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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 10, 2022

Company name: TOA CORPORATION

Stock exchange listing: Tokyo, Sapporo

Code number: 1885

URL: <https://www.toa-const.co.jp/eng/>

Representative: Takeshi Hayakawa

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Scheduled date of filing quarterly securities report: November 11, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

President and Chief Executive Officer

General Manager, Administration Dept., Administration General
H/Q

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 01, 2022 to September 30, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	94,141	(11.0)	529	(89.5)	806	(84.1)	527	(85.1)
September 30, 2021	105,818	28.0	5,056	53.5	5,073	34.7	3,536	44.7

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 456 million [(87.4)%]
Six months ended September 30, 2021: ¥ 3,620 million [20.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2022	Yen 24.72	Yen 24.07
September 30, 2021	187.38	155.93

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2022	Million yen 188,414	Million yen 83,704	44.1
March 31, 2022	212,916	86,725	40.4

(Reference) Equity: As of September 30, 2022: ¥ 83,006 million
As of March 31, 2022: ¥ 86,028 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	-	-	90.00	90.00
Fiscal year ending March 31, 2023	-	-			
Fiscal year ending March 31, 2023 (Forecast)			-	90.00	90.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	209,000	(4.9)	6,000	(39.2)	6,200	(38.8)	4,400	(40.4)	206.24

(Note) Revision to the financial results forecast announced most recently: Yes

* Explanatory Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: Yes

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2022: 22,494,629 shares

March 31, 2022: 22,494,629 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 1,173,644 shares

March 31, 2022: 658,371 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 21,347,037 shares

Six months ended September 30, 2021: 18,871,290 shares

(Note) Both the number of treasury stock at the end of the period and the number of treasury stock excluded for calculating the average number of shares during the period include the company's shares held by the Board Benefit Trust (BBT).

* This document is not subject to quarterly review procedures by certified public accountants or audit firms.

* Disclaimer regarding appropriate use of the forecasts and other specific remarks:

The forecasts given above are based on information currently available and certain premises regarded as reasonable. The actual business results may be materially different from forecasts due to a variety of factors.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of September 30,2022
Assets		
Current assets		
Cash and deposits	32,028	34,233
Notes receivable, accounts receivable from completed construction contracts and other	111,809	82,382
Securities	42	42
Costs on construction contracts in progress	3,597	5,971
Real estate for sale	1,558	1,499
Advances paid	8,211	6,276
Other	4,831	7,265
Allowance for doubtful accounts	(7)	(6)
Total current assets	162,072	137,663
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,786	4,662
Machinery, vehicles, tools, furniture and fixtures, net	3,327	3,311
Land	19,127	19,063
Other	7,854	8,182
Total property, plant and equipment	35,095	35,220
Intangible assets	975	877
Investments and other assets		
Investment securities	10,600	10,526
Other	4,710	4,665
Allowance for doubtful accounts	(539)	(538)
Total investments and other assets	14,771	14,653
Total non-current assets	50,843	50,751
Total assets	212,916	188,414

(Million yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	34,601	23,177
Electronically recorded obligations - operating	7,897	6,724
Short-term borrowings	18,875	19,726
Income taxes payable	1,737	448
Advances received on construction contracts in progress	15,785	11,120
Deposits received	18,255	20,645
Provision for warranties for completed construction	859	819
Provision for loss on construction contracts	1,809	2,330
Provision for bonuses for directors (and other officers)	63	26
Other	7,864	4,338
Total current liabilities	107,750	89,358
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	1,050	1,030
Long-term borrowings	10,937	8,689
Deferred tax liabilities for land revaluation	2,320	2,320
Retirement benefit liability	1,339	822
Provision for share awards for directors (and other officers)	106	108
Other	2,686	2,381
Total non-current liabilities	18,440	15,352
Total liabilities	126,190	104,710
Net assets		
Shareholders' equity		
Share capital	18,976	18,976
Capital surplus	19,042	19,096
Retained earnings	43,543	42,095
Treasury shares	(1,524)	(3,039)
Total shareholders' equity	80,037	77,130
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,235	2,159
Deferred gains or losses on hedges	5	(3)
Revaluation reserve for land	3,659	3,659
Remeasurements of defined benefit plans	89	60
Total accumulated other comprehensive income	5,990	5,876
Non-controlling interests	697	697
Total net assets	86,725	83,704
Total liabilities and net assets	212,916	188,414

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	105,818	94,141
Cost of sales	95,327	88,049
Gross profit	10,490	6,092
Selling, general and administrative expenses	5,433	5,563
Operating profit	5,056	529
Non-operating income		
Interest income	12	8
Dividend income	158	172
Foreign exchange gains	15	268
Other	61	52
Total non-operating income	248	502
Non-operating expenses		
Interest expenses	104	109
Guarantee fee	88	81
Other	38	35
Total non-operating expenses	232	225
Ordinary profit	5,073	806
Extraordinary income		
Gain on sale of non-current assets	8	7
Other	2	2
Total extraordinary income	11	10
Extraordinary losses		
Loss on sale of non-current assets	-	0
Impairment losses	22	3
Other	4	0
Total extraordinary losses	26	3
Profit before income taxes	5,058	814
Income taxes - current	836	208
Income taxes - deferred	694	35
Total income taxes	1,530	243
Profit	3,527	570
Profit (loss) attributable to non-controlling interests	(8)	43
Profit attributable to owners of parent	3,536	527

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	3,527	570
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	(75)
Deferred gains or losses on hedges	1	(9)
Remeasurements of defined benefit plans, net of tax	103	(29)
Total other comprehensive income	92	(114)
Comprehensive income	3,620	456
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,628	413
Comprehensive income attributable to non-controlling interests	(8)	43

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	5,058	814
Depreciation	1,009	1,237
Impairment losses	22	3
Increase (decrease) in allowance for doubtful accounts	(18)	(0)
Increase (decrease) in retirement benefit liability	(512)	(517)
Interest and dividend income	(171)	(181)
Interest expenses	104	109
Foreign exchange losses (gains)	1	(282)
Increase (decrease) in accrued consumption taxes	(896)	(3,993)
Loss (gain) on sale of short-term and long-term investment securities	-	(1)
Loss (gain) on sale of property, plant and equipment and intangible assets	(8)	(7)
Loss on retirement of property, plant and equipment and intangible assets	3	6
Decrease (increase) in trade receivables	(1,932)	29,427
Decrease (increase) in costs on construction contracts in progress	(1,139)	(2,373)
Decrease (increase) in real estate for sale	6	59
Increase (decrease) in trade payables	(3,574)	(12,597)
Decrease (increase) in advances paid	6,562	1,935
Increase (decrease) in advances received on construction contracts in progress	6,182	(4,664)
Increase (decrease) in deposits received	(1,848)	2,390
Other, net	1,431	(1,572)
Subtotal	10,280	9,790
Interest and dividends received	173	182
Interest paid	(151)	(112)
Income taxes paid	(1,446)	(1,379)
Net cash provided by (used in) operating activities	8,855	8,480
Cash flows from investing activities		
Purchase of property, plant and equipment	(782)	(1,320)
Proceeds from sale of property, plant and equipment	11	68
Purchase of intangible assets	(171)	(64)
Purchase of short-term and long-term investment securities	(21)	(33)
Proceeds from sale and redemption of short-term and long-term investment securities	-	2
Proceeds from collection of loans receivable	7	7
Other, net	(0)	0
Net cash provided by (used in) investing activities	(955)	(1,339)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	1,079
Repayments of long-term borrowings	(3,169)	(2,535)
Proceeds from disposal of treasury shares	-	424
Purchase of treasury shares	(806)	(1,924)
Dividends paid	(1,530)	(1,957)
Dividends paid to non-controlling interests	-	(21)
Other, net	(338)	(341)
Net cash provided by (used in) financing activities	(5,844)	(5,275)
Effect of exchange rate change on cash and cash equivalents	15	340
Net increase (decrease) in cash and cash equivalents	2,070	2,205
Cash and cash equivalents at beginning of period	32,310	32,017
Cash and cash equivalents at end of period	34,381	34,222