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January 30, 2023

Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]

Company name: TOENEC CORPORATION
 Stock exchange listing: Tokyo, Nagoya
 Code number: 1946
 URL: <https://www.toenec.co.jp/english/>
 Representative: Yuzo Fujita, President and Director Chief Executive Officer
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 Scheduled date of filing quarterly securities report: February 8, 2023
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

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

1. Consolidated financial results for the nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(1) Consolidated operating results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2022	163,202	5.4	6,060	(26.8)	5,077	(34.0)	(6,453)	—
December 31, 2021	154,817	0.5	8,281	(20.4)	7,698	(22.5)	5,403	(18.5)

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥(5,996) million [—%]
 Nine months ended December 31, 2021: ¥6,182 million [(24.6)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	(345.25)	—
December 31, 2021	289.13	—

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2022	290,602	118,095	40.6	6,315.22
March 31, 2022	301,599	126,596	42.0	6,772.38

(Reference) Equity:
 As of December 31, 2022: ¥118,059 million
 As of March 31, 2022: ¥126,570 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	—	45.00	—	90.00	135.00
Fiscal year ending March 31, 2023	—	45.00	—		
Fiscal year ending March 31, 2023 (Forecast)				95.00	140.00

(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 1, 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	%	
Full year	235,000	7.0	11,100	(21.1)	9,700	(27.6)	(3,300)	—	Yen (176.54)

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

*** Notes:**

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 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):

December 31, 2022	19,329,990 shares
March 31, 2022	19,329,990 shares

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

December 31, 2022	635,587 shares
March 31, 2022	640,758 shares

- 3) Average number of shares during the period:

Nine months ended December 31, 2022	18,692,192 shares
Nine months ended December 31, 2021	18,689,689 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	29,015	28,247
Deposits paid	1,500	1,500
Notes receivable, accounts receivable from completed construction contracts and other	69,521	67,964
Costs on construction contracts in progress	6,577	8,739
Raw materials and supplies	3,177	3,307
Merchandise	111	95
Other	3,458	8,405
Allowance for doubtful accounts	(90)	(1,652)
Total current assets	113,270	116,608
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,341	58,208
Machinery, vehicles, tools, furniture and fixtures	113,655	115,380
Land	31,633	31,807
Construction in progress	9,634	344
Accumulated depreciation	(67,373)	(72,882)
Total property, plant and equipment	145,891	132,857
Intangible assets		
Goodwill	1,253	1,018
Other	2,793	3,062
Total intangible assets	4,047	4,081
Investments and other assets		
Investment securities	28,877	28,164
Deferred tax assets	4,868	5,562
Other	6,511	3,619
Allowance for doubtful accounts	(1,869)	(293)
Total investments and other assets	38,389	37,054
Total non-current assets	188,328	173,993
Total assets	301,599	290,602

(Million yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	39,531	36,358
Short-term borrowings	4,182	9,082
Accrued expenses	7,351	5,054
Income taxes payable	1,852	350
Advances received on construction contracts in progress	2,533	3,226
Provision for loss on construction contracts	247	608
Provision for loss on cancellation of leases	–	1,485
Other	9,006	11,457
Total current liabilities	64,704	67,623
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term borrowings	23,463	22,651
Lease liabilities	55,463	51,067
Retirement benefit liability	18,662	17,577
Asset retirement obligations	3,801	4,682
Other	506	503
Total non-current liabilities	110,298	104,883
Total liabilities	175,002	172,507
Net assets		
Shareholders' equity		
Share capital	7,680	7,680
Capital surplus	6,840	6,848
Retained earnings	105,381	96,405
Treasury shares	(1,548)	(1,536)
Total shareholders' equity	118,354	109,397
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,689	7,216
Foreign currency translation adjustment	206	917
Remeasurements of defined benefit plans	320	527
Total accumulated other comprehensive income	8,216	8,661
Non-controlling interests	26	36
Total net assets	126,596	118,095
Total liabilities and net assets	301,599	290,602

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

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Net sales	154,817	163,202
Cost of sales	131,253	140,879
Gross profit	23,564	22,323
Selling, general and administrative expenses	15,282	16,263
Operating profit	8,281	6,060
Non-operating income		
Interest income	95	49
Dividend income	324	403
Rental income from land and buildings	132	145
Share of profit of entities accounted for using equity method	449	–
Other	105	157
Total non-operating income	1,107	755
Non-operating expenses		
Interest expenses	1,543	1,614
Commission for syndicated loans	20	–
Share of loss of entities accounted for using equity method	–	11
Other	125	112
Total non-operating expenses	1,690	1,738
Ordinary profit	7,698	5,077
Extraordinary income		
Gain on sale of non-current assets	904	12
Reversal of allowance for doubtful accounts	1	0
Gain on sale of investment securities	–	106
Total extraordinary income	905	118
Extraordinary losses		
Loss on sale and retirement of non-current assets	44	128
Impairment losses	–	10,004
Loss on valuation of investment securities	5	0
Loss on cancellation of leases	610	–
Provision for loss on cancellation of leases	–	1,485
Total extraordinary losses	659	11,618
Profit (loss) before income taxes	7,944	(6,422)
Income taxes	2,534	25
Profit (loss)	5,410	(6,447)
Profit attributable to non-controlling interests	6	5
Profit (loss) attributable to owners of parent	5,403	(6,453)

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

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Profit (loss)	5,410	(6,447)
Other comprehensive income		
Valuation difference on available-for-sale securities	324	(476)
Foreign currency translation adjustment	142	348
Remeasurements of defined benefit plans, net of tax	335	215
Share of other comprehensive income of entities accounted for using equity method	(30)	362
Total other comprehensive income	772	450
Comprehensive income	6,182	(5,996)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,174	(6,008)
Comprehensive income attributable to non-controlling interests	8	11