

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 10, 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
 General Manager, Administration Dept.
 Inquiries: Business Administration Div Hisashi Tokimizu TEL 03-6361-5450
 Scheduled date to file Quarterly Securities Report: November 10, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	73,481	(0.6)	2,399	(22.3)	2,381	(21.3)	1,779	(4.4)
Six months ended September 30, 2021	73,895	(2.6)	3,087	(23.7)	3,026	(19.6)	1,861	(21.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	18.93	–
Six months ended September 30, 2021	19.81	–

(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, 2022	132,036	69,921	51.6	725.12
As of March 31, 2022	135,582	69,899	50.2	724.81

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, 2022	–	–	–	20.00	20.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	25.00	25.00

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 six months ended September 30, 2022
(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, 2022	94,371,183 shares	As of March 31, 2022	94,371,183 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	351,426 shares	As of March 31, 2022	389,609 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, 2022	94,008,205 shares	Six months ended September 30, 2021	93,966,655 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	30,585	28,791
Notes receivable, accounts receivable from completed construction contracts and other	51,541	52,122
Costs on construction contracts in progress	2,491	2,894
Advances paid	3,338	1,974
other account receivable	5,503	4,207
Other	3,130	3,126
Allowance for doubtful accounts	(8)	(10)
Total current assets	96,583	93,106
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,428	13,052
Machinery, vehicles, tools, furniture and fixtures	25,576	25,840
Land	21,358	21,369
Construction in progress	300	151
Accumulated depreciation	(29,156)	(29,304)
Total property, plant and equipment	31,508	31,110
Intangible assets	942	932
Investments and other assets		
Investment securities	2,732	2,697
Deferred tax assets	2,243	2,499
Retirement benefit asset	254	281
Other	1,426	1,527
Allowance for doubtful accounts	(110)	(120)
Total investments and other assets	6,547	6,885
Total non-current assets	38,998	38,929
Total assets	135,582	132,036

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	29,749	26,644
Short-term borrowings	2,869	2,463
Income taxes payable	266	1,226
Advances received on construction contracts in progress	8,629	7,434
Deposits received	2,653	3,633
Accrued consumption taxes	7,788	7,110
Provision for warranties for completed construction	381	1,030
Provision for loss on construction contracts	50	14
Provision for bonuses	979	1,147
Other	1,378	1,204
Total current liabilities	54,747	51,910
Non-current liabilities		
Long-term borrowings	2,722	2,352
Deferred tax liabilities	156	105
Deferred tax liabilities for land revaluation	2,206	2,206
Other provisions	85	128
Retirement benefit liability	5,202	4,847
Other	562	563
Total non-current liabilities	10,935	10,203
Total liabilities	65,682	62,114
Net assets		
Shareholders' equity		
Share capital	14,049	14,049
Capital surplus	6,066	6,074
Retained earnings	44,931	44,824
Treasury shares	(161)	(145)
Total shareholders' equity	64,886	64,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	661	664
Revaluation reserve for land	3,070	3,070
Foreign currency translation adjustment	0	69
Remeasurements of defined benefit plans	(500)	(432)
Total accumulated other comprehensive income	3,233	3,371
Non-controlling interests	1,780	1,746
Total net assets	69,899	69,921
Total liabilities and net assets	135,582	132,036

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, 2021	Six months ended September 30, 2022
Net sales		
Net sales of completed construction contracts	73,548	73,147
Net sales in sideline businesses	346	333
Total net sales	73,895	73,481
Cost of sales		
Cost of sales of completed construction contracts	65,997	65,741
Cost of sales in sideline businesses	157	102
Total cost of sales	66,155	65,843
Gross profit		
Gross profit on completed construction contracts	7,551	7,406
Gross profit on sideline business	189	231
Total gross profit	7,740	7,637
Selling, general and administrative expenses	4,653	5,238
Operating profit	3,087	2,399
Non-operating income		
Interest income	5	25
Dividend income	24	99
Foreign exchange gains	22	223
Other	13	18
Total non-operating income	66	367
Non-operating expenses		
Interest expenses	60	71
Restructuring Expense	—	239
Commitment fees	21	14
Other	44	61
Total non-operating expenses	126	386
Ordinary profit	3,026	2,381
Extraordinary income		
Gain on sale of non-current assets	7	4
Gain on sale of investment securities	9	18
Surrender value of insurance policies	14	—
Other	—	4
Total extraordinary income	30	27
Extraordinary losses		
Loss on sale of non-current assets	—	16
Loss on retirement of non-current assets	5	5
Provision of allowance for doubtful accounts	13	—
Loss on sale of investment securities	0	—
Total extraordinary losses	18	22
Profit before income taxes	3,038	2,385
Income taxes - current	701	1,079
Income taxes - deferred	365	(341)
Total income taxes	1,066	737
Profit	1,971	1,648
Profit (loss) attributable to non-controlling interests	110	(131)
Profit attributable to owners of parent	1,861	1,779

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,971	1,648
Other comprehensive income		
Valuation difference on available-for-sale securities	30	3
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustment	77	170
Remeasurements of defined benefit plans, net of tax	107	79
Total other comprehensive income	216	253
Comprehensive income	2,188	1,901
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,027	1,918
Comprehensive income attributable to non-controlling interests	161	(16)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,038	2,385
Depreciation	752	791
Increase (decrease) in allowance for doubtful accounts	10	11
Increase (decrease) in provision for loss on construction contracts	23	(35)
Increase (decrease) in retirement benefit liability	(185)	(268)
Interest and dividend income	(30)	(125)
Interest expenses	60	71
Loss (gain) on sale of investment securities	(8)	(18)
Loss (gain) on sale of property, plant and equipment	(7)	12
Loss on retirement of property, plant and equipment	5	5
Decrease (increase) in trade receivables	17,353	(491)
Decrease (increase) in costs on construction contracts in progress	(899)	(389)
Decrease (increase) in real estate for sale	41	—
Decrease (increase) in accounts receivable - other	6	(61)
Decrease (increase) in other accounts receivable	9,346	1,296
Decrease (increase) in advances paid	990	1,368
Increase (decrease) in trade payables	(1,996)	(3,304)
Increase (decrease) in advances received on construction contracts in progress	(4,895)	(1,263)
Increase (decrease) in accrued consumption taxes	(2,275)	(661)
Increase (decrease) in deposits received	(1,153)	976
Other, net	(708)	790
Subtotal	19,469	1,090
Interest and dividends received	30	125
Interest paid	(65)	(73)
Income taxes paid	(3,096)	(85)
Net cash provided by (used in) operating activities	16,338	1,056
Cash flows from investing activities		
Purchase of securities	(48)	(91)
Proceeds from sale and redemption of securities	68	54
Purchase of property, plant and equipment	(250)	(389)
Proceeds from sale of property, plant and equipment	8	12
Purchase of intangible assets	(350)	(96)
Purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	31	60
Loan advances	(28)	(10)
Proceeds from collection of loans receivable	4	4
Other, net	(0)	4
Net cash provided by (used in) investing activities	(565)	(451)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,000)	(200)
Proceeds from long-term borrowings	400	300
Repayments of long-term borrowings	(953)	(875)
Repayments of lease liabilities	(49)	(53)
Dividends paid	(2,358)	(1,886)
Dividends paid to non-controlling interests	(15)	(9)
Proceeds from sale of treasury shares	—	8
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(7,976)	(2,717)
Effect of exchange rate change on cash and cash equivalents	53	318
Net increase (decrease) in cash and cash equivalents	7,850	(1,793)
Cash and cash equivalents at beginning of period	16,670	30,485
Cash and cash equivalents at end of period	24,520	28,691