 357 |
| Non-operating expenses | | |
| Interest expenses | 145 | 140 |
| Commitment fees | 26 | 272 |
| Other | 78 | 100 |
| Total non-operating expenses | 250 | 513 |
| Ordinary profit | 9,168 | 14,103 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 93 | 45 |
| Gain on sale of investment securities | 28 | 5 |
| Other | 4 | – |
| Total extraordinary income | 126 | 51 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 4 | 1 |
| Loss on retirement of non-current assets | 159 | 30 |
| Loss on sale of investment securities | – | 107 |
| Impairment losses | 230 | 521 |
| Loss on valuation of shares of subsidiaries and associates | 10 | – |
| Other | 96 | 5 |
| Total extraordinary losses | 501 | 665 |
| Profit before income taxes | 8,793 | 13,489 |
| Income taxes - current | 3,033 | 4,372 |
| Income taxes - deferred | (194) | (241) |
| Total income taxes | 2,839 | 4,130 |
| Profit | 5,954 | 9,358 |
| Profit attributable to non-controlling interests | 187 | 182 |
| Profit attributable to owners of parent | 5,766 | 9,176 |

Consolidated statements of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 |
|--|-------------------------------------|-------------------------------------|
| Profit | 5,954 | 9,358 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (298) | 147 |
| Deferred gains or losses on hedges | 6 | (3) |
| Foreign currency translation adjustment | 21 | 6 |
| Remeasurements of defined benefit plans, net of tax | (48) | 481 |
| Total other comprehensive income | (318) | 632 |
| Comprehensive income | 5,635 | 9,991 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,420 | 9,761 |
| Comprehensive income attributable to non-controlling interests | 215 | 229 |

Consolidated statements of changes in equity

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 |
| 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 |
| 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 |

Fiscal year ended March 31, 2021

(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 | 34,007 | (147) | 53,966 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,414) | | (1,414) |
| Profit attributable to owners of parent | | | 9,176 | | 9,176 |
| Reversal of revaluation reserve for land | | | (349) | | (349) |
| Purchase of treasury shares | | | | (32) | (32) |
| Disposal of treasury shares | | | | 1 | 1 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | – | 7,412 | (30) | 7,381 |
| Balance at end of period | 14,049 | 6,057 | 41,419 | (178) | 61,348 |

| | 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 | 398 | 3 | 2,722 | (22) | (1,116) | 1,985 | 1,377 | 57,329 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | | (1,414) |
| Profit attributable to owners of parent | | | | | | | | 9,176 |
| Reversal of revaluation reserve for land | | | | | | | | (349) |
| Purchase of treasury shares | | | | | | | | (32) |
| Disposal of treasury shares | | | | | | | | 1 |
| Net changes in items other than shareholders' equity | 140 | (3) | 349 | 2 | 445 | 934 | 229 | 1,164 |
| Total changes during period | 140 | (3) | 349 | 2 | 445 | 934 | 229 | 8,546 |
| Balance at end of period | 538 | – | 3,071 | (19) | (670) | 2,920 | 1,606 | 65,875 |

Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 8,793 | 13,489 |
| Depreciation | 1,911 | 1,727 |
| Impairment losses | 230 | 521 |
| Increase (decrease) in allowance for doubtful accounts | 16 | (18) |
| Increase (decrease) in provision for loss on construction contracts | 123 | 20 |
| Increase (decrease) in retirement benefit liability | 14 | (222) |
| Interest and dividend income | (99) | (174) |
| Interest expenses | 145 | 140 |
| Loss (gain) on sale of investment securities | (28) | 101 |
| Loss (gain) on sale of property, plant and equipment | (88) | (44) |
| Loss on retirement of property, plant and equipment | 159 | 30 |
| Decrease (increase) in trade receivables | 3,907 | (20,183) |
| Decrease (increase) in costs on construction contracts in progress | (537) | 2,316 |
| Decrease (increase) in real estate for sale | – | 72 |
| Decrease (increase) in accounts receivable - other | 410 | 345 |
| Decrease (increase) in other accounts receivable | (4,217) | (2,489) |
| Decrease (increase) in advances paid | 52 | (3,272) |
| Increase (decrease) in trade payables | (8,412) | (1,314) |
| Increase (decrease) in advances received on construction contracts in progress | (1,655) | 4,274 |
| Increase (decrease) in accrued consumption taxes | 2,284 | 1,043 |
| Increase (decrease) in deposits received | (1,085) | 413 |
| Other, net | (191) | (282) |
| Subtotal | 1,733 | (3,505) |
| Interest and dividends received | 100 | 174 |
| Interest paid | (139) | (140) |
| Income taxes paid | (1,962) | (3,077) |
| Net cash provided by (used in) operating activities | (269) | (6,548) |
| Cash flows from investing activities | | |
| Payments into time deposits | (188) | (100) |
| Proceeds from withdrawal of time deposits | 100 | 188 |
| Purchase of securities | (10) | (65) |
| Proceeds from sale and redemption of securities | 33 | 10 |
| Purchase of property, plant and equipment | (3,062) | (877) |
| Proceeds from sale of property, plant and equipment | 166 | 86 |
| Purchase of intangible assets | (160) | (204) |
| Purchase of investment securities | (4) | (2) |
| Proceeds from sale of investment securities | 137 | 31 |
| Loan advances | (5) | (40) |
| Proceeds from collection of loans receivable | 25 | 14 |
| Other, net | 1 | (2) |
| Net cash provided by (used in) investing activities | (2,966) | (961) |

(Millions of yen)

| | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 100 | (300) |
| Proceeds from long-term borrowings | 1,200 | 1,682 |
| Repayments of long-term borrowings | (2,543) | (1,940) |
| Repayments of lease obligations | (87) | (92) |
| Dividends paid | (1,131) | (1,414) |
| Dividends paid to non-controlling interests | (129) | – |
| Proceeds from sale of treasury shares | 33 | 0 |
| Purchase of treasury shares | (72) | (32) |
| Net cash provided by (used in) financing activities | (2,632) | (2,095) |
| Effect of exchange rate change on cash and cash equivalents | 9 | 94 |
| Net increase (decrease) in cash and cash equivalents | (5,859) | (9,510) |
| Cash and cash equivalents at beginning of period | 32,040 | 26,181 |
| Cash and cash equivalents at end of period | 26,181 | 16,670 |