

The document is an English-language translation of the consolidated financial summary of the financial results for the second quarter ended September 30, 2021. This summary was prepared originally in Japanese in accordance with generally accepted accounting principles in Japan. If there are discrepancies between this summary and the original document in Japanese, the Japanese version will take precedence.

Consolidated Financial Results for the Second Quarter ended September 30, 2021

For the Fiscal Year Ending March 31, 2022

November 11, 2021

TOYO ENGINEERING CORPORATION

(URL : <https://www.toyo-eng.com/jp/>)

Representative: Haruo Nagamatsu, President and Chief Executive Officer,

Contact: Takeshi Yamato, General Manager of Accounting Dept.

TEL +81-47-454-1521

1. Business results for the second quarter of fiscal year 2021 (April 1, 2021 - September 30, 2021)

Note: Amounts are rounded down to the nearest million yen.

(1) Consolidated operating results

(% of changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr. 1, 2021 - Sep. 30, 2021	97,509	8.7	2,375	95.5	2,278	61.0	1,449	87.4
Apr. 1, 2020 - Sep. 30, 2020	89,701	(20.4)	1,214	(57.7)	1,415	(21.7)	773	(71.4)

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2021 - Sep. 30, 2021 : 2,233 -% Apr. 1, 2020 - Sep. 30, 2020: (1,471) -%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2021 - Sep. 30, 2021	24.74	—
Apr. 1, 2020 - Sep. 30, 2020	13.20	—

(Note) Upon calculation of "Net income per share", the number of class A preferred stocks which were issued in March 2019 is included.

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2021	222,233	42,311	19.0
As of Mar. 31, 2021	218,255	40,077	18.3

(Reference) Equity at the end of period (millions of yen):

Sep. 30, 2021: 42,165 Mar. 31, 2021: 39,935

2. Dividends

	Cash dividends per share									
	Q1		Q2		Q3		Q4		Annual	
FY2020	—	Yen	0.00	Yen	—	Yen	0.00	Yen	0.00	Yen
FY2021	—	Yen	0.00	Yen						
FY2021 (Forecast)					—	Yen	0.00	Yen	0.00	Yen

(Note) Revision of forecast for this period: No

3. Forecast of consolidated operating results for the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(% of changes from the corresponding periods of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	240,000	30.4	2,500	54.7	2,500	(10.1)	1,500	84.1	25.60

(Note) Revision of forecast for this period: No

(Note) Upon calculation of "Net income per share", the number of class A preferred stocks which were issued in March 2019 is included.

4. Others

(1) Significant changes in scope of consolidation : No

(2) Number of shares issued (common shares)

Number of shares issued at end of period (including treasury stocks)

Sep. 30, 2021 : 38,558,507

Mar. 31, 2021 : 38,558,507

Number of treasury stocks at end of period

Sep. 30, 2021 : 226,419

Mar. 31, 2021 : 226,161

Average number of stock outstanding during the period: Second quarter of FY2021 and FY2020

Second quarter of FY2021 : 38,332,209

Second quarter of FY2020 : 38,332,953

(Note) The number of class A preferred stocks is not included in the number of shares issued.

* Reference: This document is not reviewed by certified public accountants nor auditors.

* Reference: The forecast given above are based on information available at the time of compilation and are inherently subject to variety of risks and uncertainties. Actual results may vary significantly from the forecast due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

Consolidated Balance Sheets

		March 31, 2021	September 30, 2021
		Millions of yen	Millions of yen
[Assets]			
I	Current assets		
1	Cash and deposits	97,609	98,515
2	Notes receivable, accounts receivable from completed construction contracts and other	51,069	54,289
3	Costs on uncompleted construction contracts	18,475	17,739
4	Accounts receivable - other	4,218	6,000
5	Deposits paid	5,005	8,349
6	Forward exchange contracts	2,393	1,323
7	Other	16,715	11,974
8	Allowance for doubtful accounts	(1,114)	(1,112)
	Total current assets	194,373	197,079
II	Non-current assets		
(1)	Property, plant and equipment		
1	Buildings and structures	14,428	14,506
2	Machinery, vehicles, tools, furniture and fixtures	5,190	5,253
3	Land	6,209	6,246
4	Leased assets	1,913	2,117
5	Construction in progress	27	84
6	Accumulated depreciation and impairment loss	(16,131)	(16,558)
	Total property, plant and equipment	11,638	11,649
(2)	Intangible assets		
1	Other	1,792	2,420
	Total intangible assets	1,792	2,420
(3)	Investments and other assets		
1	Investment securities	2,658	2,592
2	Long-term loans receivable	4,602	4,597
3	Net defined benefit asset	3,391	3,498
4	Deferred income taxes	526	511
5	Other	3,829	4,431
6	Allowance for doubtful accounts	(4,557)	(4,547)
	Total investments and other assets	10,450	11,083
	Total non-current assets	23,881	25,153
	Total assets	218,255	222,233
[Liabilities]			
I	Current liabilities		
1	Notes payable, accounts payable for construction contracts and other	72,555	62,959
2	Short-term loans payable	10,613	11,101
3	Income taxes payable	693	638
4	Advances received on uncompleted construction contracts	61,138	66,030
5	Provision for bonuses	533	584
6	Provision for warranties for completed construction	18	16
7	Provision for loss on construction contracts	359	37
8	Provision for loss on guarantees	45	31
9	Forward exchange contracts	156	61
10	Other	7,078	14,172
	Total current liabilities	153,193	155,632
II	Non-current liabilities		
1	Long-term loans payable	16,419	15,925
2	Lease obligations	718	650
3	Deferred income taxes	4,309	4,003
4	Net defined benefit liability	1,213	1,228
5	Provision for losses on business of subsidiaries and affiliates	389	381
6	Other	1,934	2,101
	Total non-current liabilities	24,984	24,289
	Total liabilities	178,177	179,921
[Net Assets]			
I	Shareholders' equity		
1	Capital stock	18,198	18,198
2	Capital surplus	4,567	4,567
3	Retained earnings	14,677	16,126
4	Treasury stock, at cost	(446)	(446)
	Total shareholders' equity	36,997	38,446
II	Accumulated other comprehensive income		
1	Valuation difference on available-for-sale securities	(128)	(119)
2	Deferred gains on hedges	1,495	850
3	Foreign currency translation adjustments	(525)	1,045
4	Remeasurements of defined benefit plans	2,096	1,941
	Total accumulated other comprehensive income	2,938	3,718
III	Non-controlling interests		
	Total net assets	40,077	42,311
	Total liabilities and net assets	218,255	222,233

Consolidated Statements of Income

		April 1, 2020 - September 30, 2020		April 1, 2021 - September 30, 2021	
		Millions of yen		Millions of yen	
I	Net sales		89,701		97,509
II	Cost of sales		80,517		86,744
	Gross profit		9,184		10,765
III	Selling, general and administrative expenses		7,969		8,390
	Operating income		1,214		2,375
IV	Non-operating income				
	1 Interest income	276		268	
	2 Dividends income	122		24	
	3 Equity in earnings of affiliates	158		-	
	4 Reversal of allowance for doubtful accounts	10		14	
	5 Miscellaneous income	272	840	113	420
V	Non-operating expenses				
	1 Interest expenses	213		203	
	2 Equity in losses of affiliates	-		167	
	3 Foreign exchange losses, net	203		94	
	4 Miscellaneous expenses	222	639	51	516
	Ordinary income		1,415		2,278
	Profit before income taxes		1,415		2,278
VI	Income taxes				
	1 Income taxes	637	637	825	825
	Net profit		777		1,453
	Net profit attributable to non-controlling interests		3		3
	Net profit attributable to owners of parent		773		1,449

Consolidated Statements of Comprehensive Income (Loss)

		April 1, 2020 - September 30, 2020		April 1, 2021 - September 30, 2021	
		Millions of yen		Millions of yen	
I	Net profit		777		1,453
II	Other comprehensive (loss) income				
1	Valuation difference on available-for-sale securities	55		9	
2	Deferred gains (losses) on hedges	485		(644)	
3	Foreign currency translation adjustments	(1,024)		938	
4	Remeasurements of defined benefit plans	(24)		(154)	
5	Share of other comprehensive (loss) income of affiliates accounted for by the equity method	(1,741)	(2,249)	632	780
	Comprehensive (loss) income		(1,471)		2,233
	Comprehensive (loss) income attributable to :				
	Owners of parent		(1,475)		2,230
	Non-controlling interests		3		3

Consolidated Statements of Cash Flows

	April 1, 2020 - September 30, 2020	April 1, 2021 - September 30, 2021
	Millions of yen	Millions of yen
I Cash flows from operating activities		
1 Profit before income taxes	1,415	2,278
2 Depreciation and amortization	711	779
3 Amortization of goodwill	(5)	(5)
4 Decrease in allowance for doubtful accounts	(10)	(14)
5 Decrease in net defined benefit liability	(35)	(314)
6 Decrease in provision for loss on construction contracts	(250)	(322)
7 Interest and dividends income	(398)	(292)
8 Interest expenses	213	203
9 Foreign exchange gains	(68)	(1)
10 Gain on sales of property, plant and equipment	(8)	(0)
11 Equity in (earnings) losses of affiliates	(158)	167
12 Gain on sales of investments in securities	(1)	(57)
13 Decrease (increase) in notes receivable, accounts receivable from completed construction	3,323	(2,669)
14 (Increase) decrease in costs on uncompleted construction contracts	(543)	949
15 Increase in accounts receivable - other	(502)	(1,703)
16 Increase (decrease) in notes and accounts payable - trade	4,857	(10,170)
17 (Decrease) increase in advances received on uncompleted construction contracts	(2,540)	4,070
18 Increase in deposits paid	(104)	(3,344)
19 Other, net	(1,532)	11,914
Subtotal	4,359	1,466
20 Interest and dividends income received	419	527
21 Interest expenses paid	(192)	(197)
22 Income taxes paid	(502)	(854)
Net cash provided by operating activities	4,083	941
II Cash flows from investing activities		
1 Net (increase) decrease in time deposits	(3,807)	3,022
2 Purchase of property, plant and equipment	(163)	(291)
3 Proceeds from sales of property, plant and equipment	36	6
4 Purchase of intangible assets	(402)	(726)
5 Net decrease (increase) in short-term loans receivable	1	(1)
6 Other, net	(82)	(307)
Net cash (used in) provided by investing activities	(4,417)	1,703
III Cash flows from financing activities		
1 Net decrease in short-term loans payable	(2,630)	(1,967)
2 Proceeds from long-term loans payable	9,960	3,700
3 Repayment of long-term loans payable	(8,082)	(1,744)
4 Repayment of finance lease obligations	(111)	(235)
5 Other, net	(0)	(0)
Net cash used in financing activities	(864)	(247)
IV Effect of exchange rate change on cash and cash equivalents	(730)	1,313
V Net (decrease) increase in cash and cash equivalents	(1,929)	3,710
VI Cash and cash equivalents at beginning of period	80,213	94,483
VII Cash and cash equivalents at the end of period	78,283	98,194

Segment Information

The company's reportable operating segment has a single segment, namely EPC Business.

Consolidated New Orders, Net Sales and Backlog of Contracts

		Millions of yen					
		Backlog Beginning of period	New Orders	Total	Net Sales	Backlog the End of period	
Apr. 1, 2020 - Sep. 30, 2020	Overseas	Petrochemicals	104,521	7,960	112,481	27,208	78,027
		Oil & Gas	49,553	3,875	53,429	5,330	47,827
		Power/Railways etc.	24,644	336	24,980	2,084	22,576
		Chemicals/Fertilizers	55,375	3,873	59,249	11,044	47,078
		Pharmaceutical/Environmental/Industrial Facilities	682	1,351	2,033	643	1,325
		Others	1,717	404	2,121	659	1,423
		Subtotal	236,495	17,801	254,296	46,970	198,259
	Domestic	Petrochemicals	3,056	212	3,269	2,389	879
		Oil & Gas	11,622	2,532	14,155	6,434	7,720
		Power/Railways etc.	132,247	35,660	167,907	31,467	136,446
		Pharmaceutical/Environmental/Industrial Facilities	5,764	2,291	8,056	1,593	6,462
		Others	50	861	912	846	65
		Subtotal	152,741	41,557	194,299	42,731	151,574
		Grand total	389,236	59,359	448,596	89,701	349,834
Apr. 1, 2021 - Sep. 30, 2021	Overseas	Petrochemicals	69,984	1,034	71,018	11,292	55,308
		Oil & Gas	41,413	4,377	45,790	14,197	32,258
		Power/Railways etc.	29,910	48	29,959	5,169	24,886
		Chemicals/Fertilizers	36,054	27,947	64,002	18,401	46,236
		Pharmaceutical/Environmental/Industrial Facilities	2,339	1,569	3,908	2,154	1,906
		Others	1,130	1,241	2,372	1,216	1,162
		Subtotal	180,833	36,218	217,052	52,431	161,758
	Domestic	Petrochemicals	9,365	36,213	45,579	2,154	43,424
		Oil & Gas	5,526	2,198	7,725	5,768	1,956
		Power/Railways etc.	109,018	45,278	154,297	32,263	122,652
		Pharmaceutical/Environmental/Industrial Facilities	5,726	1,122	6,848	3,804	3,039
		Others	221	1,009	1,231	1,087	140
		Subtotal	129,857	85,823	215,680	45,078	171,212
		Grand total	310,691	122,041	432,732	97,509	332,971

- Notes : 1. Net sales include corresponding amounts of the effects of changes in exchange rates upon the orders in currencies other than Japanese Yen.
The included amounts are (2,056) million yen for Apr. 1, 2020 - Sep. 30, 2020 and 1,653 million yen for Apr. 1, 2021 - Sep. 30, 2021.
2. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".
The amounts are (7,003) million yen for Apr. 1, 2020 - Sep. 30, 2020 and (3,905) million yen for Apr. 1, 2021 - Sep. 30, 2021.
3. Asterisks (*) represent increase (decrease) due to changes in exchange rates.