

The document is an English-language translation of the consolidated financial summary of the financial results for the fiscal year ended March 31, 2022. 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 Fiscal Year Ended March 31, 2022

May 12, 2022

TOYO ENGINEERING CORPORATION

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

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1. Business results for the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021	202,986	10.3	2,963	83.4	3,126	12.4	1,620	98.9
FY2020	184,000	(16.0)	1,615	(14.6)	2,781	12.7	814	(51.0)

(Reference) Comprehensive income (millions of yen):

FY2021 : 4,485 9.5% FY2020: 4,097 -%

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2021	27.65	—	3.8	1.4	1.5
FY2020	13.91	—	2.2	1.3	0.9

(Reference) Equity in earnings of affiliates (millions of yen):

FY2021 : (240) FY2020 : 632

(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	Book value per share
	Millions of yen	Millions of yen	%	Yen
FY2021	240,853	44,562	18.4	766.81
FY2020	218,255	40,077	18.3	650.52

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

FY2021 : 44,393 FY2020 : 39,935

(Note) Upon calculation of "Book value per share", Residual assets attributable to class A preferred stocks is deducted from total net assets.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2021	(6,790)	(7,851)	7,608	89,800
FY2020	17,753	(2,712)	(451)	94,483

2. Dividends

	Cash dividends per share					Total Cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	Q1	Q2	Q3	Q4	Annual			
FY2020	—	0.00	—	0.00	0.00	—	—	—
FY2021	—	0.00	—	0.00	0.00	—	—	—
FY2022 (Forecast)	—	0.00	—	0.00	0.00	—	—	—

3. Forecast of consolidated operating results for the fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(% 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	210,000	3.5	2,000	(32.5)	2,500	(20.0)	1,500	(7.4)	25.60

(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)

FY2021 : 38,558,507

FY2020 : 38,558,507

Number of treasury stocks at end of term

FY2021 : 227,058

FY2020 : 226,161

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

FY2021 : 38,331,972

FY2020 : 38,332,772

(Note)

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

(Reference) Non-consolidated business results

1. Business results for the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

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

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021	100,109	(1.3)	260	—	996	—	1,014	—
FY2020	101,416	(24.3)	(1,045)	—	(615)	—	(512)	—

	Net income per share		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
FY2021	17.30	—	—	—
FY2020	(8.75)	—	—	—

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Book value per share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%	Yen	Yen
FY2021	164,518	12,404	12,404	7.5	—	(67.71)	—	
FY2020	148,371	10,771	10,771	7.3	—	(110.32)	—	

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

FY2021 : 12,404

FY2020 : 10,771

(Note)

Upon calculation of "Book value per share", Residual assets attributable to class A preferred stocks is deducted from total net assets.

* 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	March 31, 2022
		Millions of yen	Millions of yen
[Assets]			
I	Current assets		
1	Cash and deposits	97,609	92,153
2	Notes receivable, accounts receivable from completed construction contracts and other	51,069	69,716
3	Costs on uncompleted construction contracts	18,475	19,758
4	Accounts receivable - other	4,218	4,985
5	Deposits paid	5,005	7,150
6	Forward exchange contracts	2,393	2,813
7	Other	16,715	11,447
8	Allowance for doubtful accounts	(1,114)	(1,221)
	Total current assets	194,373	206,805
II	Non-current assets		
(1)	Property, plant and equipment		
1	Buildings and structures	14,428	14,637
2	Machinery, vehicles, tools, furniture and fixtures	5,190	5,379
3	Land	6,209	6,328
4	Leased assets	1,913	2,336
5	Construction in progress	27	148
6	Accumulated depreciation and impairment loss	(16,131)	(16,969)
	Total property, plant and equipment	11,638	11,861
(2)	Intangible assets		
1	Other	1,792	3,488
	Total intangible assets	1,792	3,488
(3)	Investments and other assets		
1	Investment securities	2,658	2,695
2	Long-term loans receivable	4,602	4,598
3	Net defined benefit asset	3,391	4,659
4	Deferred income taxes	526	552
5	Other	3,829	10,710
6	Allowance for doubtful accounts	(4,557)	(4,516)
	Total investments and other assets	10,450	18,699
	Total non-current assets	23,881	34,048
	Total assets	218,255	240,853
[Liabilities]			
I	Current liabilities		
1	Notes payable, accounts payable for construction contracts and other	72,555	72,591
2	Short-term loans payable	10,613	7,499
3	Income taxes payable	693	322
4	Advances received on uncompleted construction contracts	61,138	60,925
5	Provision for bonuses	533	588
6	Provision for warranties for completed construction	18	26
7	Provision for loss on construction contracts	359	133
8	Provision for loss on guarantees	45	-
9	Forward exchange contracts	156	293
10	Other	7,078	16,888
	Total current liabilities	153,193	159,268
II	Non-current liabilities		
1	Long-term loans payable	16,419	28,088
2	Lease obligations	718	580
3	Deferred income taxes	4,309	4,916
4	Net defined benefit liability	1,213	876
5	Provision for losses on business of subsidiaries and affiliates	389	396
6	Other	1,934	2,164
	Total non-current liabilities	24,984	37,022
	Total liabilities	178,177	196,290
[Net Assets]			
I	Shareholders' equity		
1	Capital stock	18,198	18,198
2	Capital surplus	4,567	4,567
3	Retained earnings	14,677	16,297
4	Treasury stock, at cost	(446)	(446)
	Total shareholders' equity	36,997	38,617
II	Accumulated other comprehensive income		
1	Valuation difference on available-for-sale securities	(128)	(5)
2	Deferred gains on hedges	1,495	1,997
3	Foreign currency translation adjustments	(525)	1,332
4	Remeasurements of defined benefit plans	2,096	2,451
	Total accumulated other comprehensive income	2,938	5,775
III	Non-controlling interests	142	169
	Total net assets	40,077	44,562
	Total liabilities and net assets	218,255	240,853

Consolidated Statements of Income

		April 1, 2020 - March 31, 2021		April 1, 2021 - March 31, 2022	
		Millions of yen		Millions of yen	
I	Net sales		184,000		202,986
II	Cost of sales		165,443		182,147
	Gross profit		18,557		20,838
III	Selling, general and administrative expenses		16,941		17,875
	Operating income		1,615		2,963
IV	Non-operating income				
	1 Interest income	613		659	
	2 Dividends income	221		46	
	3 Foreign exchange gains, net	285		271	
	4 Equity in earnings of affiliates	632		-	
	5 Subsidies for employment adjustment and other	110		125	
	6 Miscellaneous income	275	2,140	153	1,256
V	Non-operating expenses				
	1 Interest expenses	421		476	
	2 Equity in losses of affiliates	-		240	
	3 Loss on valuation of investments securities	155		-	
	4 Miscellaneous expenses	396	973	376	1,093
	Ordinary income		2,781		3,126
	Profit before income taxes		2,781		3,126
VI	Income taxes				
	1 Income taxes	1,686		1,282	
	2 Income taxes-deferred	265	1,952	205	1,488
	Net profit		829		1,638
	Net profit attributable to non-controlling interests		14		17
	Net profit attributable to owners of parent		814		1,620

Consolidated Statements of Comprehensive Income

		April 1, 2020 - March 31, 2021		April 1, 2021 - March 31, 2022	
		Millions of yen		Millions of yen	
I	Net profit		829		1,638
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	297		123	
2	Deferred gains on hedges	2,260		501	
3	Foreign currency translation adjustments	(462)		1,767	
4	Remeasurements of defined benefit plans	2,917		354	
5	Share of other comprehensive (loss) income of affiliates accounted for by the equity method	(1,744)	3,268	100	2,847
	Comprehensive income		4,097		4,485
	Comprehensive income attributable to :				
	Owners of parent		4,076		4,457
	Non-controlling interests		20		27

Consolidated Statement of Changes in Net Assets

From April 1, 2020 through March 31, 2021

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interest	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred (losses) gains on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year (Millions of yen)	18,198	4,567	13,862	(445)	36,182	(425)	(764)	1,687	(820)	(323)	121	35,980
Changes in the fiscal year												
Income attributable to owners of parent			814		814					—		814
Purchase of treasury stock				(0)	(0)					—		(0)
Net changes of items other than shareholders' equity					—	297	2,260	(2,212)	2,917	3,262	20	3,283
Total changes in the fiscal year (Millions of yen)	—	—	814	(0)	814	297	2,260	(2,212)	2,917	3,262	20	4,097
Balance at end of year (Millions of yen)	18,198	4,567	14,677	(446)	36,997	(128)	1,495	(525)	2,096	2,938	142	40,077

From April 1, 2021 through March 31, 2022

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interest	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year (Millions of yen)	18,198	4,567	14,677	(446)	36,997	(128)	1,495	(525)	2,096	2,938	142	40,077
Changes in the fiscal year												
Income attributable to owners of parent			1,620		1,620					—		1,620
Purchase of treasury stock				(0)	(0)					—		(0)
Disposal of treasury stock		(0)		0	0					—		0
Transfer of loss on disposal of treasury stock		0	(0)		—					—		—
Net changes of items other than shareholders' equity					—	123	501	1,857	354	2,837	27	2,864
Total changes in the fiscal year (Millions of yen)	—	—	1,620	(0)	1,619	123	501	1,857	354	2,837	27	4,484
Balance at end of year (Millions of yen)	18,198	4,567	16,297	(446)	38,617	(5)	1,997	1,332	2,451	5,775	169	44,562

Consolidated Statements of Cash Flows

	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022
	Millions of yen	Millions of yen
I Cash flows from operating activities		
1 Profit before income taxes	2,781	3,126
2 Depreciation and amortization	1,508	1,678
3 Amortization of goodwill	(10)	(10)
4 Increase in allowance for doubtful accounts	416	59
5 Decrease in net defined benefit liability	(292)	(1,095)
6 Increase (decrease) in provision for loss on construction contracts	14	(228)
7 Interest and dividends income	(834)	(705)
8 Interest expenses	421	476
9 Foreign exchange gains	(609)	(311)
10 Gain on sales of property, plant and equipment	(16)	(3)
11 Equity in (earnings) losses of affiliates	(632)	240
12 Gain on sales of investments in securities	(36)	(70)
13 Loss on valuation of investment securities	155	-
14 Decrease (increase) in notes receivable, accounts receivable from completed construction contracts	4,329	(16,666)
15 Decrease (increase) in costs on uncompleted construction contracts	1,022	(844)
16 Decrease (increase) in accounts receivable - other	2,270	(426)
17 Increase (decrease) in notes and accounts payable - trade	8,549	(1,597)
18 Decrease in advances received on uncompleted construction contracts	(3,048)	(1,704)
19 Decrease (increase) in deposits paid	1,231	(2,145)
20 Other, net	717	14,842
Subtotal	17,937	(5,385)
21 Interest and dividends income received	1,195	877
22 Interest expenses paid	(356)	(429)
23 Income taxes paid	(1,022)	(1,853)
Net cash provided by (used in) operating activities	17,753	(6,790)
II Cash flows from investing activities		
1 Net increase in time deposits	(1,340)	(4,659)
2 Purchase of property, plant and equipment	(388)	(766)
3 Proceeds from sales of property, plant and equipment	59	21
4 Purchase of intangible assets	(890)	(2,037)
5 Net decrease (increase) in short-term loans receivable	2	(3)
6 Other, net	(155)	(407)
Net cash used in investing activities	(2,712)	(7,851)
III Cash flows from financing activities		
1 Net decrease in short-term loans payable	(4,401)	(2,247)
2 Proceeds from long-term loans payable	14,682	19,685
3 Repayment of long-term loans payable	(10,236)	(9,278)
4 Repayment of finance lease obligations	(495)	(551)
5 Other, net	(0)	(0)
Net cash (used in) provided by financing activities	(451)	7,608
IV Effect of exchange rate change on cash and cash equivalents	(318)	2,350
V Net increase (decrease) in cash and cash equivalents	14,270	(4,683)
VI Cash and cash equivalents at beginning of period	80,213	94,483
VII Cash and cash equivalents at the end of period	94,483	89,800

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 - Mar. 31, 2021	Overseas	Petrochemicals	104,521	17,482	122,003	44,128	69,984
		Oil & Gas	49,553	12,025	61,579	20,654	41,413
		Power/Railways etc.	24,644	13,534	38,179	3,415	29,910
		Chemicals/Fertilizers	55,375	12,756	68,132	27,143	36,054
		Pharmaceutical/Environmental/Industrial Facilities	682	3,999	4,682	2,302	2,339
		Others	1,717	691	2,409	1,050	1,130
		Subtotal	236,495	60,491	296,986	98,695	180,833
	Domestic	Petrochemicals	3,056	9,636	12,693	3,327	9,365
		Oil & Gas	11,622	7,953	19,576	14,049	5,526
		Power/Railways etc.	132,247	37,531	169,779	60,778	109,018
		Pharmaceutical/Environmental/Industrial Facilities	5,764	5,276	11,041	5,315	5,726
		Others	50	2,005	2,055	1,834	221
	Subtotal	152,741	62,404	215,145	85,305	129,857	
	Grand total		389,236	122,895	512,132	184,000	310,691
Apr. 1, 2021 - Mar. 31, 2022	Overseas	Petrochemicals	69,984	13,311	83,296	28,319	49,600
		Oil & Gas	41,413	18,994	60,408	31,261	32,483
		Power/Railways etc.	29,910	138	30,049	9,767	20,791
		Chemicals/Fertilizers	36,054	62,881	98,935	39,277	61,782
		Pharmaceutical/Environmental/Industrial Facilities	2,339	4,413	6,752	4,440	2,619
		Others	1,130	1,924	3,055	1,833	1,252
		Subtotal	180,833	101,663	282,497	114,899	168,529
	Domestic	Petrochemicals	9,365	37,676	47,041	7,002	40,038
		Oil & Gas	5,526	5,442	10,969	7,768	3,200
		Power/Railways etc.	109,018	117,139	226,157	63,554	161,461
		Pharmaceutical/Environmental/Industrial Facilities	5,726	10,345	16,071	7,544	8,522
		Others	221	2,198	2,420	2,216	201
	Subtotal	129,857	172,803	302,661	88,086	213,424	
	Grand total		310,691	274,467	585,159	202,986	381,954

- 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 (1,146) million yen for Apr. 1, 2020 - Mar. 31, 2021 and 7,523 million yen for Apr. 1, 2021 - Mar. 31, 2022.
2. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".
The amounts are (16,293) million yen for Apr. 1, 2020 - Mar. 31, 2021 and (7,742) million yen for Apr. 1, 2021 - Mar. 31, 2022.
3. Asterisks (*) represent increase (decrease) due to changes in exchange rates.

(Reference) New orders and Backlog, the End of period for the Company's share of the affiliates accounted for by the equity method for Apr. 1, 2021 - Mar. 31, 2022 are 15,943 and 14,330 million yen, respectively.