

The document is an English-language translation of the consolidated financial summary of the financial results for the second quarter ended September 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 Second Quarter ended September 30, 2023

For the Fiscal Year Ending March 31, 2024

November 9, 2023

TOYO ENGINEERING CORPORATION

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

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1. Business results for the second quarter of fiscal year 2023 (April 1, 2023 - September 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 - Sep. 30, 2023	117,055	21.3	3,222	5.2	4,026	59.3	2,364	91.3
Apr. 1, 2022 - Sep. 30, 2022	96,477	(1.1)	3,062	29.0	2,527	10.9	1,236	(14.7)

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2023 - Sep. 30, 2023 : 6,074 3.1% Apr. 1, 2022 - Sep. 30, 2022: 5,889 163.7%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2023 - Sep. 30, 2023	40.35	—
Apr. 1, 2022 - Sep. 30, 2022	21.10	—

(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, 2023	281,290	55,173	19.5
As of Mar. 31, 2023	256,311	49,105	19.1

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

Sep. 30, 2023: 54,969

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	0.00	Yen						
FY2023 (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, 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	250,000	29.6	5,000	4.9	5,000	28.6	3,000	82.1	51.19

(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)

Sep. 30, 2023 : 38,558,507

Mar. 31, 2023 : 38,558,507

Number of treasury stocks at end of period

Sep. 30, 2023 : 228,203

Mar. 31, 2023 : 227,453

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

Second quarter of FY2023 : 38,330,667

Second quarter of FY2022 : 38,331,329

(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		September 30, 2023	
		Millions of yen		Millions of yen	
[Assets]					
I	Current assets				
1	Cash and deposits		108,523		127,579
2	Notes receivable, accounts receivable from completed construction contracts and other		65,588		64,417
3	Costs on uncompleted construction contracts		22,290		26,828
4	Accounts receivable - other		6,374		8,502
5	Deposits paid		8,224		8,294
6	Forward exchange contracts		2,103		2,666
7	Other		11,012		8,145
8	Allowance for doubtful accounts		(1,361)		(1,483)
	Total current assets		222,755		244,951
II	Non-current assets				
(1)	Property, plant and equipment				
1	Buildings and structures		15,076		15,319
2	Machinery, vehicles, tools, furniture and fixtures		5,827		6,127
3	Land		6,384		6,563
4	Leased assets		3,440		2,446
5	Construction in progress		301		555
6	Accumulated depreciation and impairment loss		(18,209)		(17,834)
	Total property, plant and equipment		12,820		13,177
(2)	Intangible assets				
1	Other		4,726		5,075
	Total intangible assets		4,726		5,075
(3)	Investments and other assets				
1	Investment securities		3,811		6,446
2	Long-term loans receivable		4,588		4,589
3	Net defined benefit asset		6,745		7,003
4	Deferred income taxes		678		703
5	Other		4,695		3,832
6	Allowance for doubtful accounts		(4,510)		(4,490)
	Total investments and other assets		16,008		18,085
	Total non-current assets		33,555		36,338
	Total assets		256,311		281,290
[Liabilities]					
I	Current liabilities				
1	Notes payable, accounts payable for construction contracts and other		64,701		80,270
2	Short-term loans payable		12,168		11,203
3	Income taxes payable		866		805
4	Advances received on uncompleted construction contracts		77,236		80,382
5	Provision for bonuses		703		721
6	Provision for warranties for completed construction		39		31
7	Provision for loss on construction contracts		538		361
8	Forward exchange contracts		285		1,853
9	Other		18,219		17,078
	Total current liabilities		174,758		192,709
II	Non-current liabilities				
1	Long-term loans payable		22,808		23,357
2	Lease obligations		1,083		930
3	Deferred income taxes		5,235		5,528
4	Net defined benefit liability		984		1,172
5	Provision for losses on business of subsidiaries and affiliates		406		418
6	Other		1,929		2,000
	Total non-current liabilities		32,448		33,407
	Total liabilities		207,206		226,116
[Net Assets]					
I	Shareholders' equity				
1	Capital stock		18,198		18,198
2	Capital surplus		4,567		4,567
3	Retained earnings		17,944		20,309
4	Treasury stock, at cost		(447)		(447)
	Total shareholders' equity		40,264		42,628
II	Accumulated other comprehensive income				
1	Valuation difference on available-for-sale securities		274		707
2	Deferred gains on hedges		1,019		636
3	Foreign currency translation adjustments		3,926		7,787
4	Remeasurements of defined benefit plans		3,440		3,208
	Total accumulated other comprehensive income		8,660		12,341
III	Non-controlling interests		180		203
	Total net assets		49,105		55,173
	Total liabilities and net assets		256,311		281,290

Consolidated Statements of Income

		April 1, 2022 - September 30, 2022		April 1, 2023 - September 30, 2023	
		Millions of yen		Millions of yen	
I	Net sales		96,477		117,055
II	Cost of sales		83,123		103,810
	Gross profit		13,354		13,244
III	Selling, general and administrative expenses		10,291		10,021
	Operating income		3,062		3,222
IV	Non-operating income				
1	Interest income	468		613	
2	Dividends income	39		109	
3	Foreign exchange gains, net	-		346	
4	Miscellaneous income	291	799	461	1,530
V	Non-operating expenses				
1	Interest expenses	441		423	
2	Equity in losses of affiliates	746		119	
3	Foreign exchange losses, net	37		-	
4	Miscellaneous expenses	108	1,334	184	727
	Ordinary income		2,527		4,026
	Profit before income taxes		2,527		4,026
VI	Income taxes				
1	Income taxes	1,284	1,284	1,651	1,651
	Net profit		1,243		2,375
	Net profit attributable to non-controlling interests		6		10
	Net profit attributable to owners of parent		1,236		2,364

Consolidated Statements of Comprehensive Income

		April 1, 2022 - September 30, 2022		April 1, 2023 - September 30, 2023	
		Millions of yen		Millions of yen	
I	Net profit		1,243		2,375
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	91		433	
2	Deferred losses on hedges	(78)		(383)	
3	Foreign currency translation adjustments	3,336		2,948	
4	Remeasurements of defined benefit plans	(155)		(231)	
5	Share of other comprehensive income of affiliates accounted for by the equity method	1,452	4,646	931	3,699
	Comprehensive income		5,889		6,074
	Comprehensive income attributable to :				
	Owners of parent		5,866		6,045
	Non-controlling interests		22		29

Consolidated Statements of Cash Flows

	April 1, 2022 - September 30, 2022	April 1, 2023 - September 30, 2023
	Millions of yen	Millions of yen
I Cash flows from operating activities		
1 Profit before income taxes	2,527	4,026
2 Depreciation and amortization	1,041	1,130
3 Amortization of goodwill	(5)	(1)
4 Increase in allowance for doubtful accounts	318	84
5 Increase (decrease) in net defined benefit liability	77	(326)
6 Increase (decrease) in provision for loss on construction contracts	437	(229)
7 Interest and dividends income	(507)	(723)
8 Interest expenses	441	423
9 Foreign exchange gains	(510)	(815)
10 Gain on sales of property, plant and equipment	(2)	(0)
11 Equity in losses of affiliates	746	119
12 Decrease in notes receivable, accounts receivable from completed construction contracts	1,937	3,861
13 Increase in costs on uncompleted construction contracts	(525)	(3,825)
14 Decrease (increase) in accounts receivable - other	1,295	(1,901)
15 (Decrease) increase in notes and accounts payable - trade	(13,457)	14,069
16 Increase in advances received on uncompleted construction contracts	18,974	2,315
17 Increase in deposits paid	(245)	(70)
18 Other, net	(265)	1,008
Subtotal	12,278	19,144
19 Interest and dividends income received	265	439
20 Interest expenses paid	(410)	(383)
21 Income taxes paid	(734)	(1,008)
Net cash provided by operating activities	11,398	18,191
II Cash flows from investing activities		
1 Net decrease in time deposits	1,455	3,452
2 Purchase of property, plant and equipment	(309)	(537)
3 Proceeds from sales of property, plant and equipment	9	29
4 Purchase of intangible assets	(1,225)	(863)
5 Net decrease in short-term loans receivable	0	0
6 Other, net	(141)	162
Net cash (used in) provided by investing activities	(210)	2,244
III Cash flows from financing activities		
1 Net increase (decrease) in short-term loans payable	113	(580)
2 Proceeds from long-term loans payable	2,022	10,100
3 Repayment of long-term loans payable	(3,549)	(10,391)
4 Repayment of finance lease obligations	(364)	(327)
5 Other, net	(4)	(6)
Net cash used in financing activities	(1,782)	(1,205)
IV Effect of exchange rate change on cash and cash equivalents	2,658	1,198
V Net increase in cash and cash equivalents	12,063	20,429
VI Cash and cash equivalents at beginning of period	89,800	95,865
VII Cash and cash equivalents at the end of period	101,864	116,295

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 - 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	
Apr. 1, 2023 - Sep. 30, 2023	Overseas	Petrochemicals	44,416	28,170	72,586	15,118	58,082
		Oil & Gas	67,838	6,112	73,951	16,183	59,289
		Power/Railways etc.	14,873	10,256	25,130	3,493	22,128
		Chemicals/Fertilizers	106,333	13,021	119,355	16,315	103,385
		Pharmaceutical/Environmental/Industrial Facilities	434	564	999	380	601
		Others	4,327	1,615	5,942	1,878	4,080
		Subtotal	238,224	59,740	297,965	53,369	247,567
	Domestic	Petrochemicals	31,646	5,514	37,161	14,478	22,682
		Oil & Gas	1,953	1,274	3,228	2,887	341
		Power/Railways etc.	100,627	365	100,992	35,513	64,768
		Chemicals/Fertilizers	1,588	34	1,623	944	679
		Pharmaceutical/Environmental/Industrial Facilities	24,949	526	25,476	6,963	18,512
		Others	201	2,912	3,114	2,898	216
		Subtotal	160,968	10,628	171,596	63,685	107,200
	Grand total	*4,276				*14,266	
		399,192	70,369	469,562	117,055	354,767	

- 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 6,693 million yen for Apr. 1, 2022 - Sep. 30, 2022 and 4,273 million yen for Apr. 1, 2023 - Sep. 30, 2023.
2. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".
The amounts are (2,280) million yen for Apr. 1, 2022 - Sep. 30, 2022 and (2,011) million yen for Apr. 1, 2023 - Sep. 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 - Sep. 30, 2023 are 290,737 and 293,487 million yen, respectively.