

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.

July 28, 2023

[Summary] Consolidated Financial Results for the Three Months Ended June 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
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 Phone: +81-52-219-1916
 Scheduled date of filing quarterly securities report: August 7, 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 three months ended June 30, 2023 (April 1, 2023 to June 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	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2023	58,026	10.9	2,937	17.0	2,849	26.2	1,719	24.9
June 30, 2022	52,301	5.6	2,510	(4.6)	2,257	(3.6)	1,376	(7.3)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥3,179 million [106.1%]
 Three months ended June 30, 2022: ¥1,542 million [(21.2)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	91.98	—
June 30, 2022	73.67	—

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2023	296,215	119,437	40.3	6,386.95
March 31, 2023	300,172	117,193	39.0	6,267.16

(Reference) Equity:
 As of June 30, 2023: ¥119,397 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	—				
Fiscal year ending March 31, 2024 (Forecast)		60.00	—	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	%	
Six months ending September 30, 2023	120,000	11.5	6,800	42.6	6,400	55.3	4,400	—	235.37
Full year	245,000	5.6	13,000	26.4	12,000	33.6	8,000	—	427.94

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

*** Notes:**

- (1) Changes in significant subsidiaries during the three months ended June 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):

June 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:

June 30, 2023	635,974 shares
March 31, 2023	635,825 shares

- 3) Average number of shares during the period:

Three months ended June 30, 2023	18,694,104 shares
Three months ended June 30, 2022	18,689,201 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 June 30, 2023
Assets		
Current assets		
Cash and deposits	30,101	30,791
Deposits paid	1,700	1,700
Notes receivable, accounts receivable from completed construction contracts and other	79,887	73,612
Costs on construction contracts in progress	6,787	7,390
Raw materials and supplies	3,505	3,329
Merchandise	117	115
Other	3,673	4,439
Allowance for doubtful accounts	(138)	(118)
Total current assets	125,633	121,260
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,171	58,138
Machinery, vehicles, tools, furniture and fixtures	116,256	116,903
Land	31,897	31,897
Construction in progress	401	1,057
Accumulated depreciation	(74,796)	(76,804)
Total property, plant and equipment	131,931	131,192
Intangible assets		
Goodwill	940	861
Other	3,121	3,056
Total intangible assets	4,061	3,918
Investments and other assets		
Investment securities	28,405	30,098
Deferred tax assets	6,871	6,318
Other	6,662	6,824
Allowance for doubtful accounts	(3,393)	(3,397)
Total investments and other assets	38,546	39,844
Total non-current assets	174,538	174,955
Total assets	300,172	296,215

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	45,485	40,460
Short-term borrowings	9,082	9,082
Accrued expenses	7,100	5,019
Income taxes payable	1,111	1,096
Advances received on construction contracts in progress	3,719	5,425
Provision for loss on construction contracts	292	148
Provision for loss on cancellation of leases	967	–
Other	10,178	12,330
Total current liabilities	77,937	73,562
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term borrowings	22,381	22,110
Lease liabilities	49,483	48,184
Retirement benefit liability	19,594	19,343
Asset retirement obligations	4,686	4,690
Other	495	486
Total non-current liabilities	105,041	103,215
Total liabilities	182,978	176,778
Net assets		
Shareholders' equity		
Share capital	7,680	7,680
Capital surplus	6,848	6,848
Retained earnings	97,310	98,094
Treasury shares	(1,537)	(1,537)
Total shareholders' equity	110,302	111,086
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,548	8,806
Foreign currency translation adjustment	388	536
Remeasurements of defined benefit plans	(1,079)	(1,032)
Total accumulated other comprehensive income	6,857	8,311
Non-controlling interests	34	39
Total net assets	117,193	119,437
Total liabilities and net assets	300,172	296,215

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

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	52,301	58,026
Cost of sales	44,336	49,749
Gross profit	7,965	8,276
Selling, general and administrative expenses	5,455	5,339
Operating profit	2,510	2,937
Non-operating income		
Interest income	6	2
Dividend income	197	188
Rental income from land and buildings	52	61
Foreign exchange gains	29	175
Other	23	29
Total non-operating income	309	457
Non-operating expenses		
Interest expenses	547	505
Share of loss of entities accounted for using equity method	9	29
Other	5	10
Total non-operating expenses	562	545
Ordinary profit	2,257	2,849
Extraordinary income		
Gain on sale of non-current assets	11	0
Gain on sale of investment securities	5	–
Total extraordinary income	17	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	17	39
Loss on valuation of investment securities	0	–
Total extraordinary losses	17	39
Profit before income taxes	2,257	2,810
Income taxes	879	1,086
Profit	1,377	1,723
Profit attributable to non-controlling interests	1	4
Profit attributable to owners of parent	1,376	1,719

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

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	1,377	1,723
Other comprehensive income		
Valuation difference on available-for-sale securities	20	1,255
Foreign currency translation adjustment	131	81
Remeasurements of defined benefit plans, net of tax	71	46
Share of other comprehensive income of entities accounted for using equity method	(58)	72
Total other comprehensive income	164	1,456
Comprehensive income	1,542	3,179
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,540	3,173
Comprehensive income attributable to non-controlling interests	2	6