

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 11, 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 to file Quarterly Securities Report: November 11, 2021
 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, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	73,895	(2.6)	3,087	(23.7)	3,026	(19.6)	1,861	(21.1)
Six months ended September 30, 2020	75,853	(12.2)	4,044	(16.7)	3,766	(20.8)	2,358	(22.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	19.81		–	
Six months ended September 30, 2020	25.09		–	

(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, 2021	129,516	65,712	49.4	680.55
As of March 31, 2021	148,953	65,875	43.1	684.14

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, 2021	–	–	–	25.00	25.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	20.00	20.00

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
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 six months ended September 30, 2021
(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: Yes
- 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, 2021	94,371,183 shares	As of March 31, 2021	94,371,183 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	389,301 shares	As of March 31, 2021	429,978 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, 2021	93,966,655 shares	Six months ended September 30, 2020	93,994,053 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	16,770	24,620
Notes receivable, accounts receivable from completed construction contracts and other	70,177	53,715
Costs on construction contracts in progress	2,763	2,621
Advances paid	5,757	4,768
other account receivable	10,296	949
Other	3,265	3,295
Allowance for doubtful accounts	(12)	(9)
Total current assets	109,018	89,963
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,331	13,341
Machinery, vehicles, tools, furniture and fixtures	25,611	25,703
Land	21,592	21,596
Construction in progress	99	108
Accumulated depreciation	(28,300)	(28,907)
Total property, plant and equipment	32,334	31,841
Intangible assets	515	808
Investments and other assets		
Investment securities	2,561	2,584
Deferred tax assets	2,971	2,547
Retirement benefit asset	190	201
Other	1,474	1,697
Allowance for doubtful accounts	(114)	(128)
Total investments and other assets	7,084	6,903
Total non-current assets	39,934	39,553
Total assets	148,953	129,516

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	32,226	30,290
Short-term borrowings	7,841	2,694
Income taxes payable	3,275	791
Advances received on construction contracts in progress	13,126	7,945
Deposits received	2,754	1,602
Accrued consumption taxes	9,150	6,976
Provision for warranties for completed construction	445	439
Provision for loss on construction contracts	147	170
Provision for bonuses	1,011	1,015
Other	1,554	1,058
Total current liabilities	71,532	52,986
Non-current liabilities		
Long-term borrowings	2,752	2,346
Deferred tax liabilities	127	132
Deferred tax liabilities for land revaluation	2,207	2,207
Other provisions	85	102
Retirement benefit liability	5,807	5,477
Other	564	553
Total non-current liabilities	11,544	10,818
Total liabilities	83,077	63,804
Net assets		
Shareholders' equity		
Share capital	14,049	14,049
Capital surplus	6,057	6,057
Retained earnings	41,419	40,928
Treasury shares	(178)	(160)
Total shareholders' equity	61,348	60,874
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	538	569
Revaluation reserve for land	3,071	3,071
Foreign currency translation adjustment	(19)	11
Remeasurements of defined benefit plans	(670)	(567)
Total accumulated other comprehensive income	2,920	3,085
Non-controlling interests	1,606	1,752
Total net assets	65,875	65,712
Total liabilities and net assets	148,953	129,516

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, 2020	Six months ended September 30, 2021
Net sales		
Net sales of completed construction contracts	75,511	73,548
Net sales in sideline businesses	342	346
Total net sales	75,853	73,895
Cost of sales		
Cost of sales of completed construction contracts	67,399	65,997
Cost of sales in sideline businesses	122	157
Total cost of sales	67,522	66,155
Gross profit		
Gross profit on completed construction contracts	8,111	7,551
Gross profit on sideline business	220	189
Total gross profit	8,331	7,740
Selling, general and administrative expenses	4,287	4,653
Operating profit	4,044	3,087
Non-operating income		
Interest income	11	5
Dividend income	22	24
Foreign exchange gains	13	22
Other	40	13
Total non-operating income	87	66
Non-operating expenses		
Interest expenses	75	60
Commitment fees	242	21
Other	47	44
Total non-operating expenses	365	126
Ordinary profit	3,766	3,026
Extraordinary income		
Surrender value of insurance policies	–	14
Gain on sale of investment securities	–	9
Gain on sale of non-current assets	30	7
Total extraordinary income	30	30
Extraordinary losses		
Provision of allowance for doubtful accounts	4	13
Loss on retirement of non-current assets	5	5
Loss on sale of investment securities	96	0
Other	4	–
Total extraordinary losses	112	18
Profit before income taxes	3,684	3,038
Income taxes - current	1,085	701
Income taxes - deferred	149	365
Total income taxes	1,235	1,066
Profit	2,449	1,971
Profit attributable to non-controlling interests	90	110
Profit attributable to owners of parent	2,358	1,861

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	2,449	1,971
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	30
Deferred gains or losses on hedges	(3)	–
Foreign currency translation adjustment	6	77
Remeasurements of defined benefit plans, net of tax	116	107
Total other comprehensive income	105	216
Comprehensive income	2,554	2,188
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,456	2,027
Comprehensive income attributable to non-controlling interests	97	161

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	3,684	3,038
Depreciation	853	752
Increase (decrease) in allowance for doubtful accounts	9	10
Increase (decrease) in provision for loss on construction contracts	126	23
Increase (decrease) in retirement benefit liability	(63)	(185)
Interest and dividend income	(33)	(30)
Interest expenses	75	60
Loss (gain) on sale of investment securities	96	(8)
Loss (gain) on sale of property, plant and equipment	(29)	(7)
Loss on retirement of property, plant and equipment	5	5
Decrease (increase) in trade receivables	(5,195)	17,353
Decrease (increase) in costs on construction contracts in progress	(3,374)	(899)
Decrease (increase) in real estate for sale	–	41
Decrease (increase) in accounts receivable - other	152	6
Decrease (increase) in other accounts receivable	625	9,346
Decrease (increase) in advances paid	(832)	990
Increase (decrease) in trade payables	(1,581)	(1,996)
Increase (decrease) in advances received on construction contracts in progress	2,342	(4,895)
Increase (decrease) in accrued consumption taxes	(1,079)	(2,275)
Increase (decrease) in deposits received	252	(1,153)
Other, net	(487)	(708)
Subtotal	(4,452)	19,469
Interest and dividends received	34	30
Interest paid	(78)	(65)
Income taxes paid	(1,762)	(3,096)
Net cash provided by (used in) operating activities	(6,259)	16,338
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	88	–
Purchase of securities	(65)	(48)
Proceeds from sale and redemption of securities	10	68
Purchase of property, plant and equipment	(391)	(250)
Proceeds from sale of property, plant and equipment	56	8
Purchase of intangible assets	(138)	(350)
Purchase of investment securities	(2)	(0)
Proceeds from sale of investment securities	0	31
Loan advances	–	(28)
Proceeds from collection of loans receivable	9	4
Other, net	1	(0)
Net cash provided by (used in) investing activities	(430)	(565)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,200)	(5,000)
Proceeds from long-term borrowings	532	400
Repayments of long-term borrowings	(905)	(953)
Repayments of lease obligations	(45)	(49)
Dividends paid	(1,414)	(2,358)
Dividends paid to non-controlling interests	–	(15)
Proceeds from sale of treasury shares	0	–
Purchase of treasury shares	(32)	(0)
Net cash provided by (used in) financing activities	(5,064)	(7,976)
Effect of exchange rate change on cash and cash equivalents	25	53
Net increase (decrease) in cash and cash equivalents	(11,728)	7,850
Cash and cash equivalents at beginning of period	26,181	16,670
Cash and cash equivalents at end of period	14,452	24,520