

The document is an English-language translation of the consolidated financial summary of the financial results for the second quarter ended September 30, 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 Second Quarter ended September 30, 2022

For the Fiscal Year Ending March 31, 2023

November 10, 2022

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 2022 (April 1, 2022 - September 30, 2022)

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, 2022 - Sep. 30, 2022	96,477	(1.1)	3,062	29.0	2,527	10.9	1,236	(14.7)
Apr. 1, 2021 - Sep. 30, 2021	97,509	8.7	2,375	95.5	2,278	61.0	1,449	87.4

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2022 - Sep. 30, 2022 : 5,889 163.7% Apr. 1, 2021 - Sep. 30, 2021 : 2,233 —%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2022 - Sep. 30, 2022	21.10	—
Apr. 1, 2021 - Sep. 30, 2021	24.74	—

(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, 2022	255,768	50,447	19.7
As of Mar. 31, 2022	240,853	44,562	18.4

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

Sep. 30, 2022: 50,259 Mar. 31, 2022: 44,393

2. Dividends

	Cash dividends per share									
	Q1		Q2		Q3		Q4		Annual	
FY2021	—	Yen	0.00	Yen	—	Yen	0.00	Yen	0.00	Yen
FY2022	—	Yen	0.00	Yen						
FY2022 (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, 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) 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, 2022 : 38,558,507	Mar. 31, 2022 : 38,558,507

Number of treasury stocks at end of period	
Sep. 30, 2022 : 227,292	Mar. 31, 2022 : 227,058

Average number of stock outstanding during the period: Second quarter of FY2022 and FY2021	
Second quarter of FY2022 : 38,331,329	Second quarter of FY2021 : 38,332,209

(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, 2022		September 30, 2022	
		Millions of yen		Millions of yen	
[Assets]					
I	Current assets				
1	Cash and deposits		92,153		103,531
2	Notes receivable, accounts receivable from completed construction contracts and other		69,716		70,594
3	Costs on uncompleted construction contracts		19,758		21,103
4	Accounts receivable - other		4,985		3,676
5	Deposits paid		7,150		7,396
6	Forward exchange contracts		2,813		2,738
7	Other		11,447		12,522
8	Allowance for doubtful accounts		(1,221)		(1,559)
	Total current assets		206,805		220,003
II	Non-current assets				
(1)	Property, plant and equipment				
1	Buildings and structures		14,637		15,074
2	Machinery, vehicles, tools, furniture and fixtures		5,379		5,985
3	Land		6,328		6,491
4	Leased assets		2,336		2,614
5	Construction in progress		148		45
6	Accumulated depreciation and impairment loss		(16,969)		(18,143)
	Total property, plant and equipment		11,861		12,066
(2)	Intangible assets				
1	Other		3,488		4,188
	Total intangible assets		3,488		4,188
(3)	Investments and other assets				
1	Investment securities		2,695		2,793
2	Long-term loans receivable		4,598		4,597
3	Net defined benefit asset		4,659		4,651
4	Deferred income taxes		552		783
5	Other		10,710		11,189
6	Allowance for doubtful accounts		(4,516)		(4,507)
	Total investments and other assets		18,699		19,509
	Total non-current assets		34,048		35,764
	Total assets		240,853		255,768
[Liabilities]					
I	Current liabilities				
1	Notes payable, accounts payable for construction contracts and other		72,591		61,334
2	Short-term loans payable		7,499		14,307
3	Income taxes payable		322		772
4	Advances received on uncompleted construction contracts		60,925		81,371
5	Provision for bonuses		588		943
6	Provision for warranties for completed construction		26		28
7	Provision for loss on construction contracts		133		571
8	Forward exchange contracts		293		662
9	Other		16,888		15,398
	Total current liabilities		159,268		175,389
II	Non-current liabilities				
1	Long-term loans payable		28,088		20,521
2	Lease obligations		580		552
3	Deferred income taxes		4,916		5,101
4	Net defined benefit liability		876		1,169
5	Provision for losses on business of subsidiaries and affiliates		396		403
6	Other		2,164		2,183
	Total non-current liabilities		37,022		29,931
	Total liabilities		196,290		205,320
[Net Assets]					
I	Shareholders' equity				
1	Capital stock		18,198		18,198
2	Capital surplus		4,567		4,567
3	Retained earnings		16,297		17,534
4	Treasury stock, at cost		(446)		(446)
	Total shareholders' equity		38,617		39,853
II	Accumulated other comprehensive income				
1	Valuation difference on available-for-sale securities		(5)		86
2	Deferred gains on hedges		1,997		1,918
3	Foreign currency translation adjustments		1,332		6,105
4	Remeasurements of defined benefit plans		2,451		2,295
	Total accumulated other comprehensive income		5,775		10,406
III	Non-controlling interests		169		188
	Total net assets		44,562		50,447
	Total liabilities and net assets		240,853		255,768

Consolidated Statements of Income

		April 1, 2021 - September 30, 2021		April 1, 2022 - September 30, 2022	
		Millions of yen		Millions of yen	
I	Net sales		97,509		96,477
II	Cost of sales		86,744		83,123
	Gross profit		10,765		13,354
III	Selling, general and administrative expenses		8,390		10,291
	Operating income		2,375		3,062
IV	Non-operating income				
1	Interest income	268		468	
2	Dividends income	24		39	
3	Reversal of allowance for doubtful accounts	14		-	
4	Miscellaneous income	113	420	291	799
V	Non-operating expenses				
1	Interest expenses	203		441	
2	Equity in losses of affiliates	167		746	
3	Foreign exchange losses, net	94		37	
4	Miscellaneous expenses	51	516	108	1,334
	Ordinary income		2,278		2,527
	Profit before income taxes		2,278		2,527
VI	Income taxes				
1	Income taxes	825	825	1,284	1,284
	Net profit		1,453		1,243
	Net profit attributable to non-controlling interests		3		6
	Net profit attributable to owners of parent		1,449		1,236

Consolidated Statements of Comprehensive Income

		April 1, 2021 - September 30, 2021		April 1, 2022 - September 30, 2022	
		Millions of yen		Millions of yen	
I	Net profit		1,453		1,243
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	9		91	
2	Deferred losses on hedges	(644)		(78)	
3	Foreign currency translation adjustments	938		3,336	
4	Remeasurements of defined benefit plans	(154)		(155)	
5	Share of other comprehensive income of affiliates accounted for by the equity method	632	780	1,452	4,646
	Comprehensive income		2,233		5,889
	Comprehensive income attributable to :				
	Owners of parent		2,230		5,866
	Non-controlling interests		3		22

Consolidated Statements of Cash Flows

	April 1, 2021 - September 30, 2021	April 1, 2022 - September 30, 2022
	Millions of yen	Millions of yen
I Cash flows from operating activities		
1 Profit before income taxes	2,278	2,527
2 Depreciation and amortization	779	1,041
3 Amortization of goodwill	(5)	(5)
4 (Decrease) increase in allowance for doubtful accounts	(14)	318
5 (Decrease) increase in net defined benefit liability	(314)	77
6 (Decrease) increase in provision for loss on construction contracts	(322)	437
7 Interest and dividends income	(292)	(507)
8 Interest expenses	203	441
9 Foreign exchange gains	(1)	(510)
10 Gain on sales of property, plant and equipment	(0)	(2)
11 Equity in losses of affiliates	167	746
12 Gain on sales of investments in securities	(57)	-
13 (Increase) decrease in notes receivable, accounts receivable from completed construction contracts	(2,669)	1,937
14 Decrease (increase) in costs on uncompleted construction contracts	949	(525)
15 (Increase) decrease in accounts receivable - other	(1,703)	1,295
16 Decrease in notes and accounts payable - trade	(10,170)	(13,457)
17 Increase in advances received on uncompleted construction contracts	4,070	18,974
18 Increase in deposits paid	(3,344)	(245)
19 Other, net	11,914	(265)
Subtotal	1,466	12,278
20 Interest and dividends income received	527	265
21 Interest expenses paid	(197)	(410)
22 Income taxes paid	(854)	(734)
Net cash provided by operating activities	941	11,398
II Cash flows from investing activities		
1 Net decrease in time deposits	3,022	1,455
2 Purchase of property, plant and equipment	(291)	(309)
3 Proceeds from sales of property, plant and equipment	6	9
4 Purchase of intangible assets	(726)	(1,225)
5 Net (increase) decrease in short-term loans receivable	(1)	0
6 Other, net	(307)	(141)
Net cash provided by (used in) investing activities	1,703	(210)
III Cash flows from financing activities		
1 Net (decrease) increase in short-term loans payable	(1,967)	113
2 Proceeds from long-term loans payable	3,700	2,022
3 Repayment of long-term loans payable	(1,744)	(3,549)
4 Repayment of finance lease obligations	(235)	(364)
5 Other, net	(0)	(4)
Net cash used in financing activities	(247)	(1,782)
IV Effect of exchange rate change on cash and cash equivalents	1,313	2,658
V Net increase in cash and cash equivalents	3,710	12,063
VI Cash and cash equivalents at beginning of period	94,483	89,800
VII Cash and cash equivalents at the end of period	98,194	101,864

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, 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
		Chemicals/Fertilizers	-	-	-	-	-
		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	*1,411				*2,597	
		310,691	122,041	432,732	97,509	332,971	
Apr. 1, 2022 - Sep. 30, 2022	Overseas	Petrochemicals	49,600	4,538	54,138	13,674	41,513
		Oil & Gas	32,483	50,206	82,689	10,723	74,385
		Power/Railways etc.	20,791	29	20,821	6,124	15,276
		Chemicals/Fertilizers	61,782	8,146	69,929	18,588	53,094
		Pharmaceutical/Environmental/Industrial Facilities	2,619	1,705	4,325	1,685	2,828
		Others	1,252	4,656	5,908	1,228	4,728
		Subtotal	168,529	69,283	237,813	52,024	191,826
	Domestic	Petrochemicals	40,038	1,748	41,786	4,301	37,485
		Oil & Gas	3,200	1,261	4,462	3,409	656
		Power/Railways etc.	161,461	5,250	166,711	33,151	132,781
		Chemicals/Fertilizers	-	320	320	-	320
		Pharmaceutical/Environmental/Industrial Facilities	8,522	21,463	29,985	1,617	27,918
		Others	201	2,072	2,274	1,973	301
		Subtotal	213,424	32,117	245,541	44,453	199,463
	Grand total	*4,478				*14,086	
		381,954	101,400	483,354	96,477	391,290	

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 1,653 million yen for Apr. 1, 2021 - Sep. 30, 2021 and 6,693 million yen for Apr. 1, 2022 - Sep. 30, 2022.

2. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".

The amounts are (3,905) million yen for Apr. 1, 2021 - Sep. 30, 2021 and (2,280) million yen for Apr. 1, 2022 - Sep. 30, 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, 2022 - Sep. 30, 2022 are 21,037 and 32,900 million yen, respectively.