

The document is an English-language translation of the consolidated financial summary of the financial results for the first quarter ended June 30, 2023. 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 First Quarter ended June 30, 2023

For the Fiscal Year Ending March 31, 2024

August 10, 2023

TOYO ENGINEERING CORPORATION

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

Representative: Eiji Hosoi, President and Chief Executive Officer,

Contact: Takeshi Yamato, General Manager of Accounting Dept.

TEL +81-47-454-1521

1. Business results for the first quarter of fiscal year 2023 (April 1, 2023 - June 30, 2023)

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, 2023 - Jun. 30, 2023	54,733	18.5	907	(60.5)	1,826	3.6	1,268	21.0
Apr. 1, 2022 - Jun. 30, 2022	46,169	(14.5)	2,295	25.9	1,762	(3.9)	1,048	10.7

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2023 - Jun. 30, 2023 : 3,173 (44.2)% Apr. 1, 2022 - Jun. 30, 2022: 5,683 360.6%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2023 - Jun. 30, 2023	21.64	—
Apr. 1, 2022 - Jun. 30, 2022	17.89	—

(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 Jun. 30, 2023	271,217	52,271	19.2
As of Mar. 31, 2023	256,311	49,105	19.1

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

Jun. 30, 2023: 52,080 Mar. 31, 2023: 48,924

2. Dividends

	Cash dividends per share									
	Q1		Q2		Q3		Q4		Annual	
FY2022	—	Yen	0.00	Yen	—	Yen	0.00	Yen	0.00	Yen
FY2023	—	Yen								
FY2023 (Forecast)			0.00	Yen	—	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, 2024 (April 1, 2023 - March 31, 2024)

(% 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	24.4	3,000	(37.0)	4,500	15.7	3,000	82.1	51.19

(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)

Jun. 30, 2023 : 38,558,507

Mar. 31, 2023 : 38,558,507

Number of treasury stocks at end of period

Jun. 30, 2023 : 227,894

Mar. 31, 2023 : 227,453

Average number of stock outstanding during the period: First quarter of FY2023 and FY2022

First quarter of FY2023 : 38,330,848

First quarter of FY2022 : 38,331,391

(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, 2023	June 30, 2023
		Millions of yen	Millions of yen
[Assets]			
I	Current assets		
1	Cash and deposits	108,523	108,521
2	Notes receivable, accounts receivable from completed construction contracts and other	65,588	76,421
3	Costs on uncompleted construction contracts	22,290	24,183
4	Accounts receivable - other	6,374	7,914
5	Deposits paid	8,224	6,175
6	Forward exchange contracts	2,103	2,931
7	Other	11,012	11,731
8	Allowance for doubtful accounts	(1,361)	(1,446)
	Total current assets	222,755	236,433
II	Non-current assets		
(1)	Property, plant and equipment		
1	Buildings and structures	15,076	15,164
2	Machinery, vehicles, tools, furniture and fixtures	5,827	6,094
3	Land	6,384	6,449
4	Leased assets	3,440	3,591
5	Construction in progress	301	289
6	Accumulated depreciation and impairment loss	(18,209)	(18,742)
	Total property, plant and equipment	12,820	12,846
(2)	Intangible assets		
1	Other	4,726	4,865
	Total intangible assets	4,726	4,865
(3)	Investments and other assets		
1	Investment securities	3,811	4,826
2	Long-term loans receivable	4,588	4,585
3	Net defined benefit asset	6,745	6,645
4	Deferred income taxes	678	746
5	Other	4,695	4,757
6	Allowance for doubtful accounts	(4,510)	(4,489)
	Total investments and other assets	16,008	17,071
	Total non-current assets	33,555	34,783
	Total assets	256,311	271,217
[Liabilities]			
I	Current liabilities		
1	Notes payable, accounts payable for construction contracts and other	64,701	71,614
2	Short-term loans payable	12,168	10,824
3	Income taxes payable	866	743
4	Advances received on uncompleted construction contracts	77,236	82,797
5	Provision for bonuses	703	577
6	Provision for warranties for completed construction	39	32
7	Provision for loss on construction contracts	538	485
8	Forward exchange contracts	285	1,277
9	Other	18,219	16,544
	Total current liabilities	174,758	184,898
II	Non-current liabilities		
1	Long-term loans payable	22,808	24,092
2	Lease obligations	1,083	1,015
3	Deferred income taxes	5,235	5,425
4	Net defined benefit liability	984	1,153
5	Provision for losses on business of subsidiaries and affiliates	406	414
6	Other	1,929	1,946
	Total non-current liabilities	32,448	34,046
	Total liabilities	207,206	218,945
[Net Assets]			
I	Shareholders' equity		
1	Capital stock	18,198	18,198
2	Capital surplus	4,567	4,567
3	Retained earnings	17,944	19,213
4	Treasury stock, at cost	(447)	(447)
	Total shareholders' equity	40,264	41,532
II	Accumulated other comprehensive income		
1	Valuation difference on available-for-sale securities	274	517
2	Deferred gains on hedges	1,019	1,286
3	Foreign currency translation adjustments	3,926	5,514
4	Remeasurements of defined benefit plans	3,440	3,230
	Total accumulated other comprehensive income	8,660	10,548
III	Non-controlling interests	180	191
	Total net assets	49,105	52,271
	Total liabilities and net assets	256,311	271,217

Consolidated Statements of Income

		April 1, 2022 - June 30, 2022		April 1, 2023 - June 30, 2023	
		Millions of yen		Millions of yen	
I	Net sales		46,169		54,733
II	Cost of sales		38,897		48,924
	Gross profit		7,271		5,809
III	Selling, general and administrative expenses		4,976		4,901
	Operating income		2,295		907
IV	Non-operating income				
	1 Interest income	209		283	
	2 Dividends income	38		108	
	3 Foreign exchange gains, net	98		621	
	4 Equity in earnings of affiliates	-		108	
	5 Miscellaneous income	90	436	54	1,175
V	Non-operating expenses				
	1 Interest expenses	190		177	
	2 Equity in losses of affiliates	755		-	
	3 Foreign withholding tax	1		55	
	4 Miscellaneous expenses	21	969	24	257
	Ordinary income		1,762		1,826
	Profit before income taxes		1,762		1,826
VI	Income taxes				
	1 Income taxes	710	710	556	556
	Net profit		1,052		1,270
	Net profit attributable to non-controlling interests		3		1
	Net profit attributable to owners of parent		1,048		1,268

Consolidated Statements of Comprehensive Income

		April 1, 2022 - June 30, 2022		April 1, 2023 - June 30, 2023	
		Millions of yen		Millions of yen	
I	Net profit		1,052		1,270
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	69		243	
2	Deferred gains on hedges	1,509		266	
3	Foreign currency translation adjustments	1,800		1,393	
4	Remeasurements of defined benefit plans	(77)		(211)	
5	Share of other comprehensive income of affiliates accounted for by the equity method	1,329	4,630	210	1,902
	Comprehensive income		5,683		3,173
	Comprehensive income attributable to :				
	Owners of parent		5,666		3,156
	Non-controlling interests		16		16

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, 2022 - Jun. 30, 2022	Overseas	Petrochemicals	49,600	2,179	51,779	7,542	45,106
		Oil & Gas	32,483	30,124	62,608	5,962	58,056
		Power/Railways etc.	20,791	28	20,820	1,886	19,071
		Chemicals/Fertilizers	61,782	2,638	64,420	8,928	56,023
		Pharmaceutical/Environmental/Industrial Facilities	2,619	588	3,208	642	2,605
		Others	1,252	113	1,365	271	1,085
		Subtotal	168,529	35,674	204,204	25,234	181,948
	Domestic	Petrochemicals	40,038	1,263	41,301	2,015	39,286
		Oil & Gas	3,200	828	4,029	2,506	1,523
		Power/Railways etc.	161,461	5,129	166,590	14,991	151,395
		Chemicals/Fertilizers	-	-	-	-	-
		Pharmaceutical/Environmental/Industrial Facilities	8,522	6,093	14,615	652	13,963
		Others	201	851	1,052	769	282
	Subtotal	213,424	14,166	227,591	20,935	206,450	
Grand total		*4,478				*11,186	
Grand total		381,954	49,841	431,795	46,169	388,399	
Apr. 1, 2023 - Jun. 30, 2023	Overseas	Petrochemicals	44,416	11,582	55,999	7,460	48,915
		Oil & Gas	67,838	3,598	71,437	7,090	65,007
		Power/Railways etc.	14,873	-	14,873	1,532	13,472
		Chemicals/Fertilizers	106,333	7,779	114,113	5,715	108,196
		Pharmaceutical/Environmental/Industrial Facilities	434	353	787	296	462
		Others	4,327	1,419	5,747	1,071	4,666
		Subtotal	238,224	24,734	262,958	23,165	240,721
	Domestic	Petrochemicals	31,646	759	32,406	6,389	26,017
		Oil & Gas	1,953	292	2,246	1,727	519
		Power/Railways etc.	100,627	61	100,688	18,700	81,740
		Chemicals/Fertilizers	1,588	-	1,588	159	1,428
		Pharmaceutical/Environmental/Industrial Facilities	24,949	200	25,149	3,132	22,017
		Others	201	1,511	1,713	1,458	255
	Subtotal	160,968	2,824	163,792	31,567	131,978	
Grand total		*4,276				*15,716	
Grand total		399,192	27,558	426,751	54,733	372,699	

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 3,064 million yen for Apr. 1, 2022 - Jun. 30, 2022 and 1,474 million yen for Apr. 1, 2023 - Jun. 30, 2023.

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

The amounts are (290) million yen for Apr. 1, 2022 - Jun. 30, 2022 and (792) million yen for Apr. 1, 2023 - Jun. 30, 2023.

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, 2023 - Jun. 30, 2023 are 280,788 and 307,773 million yen, respectively.