

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

August 7, 2024

Company name: TOYO CONSTRUCTION CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1890 URL <https://www.toyo-const.co.jp/>
 Representative: Representative Director, Executive Shinya Yoshida
 Chairperson and CEO
 General Manager of Administration Dept., Hisanori Sakashita TEL 03-6361-5450
 Administration Group, Corporate Sec.
 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 three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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	%
Three months ended June 30, 2024	33,773	(20.9)	(351)	–	(614)	–	(76)	–
Three months ended June 30, 2023	42,697	18.6	468	(46.7)	13	(98.3)	(111)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	(0.82)	–
Three months ended June 30, 2023	(1.18)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2024	139,325	74,955	51.8	768.70
As of March 31, 2024	164,160	80,800	47.6	831.98

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, 2024	–	–	–	74.00	74.00
Year ending March 31, 2025	–	–	–	–	–
Year ending March 31, 2025 (Forecast)	–	30.00	–	50.00	80.00

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	190,000	1.7	11,600	6.5	11,100	10.4	7,600	8.3	80.70

4. Notes

- (1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: 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 June 30, 2024	94,371,183 shares	As of March 31, 2024	94,371,183 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	443,566 shares	As of March 31, 2024	448,980 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	93,924,936 shares	Three months ended June 30, 2023	94,141,799 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	23,575	29,017
Notes receivable, accounts receivable from completed construction contracts and other	74,856	48,857
Costs on construction contracts in progress	2,105	2,769
Advances paid	4,133	2,774
other account receivable	9,218	4,231
Other	5,127	6,288
Allowance for doubtful accounts	(8)	(5)
Total current assets	119,007	93,932
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,383	13,404
Machinery, vehicles, tools, furniture and fixtures	26,326	25,215
Land	21,486	21,616
Construction in progress	6,241	6,370
Accumulated depreciation	(31,249)	(30,271)
Total property, plant and equipment	36,188	36,336
Intangible assets	914	880
Investments and other assets		
Investment securities	3,190	2,686
Deferred tax assets	1,735	1,470
Retirement benefit asset	1,168	1,200
Other	2,073	2,935
Allowance for doubtful accounts	(117)	(117)
Total investments and other assets	8,050	8,176
Total non-current assets	45,153	45,393
Total assets	164,160	139,325

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	32,397	24,775
Short-term borrowings	6,534	2,775
Income taxes payable	1,105	335
Advances received on construction contracts in progress	15,353	11,430
Deposits received	3,923	2,921
Accrued consumption taxes	10,480	8,421
Provision for warranties for completed construction	925	936
Provision for loss on construction contracts	46	131
Provision for bonuses	1,279	2,037
Other	2,129	1,549
Total current liabilities	74,174	55,314
Non-current liabilities		
Long-term borrowings	1,615	1,406
Deferred tax liabilities	234	236
Deferred tax liabilities for land revaluation	2,204	2,204
Other provisions	44	159
Retirement benefit liability	4,506	4,432
Other	580	615
Total non-current liabilities	9,185	9,055
Total liabilities	83,360	64,370
Net assets		
Shareholders' equity		
Share capital	14,049	14,049
Capital surplus	6,074	6,074
Retained earnings	53,367	46,310
Treasury shares	(488)	(482)
Total shareholders' equity	73,002	65,951
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,019	776
Deferred gains or losses on hedges	1,087	2,354
Revaluation reserve for land	3,066	3,066
Foreign currency translation adjustment	99	155
Remeasurements of defined benefit plans	(134)	(103)
Total accumulated other comprehensive income	5,139	6,250
Non-controlling interests	2,658	2,753
Total net assets	80,800	74,955
Total liabilities and net assets	164,160	139,325

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales		
Net sales of completed construction contracts	42,501	33,593
Net sales in sideline businesses	196	180
Total net sales	42,697	33,773
Cost of sales		
Cost of sales of completed construction contracts	39,201	30,842
Cost of sales in sideline businesses	132	68
Total cost of sales	39,334	30,911
Gross profit		
Gross profit on completed construction contracts	3,299	2,750
Gross profit on sideline businesses	63	111
Total gross profit	3,363	2,862
Selling, general and administrative expenses	2,894	3,214
Operating profit (loss)	468	(351)
Non-operating income		
Interest income	13	28
Dividend income	26	26
Foreign exchange gains	255	21
Other	6	15
Total non-operating income	301	92
Non-operating expenses		
Interest expenses	35	47
Commitment fees	7	10
Term loan fees	–	259
Restructuring Expense	690	–
Other	23	37
Total non-operating expenses	756	355
Ordinary profit (loss)	13	(614)
Extraordinary income		
Gain on sale of non-current assets	3	183
Gain on sale of investment securities	–	457
Total extraordinary income	3	640
Extraordinary losses		
Loss on retirement of non-current assets	6	0
Total extraordinary losses	6	0
Profit before income taxes	11	25
Income taxes - current	204	274
Income taxes - deferred	(165)	(203)
Total income taxes	38	71
Loss	(27)	(46)
Profit attributable to non-controlling interests	84	30
Loss attributable to owners of parent	(111)	(76)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Loss	(27)	(46)
Other comprehensive income		
Valuation difference on available-for-sale securities	179	(237)
Deferred gains or losses on hedges	–	1,267
Foreign currency translation adjustment	62	139
Remeasurements of defined benefit plans, net of tax	35	43
Total other comprehensive income	276	1,211
Comprehensive income	249	1,165
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	121	1,034
Comprehensive income attributable to non-controlling interests	128	131

Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	11	25
Depreciation	1,251	367
Increase (decrease) in allowance for doubtful accounts	(3)	(3)
Increase (decrease) in provision for loss on construction contracts	(25)	84
Decrease (increase) in retirement benefit asset	–	(3)
Increase (decrease) in retirement benefit liability	(110)	(73)
Interest and dividend income	(39)	(54)
Interest expenses	35	47
Loss (gain) on sale of investment securities	–	(457)
Loss (gain) on sale of property, plant and equipment	(3)	(183)
Loss on retirement of property, plant and equipment	6	0
Decrease (increase) in trade receivables	12,291	26,191
Decrease (increase) in costs on construction contracts in progress	(385)	(663)
Decrease (increase) in accounts receivable - other	55	261
Decrease (increase) in other accounts receivable	933	4,987
Decrease (increase) in advances paid	(1,742)	1,361
Increase (decrease) in trade payables	908	(7,856)
Increase (decrease) in advances received on construction contracts in progress	(833)	(3,980)
Increase (decrease) in accrued consumption taxes	(243)	(2,058)
Increase (decrease) in deposits received	(3,061)	(1,005)
Other, net	272	128
Subtotal	9,314	17,116
Interest and dividends received	38	52
Interest paid	(31)	(45)
Income taxes paid	(2,143)	(1,017)
Net cash provided by (used in) operating activities	7,178	16,104
Cash flows from investing activities		
Purchase of property, plant and equipment	(176)	(472)
Proceeds from sale of property, plant and equipment	4	183
Purchase of intangible assets	(173)	(103)
Purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	–	605
Loan advances	(0)	–
Proceeds from collection of loans receivable	3	3
Other, net	(2)	(8)
Net cash provided by (used in) investing activities	(345)	207

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	490	(3,700)
Repayments of long-term borrowings	(286)	(267)
Repayments of lease liabilities	(22)	(27)
Dividends paid	(2,358)	(6,980)
Dividends paid to non-controlling interests	(33)	(36)
Proceeds from sale of treasury shares	53	3
Purchase of treasury shares	–	(0)
Net cash provided by (used in) financing activities	(2,157)	(11,008)
Effect of exchange rate change on cash and cash equivalents	124	138
Net increase (decrease) in cash and cash equivalents	4,799	5,441
Cash and cash equivalents at beginning of period	39,008	23,475
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	34	–
Cash and cash equivalents at end of period	43,841	28,917