

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 12, 2022

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
 Managing Executive Officer General
 Inquiries: Manager, Administration Dept. Mamoru Sato TEL 03-6361-5450
 Business Administration Div.
 Scheduled date of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to file Securities Report: June 24, 2022
 Scheduled date to commence dividend payments: –
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	152,524	(11.8)	9,616	(32.6)	9,139	(35.2)	5,863	(36.1)
Year ended March 31, 2021	172,976	(1.0)	14,259	53.8	14,103	53.8	9,176	59.1

	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, 2022	62.40	–	8.9	6.4	6.3
Year ended March 31, 2021	97.65	–	15.3	9.9	8.2

(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, 2022	135,582	69,899	50.2	724.81
As of March 31, 2021	148,953	65,875	43.1	684.14

(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, 2022	22,287	(1,109)	(7,462)	30,485
Year ended March 31, 2021	(6,548)	(961)	(2,095)	16,670

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, 2021	–	–	–	25.00	25.00	2,358	25.6	3.9
Year ended March 31, 2022 (Forecast)	–	–	–	0.00	0.00	0	0.0	0.0
Year ending March 31, 2023 (Forecast)	–	–	–	–	–	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	182,000	19.3	9,700	0.9	9,650	5.6	6,500	10.9	69.17

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

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, 2022	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 March 31, 2022	389,609 shares	As of March 31, 2021	429,978 shares
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Average number of shares during the period

Year ended March 31, 2022	93,974,189 shares	Year ended March 31, 2021	93,967,647 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	16,770	30,585
Notes receivable, accounts receivable from completed construction contracts and other	70,177	51,541
Costs on construction contracts in progress	2,763	2,491
Advances paid	5,757	3,338
Other accounts receivable	10,296	5,503
Other	3,265	3,130
Allowance for doubtful accounts	(12)	(8)
Total current assets	109,018	96,583
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,331	13,428
Machinery, vehicles, tools, furniture and fixtures	25,611	25,576
Land	21,592	21,358
Construction in progress	99	300
Accumulated depreciation	(28,300)	(29,156)
Total property, plant and equipment	32,334	31,508
Intangible assets	515	942
Investments and other assets		
Investment securities	2,561	2,732
Deferred tax assets	2,971	2,243
Retirement benefit asset	190	254
Other	1,474	1,426
Allowance for doubtful accounts	(114)	(110)
Total investments and other assets	7,084	6,547
Total non-current assets	39,934	38,998
Total assets	148,953	135,582

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	32,226	29,749
Short-term borrowings	7,841	2,869
Income taxes payable	3,275	266
Advances received on construction contracts in progress	13,126	8,629
Deposits received	2,754	2,653
Accrued consumption taxes	9,150	7,788
Provision for warranties for completed construction	445	381
Provision for loss on construction contracts	147	50
Provision for bonuses	1,011	979
Other	1,554	1,378
Total current liabilities	71,532	54,747
Non-current liabilities		
Long-term borrowings	2,752	2,722
Deferred tax liabilities	127	156
Deferred tax liabilities for land revaluation	2,207	2,206
Other provisions	85	85
Retirement benefit liability	5,807	5,202
Other	564	562
Total non-current liabilities	11,544	10,935
Total liabilities	83,077	65,682
Net assets		
Shareholders' equity		
Share capital	14,049	14,049
Capital surplus	6,057	6,066
Retained earnings	41,419	44,931
Treasury shares	(178)	(161)
Total shareholders' equity	61,348	64,886
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	538	661
Deferred gains or losses on hedges	–	0
Revaluation reserve for land	3,071	3,070
Foreign currency translation adjustment	(19)	0
Remeasurements of defined benefit plans	(670)	(500)
Total accumulated other comprehensive income	2,920	3,233
Non-controlling interests	1,606	1,780
Total net assets	65,875	69,899
Total liabilities and net assets	148,953	135,582

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales		
Net sales of completed construction contracts	172,173	151,626
Net sales in sideline businesses	802	898
Total net sales	172,976	152,524
Cost of sales		
Cost of sales of completed construction contracts	149,423	133,091
Cost of sales in sideline businesses	326	391
Total cost of sales	149,750	133,483
Gross profit		
Gross profit on completed construction contracts	22,749	18,534
Gross profit on sideline business	476	506
Total gross profit	23,225	19,040
Selling, general and administrative expenses	8,966	9,424
Operating profit	14,259	9,616
Non-operating income		
Interest income	83	17
Dividend income	90	41
Foreign exchange gains	82	159
Other	100	25
Total non-operating income	357	244
Non-operating expenses		
Interest expenses	140	96
Restructuring Expense	–	394
Commitment fees	272	36
Other	100	194
Total non-operating expenses	513	720
Ordinary profit	14,103	9,139
Extraordinary income		
Gain on sale of non-current assets	45	12
Gain on sale of investment securities	5	9
Surrender value of insurance policies	–	14
Other	–	1
Total extraordinary income	51	37

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary losses		
Impairment losses	521	230
Loss on sale of non-current assets	1	14
Loss on retirement of non-current assets	30	12
Loss on sale of investment securities	107	0
Other	5	–
Total extraordinary losses	665	258
Profit before income taxes	13,489	8,918
Income taxes - current	4,372	2,308
Income taxes - deferred	(241)	617
Total income taxes	4,130	2,925
Profit	9,358	5,992
Profit attributable to non-controlling interests	182	128
Profit attributable to owners of parent	9,176	5,863

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	9,358	5,992
Other comprehensive income		
Valuation difference on available-for-sale securities	147	126
Deferred gains or losses on hedges	(3)	0
Foreign currency translation adjustment	6	51
Remeasurements of defined benefit plans, net of tax	481	205
Total other comprehensive income	632	383
Comprehensive income	9,991	6,376
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,761	6,177
Comprehensive income attributable to non-controlling interests	229	198

Consolidated statements of changes in equity

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
Purchase of treasury shares				(32)	(32)
Disposal of treasury shares				1	1
Reversal of revaluation reserve for land			(349)		(349)
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
Purchase of treasury shares								(32)
Disposal of treasury shares								1
Reversal of revaluation reserve for land								(349)
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

Fiscal year ended March 31, 2022

(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	41,419	(178)	61,348
Cumulative effects of changes in accounting policies			5		5
Restated balance	14,049	6,057	41,424	(178)	61,353
Changes during period					
Dividends of surplus			(2,358)		(2,358)
Profit attributable to owners of parent			5,863		5,863
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				17	17
Purchase of shares of consolidated subsidiaries		8			8
Reversal of revaluation reserve for land			1		1
Net changes in items other than shareholders' equity					
Total changes during period	-	8	3,506	16	3,532
Balance at end of period	14,049	6,066	44,931	(161)	64,886

	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	538	-	3,071	(19)	(670)	2,920	1,606	65,875
Cumulative effects of changes in accounting policies								5
Restated balance	538	-	3,071	(19)	(670)	2,920	1,606	65,880
Changes during period								
Dividends of surplus								(2,358)
Profit attributable to owners of parent								5,863
Purchase of treasury shares								(0)
Disposal of treasury shares								17
Purchase of shares of consolidated subsidiaries								8
Reversal of revaluation reserve for land								1
Net changes in items other than shareholders' equity	122	0	(1)	20	170	312	173	486
Total changes during period	122	0	(1)	20	170	312	173	4,019
Balance at end of period	661	0	3,070	0	(500)	3,233	1,780	69,899

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	13,489	8,918
Depreciation	1,727	1,611
Impairment losses	521	230
Increase (decrease) in allowance for doubtful accounts	(18)	(7)
Increase (decrease) in provision for loss on construction contracts	20	(97)
Decrease (increase) in retirement benefit asset	–	(64)
Increase (decrease) in retirement benefit liability	(222)	(328)
Interest and dividend income	(174)	(58)
Interest expenses	140	96
Loss (gain) on sale of investment securities	101	(8)
Loss (gain) on sale of property, plant and equipment	(44)	2
Loss on retirement of property, plant and equipment	30	12
Decrease (increase) in trade receivables	(20,183)	19,511
Decrease (increase) in costs on construction contracts in progress	2,316	(771)
Decrease (increase) in real estate for sale	72	174
Decrease (increase) in accounts receivable - other	345	(52)
Decrease (increase) in other accounts receivable	(2,489)	4,792
Decrease (increase) in advances paid	(3,272)	2,419
Increase (decrease) in trade payables	(1,314)	(2,519)
Increase (decrease) in advances received on construction contracts in progress	4,274	(4,195)
Increase (decrease) in accrued consumption taxes	1,043	(1,463)
Increase (decrease) in deposits received	413	(102)
Other, net	(282)	(478)
Subtotal	(3,505)	27,620
Interest and dividends received	174	58
Interest paid	(140)	(96)
Income taxes paid	(3,077)	(5,295)
Net cash provided by (used in) operating activities	(6,548)	22,287
Cash flows from investing activities		
Payments into time deposits	(100)	(100)
Proceeds from withdrawal of time deposits	188	100
Purchase of securities	(65)	(52)
Proceeds from sale and redemption of securities	10	68
Purchase of property, plant and equipment	(877)	(597)
Proceeds from sale of property, plant and equipment	86	20
Purchase of intangible assets	(204)	(577)
Purchase of investment securities	(2)	(3)
Proceeds from sale of investment securities	31	31
Loan advances	(40)	(45)
Proceeds from collection of loans receivable	14	49
Other, net	(2)	(2)
Net cash provided by (used in) investing activities	(961)	(1,109)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(300)	(5,000)
Proceeds from long-term borrowings	1,682	1,707
Repayments of long-term borrowings	(1,940)	(1,710)
Repayments of lease liabilities	(92)	(98)
Dividends paid	(1,414)	(2,358)
Dividends paid to non-controlling interests	–	(15)
Proceeds from sale of treasury shares	0	12
Purchase of treasury shares	(32)	(0)
Net cash provided by (used in) financing activities	(2,095)	(7,462)
Effect of exchange rate change on cash and cash equivalents	94	99
Net increase (decrease) in cash and cash equivalents	(9,510)	13,814
Cash and cash equivalents at beginning of period	26,181	16,670
Cash and cash equivalents at end of period	16,670	30,485