

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 9, 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 Haruhisa Obayashi
 General Manager, Administration Dept. Hisashi Tokimizu TEL 03-6361-5450
 Administration Div.
 Scheduled date to file Quarterly Securities Report: November 9, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	88,764	20.8	4,190	74.6	3,668	54.1	2,179	22.4
Six months ended September 30, 2022	73,481	(0.6)	2,399	(22.3)	2,381	(21.3)	1,779	(4.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	23.13		–	
Six months ended September 30, 2022	18.93		–	

(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, 2023	152,548	74,735	47.3	765.90
As of March 31, 2023	153,717	73,984	46.7	763.87

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, 2023	–	–	–	25.00	25.00
Year ending March 31, 2024	–	–	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	63.00	63.00

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	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 six months ended September 30, 2023
(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: Yes
- 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, 2023	94,371,183 shares	As of March 31, 2023	94,371,183 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	112,443 shares	As of March 31, 2023	351,466 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, 2023	94,200,270 shares	Six months ended September 30, 2022	94,008,205 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	39,108	32,790
Notes receivable, accounts receivable from completed construction contracts and other	63,153	64,135
Costs on construction contracts in progress	2,158	2,921
Advances paid	2,384	7,557
other account receivable	4,770	2,333
Other	3,450	4,852
Allowance for doubtful accounts	(11)	(10)
Total current assets	115,014	114,580
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,086	13,011
Machinery, vehicles, tools, furniture and fixtures	26,052	26,795
Land	21,346	21,323
Construction in progress	186	290
Accumulated depreciation	(29,658)	(31,353)
Total property, plant and equipment	31,013	30,067
Intangible assets	977	931
Investments and other assets		
Investment securities	2,528	2,958
Deferred tax assets	2,513	2,221
Retirement benefit asset	366	439
Other	1,400	1,461
Allowance for doubtful accounts	(97)	(111)
Total investments and other assets	6,711	6,969
Total non-current assets	38,703	37,968
Total assets	153,717	152,548

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	33,729	37,179
Short-term borrowings	2,951	2,115
Income taxes payable	2,268	1,024
Advances received on construction contracts in progress	12,537	13,865
Deposits received	5,996	1,946
Accrued consumption taxes	8,525	8,946
Provision for warranties for completed construction	1,053	857
Provision for loss on construction contracts	25	9
Provision for bonuses	1,233	1,254
Other	1,915	1,540
Total current liabilities	70,235	68,739
Non-current liabilities		
Long-term borrowings	1,754	1,452
Deferred tax liabilities	135	165
Deferred tax liabilities for land revaluation	2,206	2,204
Other provisions	9	35
Retirement benefit liability	4,826	4,599
Other	564	615
Total non-current liabilities	9,497	9,073
Total liabilities	79,733	77,813
Net assets		
Shareholders' equity		
Share capital	14,049	14,049
Capital surplus	6,074	6,074
Retained earnings	48,701	48,529
Treasury shares	(145)	(44)
Total shareholders' equity	68,680	68,608
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	576	869
Revaluation reserve for land	3,070	3,066
Foreign currency translation adjustment	35	127
Remeasurements of defined benefit plans	(543)	(478)
Total accumulated other comprehensive income	3,138	3,584
Non-controlling interests	2,165	2,542
Total net assets	73,984	74,735
Total liabilities and net assets	153,717	152,548

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, 2022	Six months ended September 30, 2023
Net sales		
Net sales of completed construction contracts	73,147	88,354
Net sales in sideline businesses	333	410
Total net sales	73,481	88,764
Cost of sales		
Cost of sales of completed construction contracts	65,741	78,215
Cost of sales in sideline businesses	102	214
Total cost of sales	65,843	78,429
Gross profit		
Gross profit on completed construction contracts	7,406	10,139
Gross profit on sideline businesses	231	195
Total gross profit	7,637	10,334
Selling, general and administrative expenses	5,238	6,144
Operating profit	2,399	4,190
Non-operating income		
Interest income	25	29
Dividend income	99	28
Foreign exchange gains	223	308
Other	18	21
Total non-operating income	367	388
Non-operating expenses		
Interest expenses	71	64
Restructuring Expense	239	725
Commitment fees	14	63
Other	61	57
Total non-operating expenses	386	910
Ordinary profit	2,381	3,668
Extraordinary income		
Gain on sale of non-current assets	4	9
Gain on sale of investment securities	18	–
Other	4	–
Total extraordinary income	27	9
Extraordinary losses		
Loss on sale of non-current assets	16	1
Loss on retirement of non-current assets	5	97
Total extraordinary losses	22	99
Profit before income taxes	2,385	3,578
Income taxes - current	1,079	990
Income taxes - deferred	(341)	160
Total income taxes	737	1,151
Profit	1,648	2,427
Profit (loss) attributable to non-controlling interests	(131)	248
Profit attributable to owners of parent	1,779	2,179

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,648	2,427
Other comprehensive income		
Valuation difference on available-for-sale securities	3	301
Deferred gains or losses on hedges	(0)	–
Foreign currency translation adjustment	170	229
Remeasurements of defined benefit plans, net of tax	79	81
Total other comprehensive income	253	612
Comprehensive income	1,901	3,040
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,918	2,628
Comprehensive income attributable to non-controlling interests	(16)	411

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,385	3,578
Depreciation	791	1,766
Increase (decrease) in allowance for doubtful accounts	11	12
Increase (decrease) in provision for loss on construction contracts	(35)	(15)
Decrease (increase) in retirement benefit asset	–	(36)
Increase (decrease) in retirement benefit liability	(268)	(227)
Interest and dividend income	(125)	(57)
Interest expenses	71	64
Loss (gain) on sale of investment securities	(18)	–
Loss (gain) on sale of property, plant and equipment	12	(7)
Loss on retirement of property, plant and equipment	5	97
Decrease (increase) in trade receivables	(491)	(760)
Decrease (increase) in costs on construction contracts in progress	(389)	(747)
Decrease (increase) in real estate for sale	–	0
Decrease (increase) in accounts receivable - other	(61)	(1,086)
Decrease (increase) in other accounts receivable	1,296	2,437
Decrease (increase) in advances paid	1,368	(5,135)
Increase (decrease) in trade payables	(3,304)	3,194
Increase (decrease) in advances received on construction contracts in progress	(1,263)	1,287
Increase (decrease) in accrued consumption taxes	(661)	415
Increase (decrease) in deposits received	976	(4,057)
Other, net	790	(753)
Subtotal	1,090	(31)
Interest and dividends received	125	55
Interest paid	(73)	(74)
Income taxes paid	(85)	(2,128)
Net cash provided by (used in) operating activities	1,056	(2,178)
Cash flows from investing activities		
Purchase of securities	(91)	(200)
Proceeds from sale and redemption of securities	54	97
Purchase of property, plant and equipment	(389)	(581)
Proceeds from sale of property, plant and equipment	12	34
Purchase of intangible assets	(96)	(187)
Purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	60	–
Loan advances	(10)	–
Proceeds from collection of loans receivable	4	3
Other, net	4	(20)
Net cash provided by (used in) investing activities	(451)	(855)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(200)	(747)
Proceeds from long-term borrowings	300	200
Repayments of long-term borrowings	(875)	(617)
Repayments of lease liabilities	(53)	(61)
Dividends paid	(1,886)	(2,358)
Dividends paid to non-controlling interests	(9)	(34)
Proceeds from sale of treasury shares	8	53
Purchase of treasury shares	(0)	–
Net cash provided by (used in) financing activities	(2,717)	(3,565)
Effect of exchange rate change on cash and cash equivalents	318	246
Net increase (decrease) in cash and cash equivalents	(1,793)	(6,352)
Cash and cash equivalents at beginning of period	30,485	39,008
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	34
Cash and cash equivalents at end of period	28,691	32,690