

The document is an English-language translation of the consolidated financial summary of the financial results for the third quarter ended December 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 Third Quarter ended December 31, 2022

For the Fiscal Year Ending March 31, 2023

February 9, 2023

TOYO ENGINEERING CORPORATION

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

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1. Business results for the third quarter of fiscal year 2022 (April 1, 2022 - December 31, 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 - Dec. 31, 2022	142,048	1.5	4,474	219.1	3,204	76.4	1,523	24.3
Apr. 1, 2021 - Dec. 31, 2021	139,955	5.2	1,402	(33.5)	1,816	(7.5)	1,225	38.9

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2022 - Dec. 31, 2022 : 3,723 151.4% Apr. 1, 2021 - Dec. 31, 2021: 1,480 —%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2022 - Dec. 31, 2022	25.99	—
Apr. 1, 2021 - Dec. 31, 2021	20.91	—

(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 Dec. 31, 2022	242,292	48,281	19.9
As of Mar. 31, 2022	240,853	44,562	18.4

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

Dec. 31, 2022: 48,107

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	—	Yen				
FY2022 (Forecast)							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	200,000	(1.5)	4,000	35.0	3,000	(4.1)	1,500	(7.4)	25.60

(Note) Revision of forecast for this period: Yes

(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)

Dec. 31, 2022 : 38,558,507

Mar. 31, 2022 : 38,558,507

Number of treasury stocks at end of period

Dec. 31, 2022 : 227,433

Mar. 31, 2022 : 227,058

Average number of stock outstanding during the period: Third quarter of FY2022 and FY2021

Third quarter of FY2022 : 38,331,271

Third quarter of FY2021 : 38,332,113

(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		December 31, 2022	
		Millions of yen		Millions of yen	
[Assets]					
I	Current assets				
1	Cash and deposits		92,153		105,245
2	Notes receivable, accounts receivable from completed construction contracts and other		69,716		53,915
3	Costs on uncompleted construction contracts		19,758		23,406
4	Accounts receivable - other		4,985		5,425
5	Deposits paid		7,150		7,915
6	Forward exchange contracts		2,813		1,365
7	Other		11,447		11,378
8	Allowance for doubtful accounts		(1,221)		(1,343)
	Total current assets		206,805		207,308
II	Non-current assets				
(1)	Property, plant and equipment				
1	Buildings and structures		14,637		15,050
2	Machinery, vehicles, tools, furniture and fixtures		5,379		5,771
3	Land		6,328		6,522
4	Leased assets		2,336		2,534
5	Construction in progress		148		65
6	Accumulated depreciation and impairment loss		(16,969)		(18,035)
	Total property, plant and equipment		11,861		11,907
(2)	Intangible assets				
1	Other		3,488		4,366
	Total intangible assets		3,488		4,366
(3)	Investments and other assets				
1	Investment securities		2,695		3,551
2	Long-term loans receivable		4,598		4,593
3	Net defined benefit asset		4,659		4,697
4	Deferred income taxes		552		751
5	Other		10,710		9,632
6	Allowance for doubtful accounts		(4,516)		(4,517)
	Total investments and other assets		18,699		18,708
	Total non-current assets		34,048		34,983
	Total assets		240,853		242,292
[Liabilities]					
I	Current liabilities				
1	Notes payable, accounts payable for construction contracts and other		72,591		57,027
2	Short-term loans payable		7,499		14,721
3	Income taxes payable		322		834
4	Advances received on uncompleted construction contracts		60,925		76,981
5	Provision for bonuses		588		780
6	Provision for warranties for completed construction		26		38
7	Provision for loss on construction contracts		133		532
8	Forward exchange contracts		293		306
9	Other		16,888		14,060
	Total current liabilities		159,268		165,283
II	Non-current liabilities				
1	Long-term loans payable		28,088		19,926
2	Lease obligations		580		559
3	Deferred income taxes		4,916		4,596
4	Net defined benefit liability		876		1,208
5	Provision for losses on business of subsidiaries and affiliates		396		401
6	Other		2,164		2,035
	Total non-current liabilities		37,022		28,727
	Total liabilities		196,290		194,010
[Net Assets]					
I	Shareholders' equity				
1	Capital stock		18,198		18,198
2	Capital surplus		4,567		4,567
3	Retained earnings		16,297		17,820
4	Treasury stock, at cost		(446)		(447)
	Total shareholders' equity		38,617		40,140
II	Accumulated other comprehensive income				
1	Valuation difference on available-for-sale securities		(5)		243
2	Deferred gains on hedges		1,997		773
3	Foreign currency translation adjustments		1,332		4,732
4	Remeasurements of defined benefit plans		2,451		2,218
	Total accumulated other comprehensive income		5,775		7,967
III	Non-controlling interests		169		173
	Total net assets		44,562		48,281
	Total liabilities and net assets		240,853		242,292

Consolidated Statements of Income

		April 1, 2021 - December 31, 2021		April 1, 2022 - December 31, 2022	
		Millions of yen		Millions of yen	
I	Net sales		139,955		142,048
II	Cost of sales		125,512		122,961
	Gross profit		14,442		19,086
III	Selling, general and administrative expenses		13,040		14,612
	Operating income		1,402		4,474
IV	Non-operating income				
1	Interest income	435		667	
2	Dividends income	46		64	
3	Foreign exchange gains, net	144		-	
4	Equity in earnings of affiliates	102		-	
5	Miscellaneous income	226	955	317	1,049
V	Non-operating expenses				
1	Interest expenses	312		597	
2	Equity in losses of affiliates	-		634	
3	Foreign exchange losses, net	-		918	
4	Miscellaneous expenses	229	541	169	2,319
	Ordinary income		1,816		3,204
	Profit before income taxes		1,816		3,204
VI	Income taxes				
1	Income taxes	589	589	1,671	1,671
	Net profit		1,226		1,532
	Net profit attributable to non-controlling interests		1		9
	Net profit attributable to owners of parent		1,225		1,523

Consolidated Statements of Comprehensive Income

		April 1, 2021 - December 31, 2021		April 1, 2022 - December 31, 2022	
		Millions of yen		Millions of yen	
I	Net profit		1,226		1,532
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	3		248	
2	Deferred losses on hedges	(505)		(1,224)	
3	Foreign currency translation adjustments	760		1,863	
4	Remeasurements of defined benefit plans	(232)		(233)	
5	Share of other comprehensive income of affiliates accounted for by the equity method	227	254	1,535	2,191
	Comprehensive income		1,480		3,723
	Comprehensive income attributable to :				
	Owners of parent		1,476		3,715
	Non-controlling interests		4		8

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 - Dec. 31, 2021	Overseas	Petrochemicals	69,984	4,371	74,356	18,420	50,989
		Oil & Gas	41,413	17,567	58,980	21,199	39,033
		Power/Railways etc.	29,910	133	30,044	6,501	23,745
		Chemicals/Fertilizers	36,054	32,922	68,977	25,648	44,196
		Pharmaceutical/Environmental/Industrial Facilities	2,339	3,582	5,922	2,973	3,145
		Others	1,130	1,731	2,861	1,477	1,398
		Subtotal	180,833	60,309	241,143	76,220	162,508
	Domestic	Petrochemicals	9,365	36,485	45,851	3,803	42,047
		Oil & Gas	5,526	4,251	9,778	6,524	3,253
		Power/Railways etc.	109,018	67,886	176,904	46,473	130,595
		Chemicals/Fertilizers	-	-	-	-	-
		Pharmaceutical/Environmental/Industrial Facilities	5,726	7,468	13,194	5,333	7,855
		Others	221	1,556	1,778	1,599	175
		Subtotal	129,857	117,649	247,506	63,734	183,927
	Grand total	*1,411				*3,531	
		310,691	177,958	488,650	139,955	346,435	
Apr. 1, 2022 - Dec. 31, 2022	Overseas	Petrochemicals	49,600	20,771	70,371	19,738	50,209
		Oil & Gas	32,483	47,226	79,709	18,282	64,219
		Power/Railways etc.	20,791	38	20,830	8,438	13,431
		Chemicals/Fertilizers	61,782	12,799	74,581	25,701	49,901
		Pharmaceutical/Environmental/Industrial Facilities	2,619	2,942	5,562	2,476	3,355
		Others	1,252	4,958	6,210	1,987	4,256
		Subtotal	168,529	88,735	257,265	76,625	185,373
	Domestic	Petrochemicals	40,038	2,724	42,763	7,988	34,775
		Oil & Gas	3,200	2,579	5,780	4,174	1,209
		Power/Railways etc.	161,461	333	161,794	45,422	114,637
		Chemicals/Fertilizers	-	328	328	50	278
		Pharmaceutical/Environmental/Industrial Facilities	8,522	23,709	32,231	4,609	27,172
		Others	201	3,286	3,488	3,177	310
		Subtotal	213,424	32,963	246,387	65,423	178,383
	Grand total	*4,478				*8,164	
		381,954	121,699	503,653	142,048	363,757	

- 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 2,814 million yen for Apr. 1, 2021 - Dec. 31, 2021 and 6,394 million yen for Apr. 1, 2022 - Dec. 31, 2022.
2. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".
The amounts are (5,074) million yen for Apr. 1, 2021 - Dec. 31, 2021 and (4,242) million yen for Apr. 1, 2022 - Dec. 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, 2022 - Dec. 31, 2022 are 38,972 and 47,817 million yen, respectively.