

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

January 31, 2024

[Summary] Consolidated Financial Results for the Nine Months Ended December 31, 2023 [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
 Contact: Toshihiko Ogura, Executive Officer General Manager Finance & Accounting Division
 Phone: +81-52-219-1916
 Scheduled date of filing quarterly securities report: February 7, 2024
 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, 2023 (April 1, 2023 to December 31, 2023)

(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, 2023 | 182,471 | 11.8 | 9,966 | 64.5 | 8,994 | 77.1 | 5,357 | — |
| December 31, 2022 | 163,202 | 5.4 | 6,060 | (26.8) | 5,077 | (34.0) | (6,453) | — |

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥7,750 million [—%]
 Nine months ended December 31, 2022: ¥(5,996) million [—%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Nine months ended | Yen | Yen |
| December 31, 2023 | 286.56 | — |
| December 31, 2022 | (345.25) | — |

(2) Consolidated financial position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|-------------------|--------------|-------------|------------------------|----------------------|
| As of | Million yen | Million yen | % | Yen |
| December 31, 2023 | 297,757 | 122,907 | 41.3 | 6,570.18 |
| March 31, 2023 | 300,172 | 117,193 | 39.0 | 6,267.16 |

(Reference) Equity:
 As of December 31, 2023: ¥122,859 million
 As of March 31, 2023: ¥117,159 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, 2023 | — | 45.00 | — | 50.00 | 95.00 |
| Fiscal year ending March 31, 2024 | — | 60.00 | — | | |
| Fiscal year ending March 31, 2024 (Forecast) | | | | 120.00 | 180.00 |

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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 | 254,000 | 9.5 | 14,000 | 36.1 | 10,600 | 18.0 | 8,200 | — | 438.55 |

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

*** Notes:**

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023
(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, 2023 | 19,329,990 shares |
| March 31, 2023 | 19,329,990 shares |

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

| | |
|-------------------|----------------|
| December 31, 2023 | 630,361 shares |
| March 31, 2023 | 635,825 shares |

- 3) Average number of shares during the period:

| | |
|-------------------------------------|-------------------|
| Nine months ended December 31, 2023 | 18,697,186 shares |
| Nine months ended December 31, 2022 | 18,692,192 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, 2023 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 30,101 | 26,284 |
| Deposits paid | 1,700 | 1,700 |
| Notes receivable, accounts receivable from completed construction contracts and other | 79,887 | 80,306 |
| Costs on construction contracts in progress | 6,787 | 8,519 |
| Raw materials and supplies | 3,505 | 3,347 |
| Merchandise | 117 | 114 |
| Other | 3,673 | 3,964 |
| Allowance for doubtful accounts | (138) | (109) |
| Total current assets | 125,633 | 124,127 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 58,171 | 57,676 |
| Machinery, vehicles, tools, furniture and fixtures | 116,256 | 116,928 |
| Land | 31,897 | 31,897 |
| Construction in progress | 401 | 2,686 |
| Accumulated depreciation | (74,796) | (80,223) |
| Total property, plant and equipment | 131,931 | 128,965 |
| Intangible assets | | |
| Goodwill | 940 | 705 |
| Other | 3,121 | 2,874 |
| Total intangible assets | 4,061 | 3,579 |
| Investments and other assets | | |
| Investment securities | 28,405 | 31,514 |
| Deferred tax assets | 6,871 | 6,107 |
| Other | 6,662 | 6,864 |
| Allowance for doubtful accounts | (3,393) | (3,400) |
| Total investments and other assets | 38,546 | 41,085 |
| Total non-current assets | 174,538 | 173,630 |
| Total assets | 300,172 | 297,757 |

(Million yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|--|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | 45,485 | 40,850 |
| Short-term borrowings | 9,082 | 9,726 |
| Accrued expenses | 7,100 | 5,326 |
| Income taxes payable | 1,111 | 1,915 |
| Advances received on construction contracts in progress | 3,719 | 6,709 |
| Provision for loss on construction contracts | 292 | 177 |
| Provision for loss on cancellation of leases | 967 | – |
| Other | 10,178 | 11,434 |
| Total current liabilities | 77,937 | 76,138 |
| Non-current liabilities | | |
| Bonds payable | 8,400 | 8,400 |
| Long-term borrowings | 22,381 | 21,569 |
| Lease liabilities | 49,483 | 44,754 |
| Retirement benefit liability | 19,594 | 18,819 |
| Asset retirement obligations | 4,686 | 4,697 |
| Other | 495 | 471 |
| Total non-current liabilities | 105,041 | 98,712 |
| Total liabilities | 182,978 | 174,850 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 7,680 | 7,680 |
| Capital surplus | 6,848 | 6,855 |
| Retained earnings | 97,310 | 100,611 |
| Treasury shares | (1,537) | (1,524) |
| Total shareholders' equity | 110,302 | 113,623 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,548 | 9,168 |
| Foreign currency translation adjustment | 388 | 1,006 |
| Remeasurements of defined benefit plans | (1,079) | (937) |
| Total accumulated other comprehensive income | 6,857 | 9,236 |
| Non-controlling interests | 34 | 47 |
| Total net assets | 117,193 | 122,907 |
| Total liabilities and net assets | 300,172 | 297,757 |

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, 2022 | For the nine months ended December 31, 2023 |
|---|--|--|
| Net sales | 163,202 | 182,471 |
| Cost of sales | 140,879 | 156,584 |
| Gross profit | 22,323 | 25,887 |
| Selling, general and administrative expenses | 16,263 | 15,920 |
| Operating profit | 6,060 | 9,966 |
| Non-operating income | | |
| Interest income | 49 | 31 |
| Dividend income | 403 | 376 |
| Rental income from land and buildings | 145 | 153 |
| Other | 157 | 343 |
| Total non-operating income | 755 | 905 |
| Non-operating expenses | | |
| Interest expenses | 1,614 | 1,481 |
| Share of loss of entities accounted for using equity method | 11 | 353 |
| Other | 112 | 42 |
| Total non-operating expenses | 1,738 | 1,877 |
| Ordinary profit | 5,077 | 8,994 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 12 | 0 |
| Reversal of allowance for doubtful accounts | 0 | — |
| Gain on sale of investment securities | 106 | 0 |
| Total extraordinary income | 118 | 0 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 128 | 154 |
| Impairment losses | 10,004 | — |
| Provision of allowance for doubtful accounts | — | 0 |
| Loss on valuation of investment securities | 0 | 129 |
| Provision for loss on cancellation of leases | 1,485 | — |
| Total extraordinary losses | 11,618 | 284 |
| Profit (loss) before income taxes | (6,422) | 8,710 |
| Income taxes | 25 | 3,344 |
| Profit (loss) | (6,447) | 5,366 |
| Profit attributable to non-controlling interests | 5 | 8 |
| Profit (loss) attributable to owners of parent | (6,453) | 5,357 |

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

(Million yen)

| | For the nine months ended December 31, 2022 | For the nine months ended December 31, 2023 |
|--|--|--|
| Profit (loss) | (6,447) | 5,366 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (476) | 1,614 |
| Foreign currency translation adjustment | 348 | 331 |
| Remeasurements of defined benefit plans, net of tax | 215 | 138 |
| Share of other comprehensive income of entities accounted for using equity method | 362 | 300 |
| Total other comprehensive income | 450 | 2,384 |
| Comprehensive income | (5,996) | 7,750 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (6,008) | 7,736 |
| Comprehensive income attributable to non-controlling interests | 11 | 14 |