

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 11, 2023

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 of ordinary general meeting of shareholders: June 27, 2023
 Scheduled date to file Securities Report: June 27, 2023
 Scheduled date to commence dividend payments: June 28, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	168,351	10.4	8,995	(6.5)	8,551	(6.4)	5,656	(3.5)
Year ended March 31, 2022	152,524	(11.8)	9,616	(32.6)	9,139	(35.2)	5,863	(36.1)

	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, 2023	60.17	—	8.1	5.9	5.3
Year ended March 31, 2022	62.40	—	8.9	6.4	6.3

(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, 2023	153,717	73,984	46.7	763.87
As of March 31, 2022	135,582	69,899	50.2	724.81

(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, 2023	11,785	(485)	(2,872)	39,008
Year ended March 31, 2022	22,287	(1,109)	(7,462)	30,485

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, 2022	—	—	—	20.00	20.00	1,886	32.1	2.9
Year ended March 31, 2023	—	—	—	25.00	25.00	2,358	41.5	3.4
Year ending March 31, 2024 (Forecast)	—	—	—	63.00	63.00		98.7	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	192,500	14.3	10,100	12.3	9,600	12.3	6,000	6.1	63.82

4. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	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 March 31, 2023	351,466 shares	As of March 31, 2022	389,609 shares
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Average number of shares during the period

Year ended March 31, 2023	94,013,978 shares	Year ended March 31, 2022	93,974,189 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	30,585	39,108
Notes receivable, accounts receivable from completed construction contracts and other	51,541	63,153
Costs on construction contracts in progress	2,491	2,158
Advances paid	3,338	2,384
Other accounts receivable	5,503	4,770
Other	3,130	3,450
Allowance for doubtful accounts	(8)	(11)
Total current assets	96,583	115,014
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,428	13,086
Machinery, vehicles, tools, furniture and fixtures	25,576	26,052
Land	21,358	21,346
Construction in progress	300	186
Accumulated depreciation	(29,156)	(29,658)
Total property, plant and equipment	31,508	31,013
Intangible assets	942	977
Investments and other assets		
Investment securities	2,732	2,528
Deferred tax assets	2,243	2,513
Retirement benefit asset	254	366
Other	1,426	1,400
Allowance for doubtful accounts	(110)	(97)
Total investments and other assets	6,547	6,711
Total non-current assets	38,998	38,703
Total assets	135,582	153,717

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	29,749	33,729
Short-term borrowings	2,869	2,951
Income taxes payable	266	2,268
Advances received on construction contracts in progress	8,629	12,537
Deposits received	2,653	5,996
Accrued consumption taxes	7,788	8,525
Provision for warranties for completed construction	381	1,053
Provision for loss on construction contracts	50	25
Provision for bonuses	979	1,233
Other	1,378	1,915
Total current liabilities	54,747	70,235
Non-current liabilities		
Long-term borrowings	2,722	1,754
Deferred tax liabilities	156	135
Deferred tax liabilities for land revaluation	2,206	2,206
Other provisions	85	9
Retirement benefit liability	5,202	4,826
Other	562	564
Total non-current liabilities	10,935	9,497
Total liabilities	65,682	79,733
Net assets		
Shareholders' equity		
Share capital	14,049	14,049
Capital surplus	6,066	6,074
Retained earnings	44,931	48,701
Treasury shares	(161)	(145)
Total shareholders' equity	64,886	68,680
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	661	576
Deferred gains or losses on hedges	0	—
Revaluation reserve for land	3,070	3,070
Foreign currency translation adjustment	0	35
Remeasurements of defined benefit plans	(500)	(543)
Total accumulated other comprehensive income	3,233	3,138
Non-controlling interests	1,780	2,165
Total net assets	69,899	73,984
Total liabilities and net assets	135,582	153,717

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales		
Net sales of completed construction contracts	151,626	167,676
Net sales in sideline businesses	898	675
Total net sales	152,524	168,351
Cost of sales		
Cost of sales of completed construction contracts	133,091	148,609
Cost of sales in sideline businesses	391	214
Total cost of sales	133,483	148,823
Gross profit		
Gross profit on completed construction contracts	18,534	19,066
Gross profit on sideline businesses	506	460
Total gross profit	19,040	19,527
Selling, general and administrative expenses	9,424	10,531
Operating profit	9,616	8,995
Non-operating income		
Interest income	17	46
Dividend income	41	121
Foreign exchange gains	159	74
Other	25	80
Total non-operating income	244	321
Non-operating expenses		
Interest expenses	96	132
Restructuring Expense	394	486
Commitment fees	36	27
Other	194	118
Total non-operating expenses	720	765
Ordinary profit	9,139	8,551
Extraordinary income		
Gain on sale of non-current assets	12	149
Gain on sale of investment securities	9	222
Surrender value of insurance policies	14	–
Other	1	10
Total extraordinary income	37	382
Extraordinary losses		
Loss on sale of non-current assets	14	24
Loss on retirement of non-current assets	12	24
Loss on sale of investment securities	0	–
Impairment losses	230	–
Other	–	3
Total extraordinary losses	258	51
Profit before income taxes	8,918	8,882
Income taxes - current	2,308	3,166
Income taxes - deferred	617	(247)
Total income taxes	2,925	2,918
Profit	5,992	5,964
Profit attributable to non-controlling interests	128	307
Profit attributable to owners of parent	5,863	5,656

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	5,992	5,964
Other comprehensive income		
Valuation difference on available-for-sale securities	126	(90)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	51	85
Remeasurements of defined benefit plans, net of tax	205	5
Total other comprehensive income	383	0
Comprehensive income	6,376	5,964
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,177	5,562
Comprehensive income attributable to non-controlling interests	198	402

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,049	6,066	44,931	(161)	64,886
Changes during period					
Dividends of surplus			(1,886)		(1,886)
Profit attributable to owners of parent			5,656		5,656
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				16	16
Purchase of shares of consolidated subsidiaries		8			8
Reversal of revaluation reserve for land					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	8	3,770	15	3,794
Balance at end of period	14,049	6,074	48,701	(145)	68,680

	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	661	0	3,070	0	(500)	3,233	1,780	69,899
Changes during period								
Dividends of surplus								(1,886)
Profit attributable to owners of parent								5,656
Purchase of treasury shares								(0)
Disposal of treasury shares								16
Purchase of shares of consolidated subsidiaries								8
Reversal of revaluation reserve for land								—
Net changes in items other than shareholders' equity	(85)	(0)	—	34	(43)	(94)	384	290
Total changes during period	(85)	(0)	—	34	(43)	(94)	384	4,084
Balance at end of period	576	—	3,070	35	(543)	3,138	2,165	73,984

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,918	8,882
Depreciation	1,611	1,652
Impairment losses	230	–
Increase (decrease) in allowance for doubtful accounts	(7)	(9)
Increase (decrease) in provision for loss on construction contracts	(97)	(24)
Decrease (increase) in retirement benefit asset	(64)	(96)
Increase (decrease) in retirement benefit liability	(328)	(375)
Interest and dividend income	(58)	(167)
Interest expenses	96	132
Loss (gain) on sale of investment securities	(8)	(222)
Loss (gain) on sale of property, plant and equipment	2	(124)
Loss on retirement of property, plant and equipment	12	24
Decrease (increase) in trade receivables	19,511	(11,601)
Decrease (increase) in costs on construction contracts in progress	(771)	334
Decrease (increase) in real estate for sale	174	–
Decrease (increase) in accounts receivable - other	(52)	(109)
Decrease (increase) in other accounts receivable	4,792	732
Decrease (increase) in advances paid	2,419	943
Increase (decrease) in trade payables	(2,519)	3,921
Increase (decrease) in advances received on construction contracts in progress	(4,195)	3,865
Increase (decrease) in accrued consumption taxes	(1,463)	732
Increase (decrease) in deposits received	(102)	3,340
Other, net	(478)	1,157
Subtotal	27,620	12,988
Interest and dividends received	58	166
Interest paid	(96)	(125)
Income taxes paid	(5,295)	(1,242)
Net cash provided by (used in) operating activities	22,287	11,785
Cash flows from investing activities		
Payments into time deposits	(100)	(100)
Proceeds from withdrawal of time deposits	100	100
Purchase of securities	(52)	(91)
Proceeds from sale and redemption of securities	68	54
Purchase of property, plant and equipment	(597)	(794)
Proceeds from sale of property, plant and equipment	20	185
Purchase of intangible assets	(577)	(174)
Purchase of investment securities	(3)	(0)
Proceeds from sale of investment securities	31	301
Loan advances	(45)	(10)
Proceeds from collection of loans receivable	49	45
Other, net	(2)	(0)
Net cash provided by (used in) investing activities	(1,109)	(485)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,000)	529
Proceeds from long-term borrowings	1,707	300
Repayments of long-term borrowings	(1,710)	(1,706)
Repayments of lease liabilities	(98)	(107)
Dividends paid	(2,358)	(1,886)
Dividends paid to non-controlling interests	(15)	(9)
Proceeds from sale of treasury shares	12	8
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(7,462)	(2,872)
Effect of exchange rate change on cash and cash equivalents	99	95
Net increase (decrease) in cash and cash equivalents	13,814	8,523
Cash and cash equivalents at beginning of period	16,670	30,485
Cash and cash equivalents at end of period	30,485	39,008