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October 27, 2023

[Summary] Consolidated Financial Results for the Six Months Ended September 30, 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: November 7, 2023
 Scheduled date of commencing dividend payments: November 30, 2023
 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 six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated operating results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2023	120,581	12.1	6,908	44.9	6,501	57.8	4,072	—
September 30, 2022	107,608	7.0	4,768	(6.3)	4,120	(10.2)	(7,133)	—

(Note) Comprehensive income: Six months ended September 30, 2023: ¥6,423 million [—%]
 Six months ended September 30, 2022: ¥(6,691) million [—%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	217.81	—
September 30, 2022	(381.66)	—

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2023	297,207	122,701	41.3	6,559.24
March 31, 2023	300,172	117,193	39.0	6,267.16

(Reference) Equity:
 As of September 30, 2023: ¥122,655 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)			—	70.00	130.00

(Note) Revision to the forecast for dividends announced most recently: No

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	245,000	5.6	13,000	26.4	12,000	33.6	8,000	—	427.86

(Note) Revision to the financial results forecast announced most recently: No

*** Notes:**

- (1) Changes in significant subsidiaries during the six months ended September 30, 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):

September 30, 2023	19,329,990 shares
March 31, 2023	19,329,990 shares

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

September 30, 2023	630,281 shares
March 31, 2023	635,825 shares

- 3) Average number of shares during the period:

Six months ended September 30, 2023	18,695,958 shares
Six months ended September 30, 2022	18,691,035 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	30,101	28,805
Deposits paid	1,700	1,700
Notes receivable, accounts receivable from completed construction contracts and other	79,887	76,334
Costs on construction contracts in progress	6,787	7,949
Raw materials and supplies	3,505	3,304
Merchandise	117	112
Other	3,673	4,357
Allowance for doubtful accounts	(138)	(110)
Total current assets	125,633	122,453
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,171	58,169
Machinery, vehicles, tools, furniture and fixtures	116,256	117,021
Land	31,897	31,897
Construction in progress	401	1,042
Accumulated depreciation	(74,796)	(78,811)
Total property, plant and equipment	131,931	129,319
Intangible assets		
Goodwill	940	783
Other	3,121	2,997
Total intangible assets	4,061	3,780
Investments and other assets		
Investment securities	28,405	31,936
Deferred tax assets	6,871	6,121
Other	6,662	6,992
Allowance for doubtful accounts	(3,393)	(3,397)
Total investments and other assets	38,546	41,653
Total non-current assets	174,538	174,754
Total assets	300,172	297,207

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	45,485	39,047
Short-term borrowings	9,082	9,082
Accrued expenses	7,100	7,163
Income taxes payable	1,111	2,371
Advances received on construction contracts in progress	3,719	4,997
Provision for loss on construction contracts	292	182
Provision for loss on cancellation of leases	967	–
Other	10,178	10,672
Total current liabilities	77,937	73,518
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term borrowings	22,381	21,840
Lease liabilities	49,483	46,440
Retirement benefit liability	19,594	19,135
Asset retirement obligations	4,686	4,693
Other	495	478
Total non-current liabilities	105,041	100,987
Total liabilities	182,978	174,506
Net assets		
Shareholders' equity		
Share capital	7,680	7,680
Capital surplus	6,848	6,855
Retained earnings	97,310	100,447
Treasury shares	(1,537)	(1,523)
Total shareholders' equity	110,302	113,460
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,548	9,189
Foreign currency translation adjustment	388	990
Remeasurements of defined benefit plans	(1,079)	(984)
Total accumulated other comprehensive income	6,857	9,195
Non-controlling interests	34	46
Total net assets	117,193	122,701
Total liabilities and net assets	300,172	297,207

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

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	107,608	120,581
Cost of sales	91,860	103,092
Gross profit	15,748	17,488
Selling, general and administrative expenses	10,979	10,580
Operating profit	4,768	6,908
Non-operating income		
Interest income	9	16
Dividend income	258	210
Rental income from land and buildings	96	101
Foreign exchange gains	42	227
Other	81	78
Total non-operating income	488	633
Non-operating expenses		
Interest expenses	1,085	999
Share of loss of entities accounted for using equity method	40	13
Other	10	26
Total non-operating expenses	1,136	1,040
Ordinary profit	4,120	6,501
Extraordinary income		
Gain on sale of non-current assets	12	0
Reversal of allowance for doubtful accounts	0	–
Gain on sale of investment securities	11	–
Total extraordinary income	23	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	119	56
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	11,609	186
Profit (loss) before income taxes	(7,465)	6,315
Income taxes	(334)	2,236
Profit (loss)	(7,131)	4,079
Profit attributable to non-controlling interests	2	7
Profit (loss) attributable to owners of parent	(7,133)	4,072

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

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit (loss)	(7,131)	4,079
Other comprehensive income		
Valuation difference on available-for-sale securities	(265)	1,639
Foreign currency translation adjustment	313	258
Remeasurements of defined benefit plans, net of tax	143	92
Share of other comprehensive income of entities accounted for using equity method	248	353
Total other comprehensive income	440	2,343
Comprehensive income	(6,691)	6,423
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(6,697)	6,410
Comprehensive income attributable to non-controlling interests	6	12

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	(7,465)	6,315
Depreciation	4,896	5,074
Impairment losses	10,004	—
Amortization of goodwill	156	156
Increase (decrease) in allowance for doubtful accounts	(15)	(25)
Increase (decrease) in provision for loss on cancellation of leases	1,485	(967)
Increase (decrease) in other provisions	261	(109)
Increase (decrease) in retirement benefit liability	(542)	(329)
Interest and dividend income	(268)	(226)
Interest expenses	1,085	999
Foreign exchange losses (gains)	(70)	(178)
Loss (gain) on valuation of investment securities	0	129
Loss (gain) on sale of investment securities	(11)	—
Share of loss (profit) of entities accounted for using equity method	40	13
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	107	56
Decrease (increase) in trade receivables	7,037	3,724
Decrease (increase) in costs on construction contracts in progress	(801)	(1,137)
Decrease (increase) in inventories	(120)	208
Increase (decrease) in trade payables	(6,514)	(5,561)
Increase (decrease) in advances received on construction contracts in progress	907	1,162
Increase (decrease) in accrued consumption taxes	978	(341)
Other, net	(17)	390
Subtotal	11,135	9,354
Compensation paid for damage	—	(510)
Income taxes paid	(1,683)	(1,016)
Net cash provided by (used in) operating activities	9,452	7,827
Cash flows from investing activities		
Payments into time deposits	(152)	(1,389)
Proceeds from withdrawal of time deposits	10	80
Net decrease (increase) in deposits paid	500	—
Purchase of investment securities	(13)	(10)
Proceeds from sale of investment securities	11	—
Purchase of shares of subsidiaries and associates	(176)	(1,022)
Proceeds from collection of loans receivable	8	2
Purchase of property, plant and equipment	(1,634)	(1,710)
Proceeds from sale of property, plant and equipment	47	0
Interest and dividends received	663	377
Other, net	(716)	(341)
Net cash provided by (used in) investing activities	(1,452)	(4,013)

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,900	—
Repayments of long-term borrowings	(541)	(541)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	—
Repayments of lease liabilities	(3,733)	(3,869)
Proceeds from sale and leaseback transactions	—	4
Interest paid	(1,085)	(999)
Dividends paid	(1,678)	(934)
Dividends paid to non-controlling interests	(1)	—
Other, net	(2)	(2)
Net cash provided by (used in) financing activities	(2,141)	(6,342)
Effect of exchange rate change on cash and cash equivalents	168	259
Net increase (decrease) in cash and cash equivalents	6,025	(2,268)
Cash and cash equivalents at beginning of period	28,424	30,601
Cash and cash equivalents at end of period	34,450	28,332