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July 31, 2024

[Summary] Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

Company name: TOENEC CORPORATION
 Stock exchange listing: Tokyo, Nagoya
 Code number: 1946
 URL: <https://www.toenec.co.jp/english/>
 Representative: Tsuguhisa Takimoto, President and Representative Director
 Contact: Toshihiko Ogura, Executive Officer General Manager Finance & Accounting Division
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 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on financial results: Yes
 Schedule of 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, 2024 (April 1, 2024 to June 30, 2024)

(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, 2024	59,980	3.4	2,679	(8.8)	2,641	(7.3)	1,917	11.5
June 30, 2023	58,026	10.9	2,937	17.0	2,849	26.2	1,719	24.9

(Note) Comprehensive income: Three months ended June 30, 2024: ¥1,907 million [(40.0)%]
 Three months ended June 30, 2023: ¥3,179 million [106.1%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	102.54	—
June 30, 2023	91.98	—

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2024	300,927	130,579	43.3	6,972.42
March 31, 2024	304,931	131,140	43.0	7,010.78

(Reference) Equity:
 As of June 30, 2024: ¥130,378 million
 As of March 31, 2024: ¥131,097 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, 2024	—	60.00	—	140.00	200.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		100.00	—	20.00	—

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

* The breakdown of dividends for the 2nd quarter-end of the fiscal year ending March 31, 2025 (forecast):

Ordinary dividend: ¥80.00 per share

Commemorative dividend: ¥20.00 per share (commemorative dividend on the 80th anniversary of the Company's founding)

* The Company plans to conduct a 5-for-1 share split of its common shares with an effective date of October 1, 2024. For the year-end dividend per share for the fiscal year ending March 31, 2025 (forecast), the amount that takes into account the share split is shown, and for the total annual dividends, “—” is shown. Without taking into account the share split, the year-end dividend for the fiscal year ending March 31, 2025 (forecast) would be ¥100.00 and the annual dividends would be ¥200.00.

3. Consolidated financial results forecast for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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, 2024	125,000	3.7	6,200	(10.2)	6,000	(7.7)	4,200	3.1	224.61
Full year	263,000	4.0	13,000	(18.3)	12,000	(5.4)	8,400	(10.1)	89.84

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

* In the consolidated financial results forecast for the fiscal year ending March 31, 2025, the full-year forecast of basic earnings per share takes into account the impact of the share split. Without taking into account the impact of the share split, basic earnings per share would be ¥449.22.

*** Notes:**

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: Yes

Newly included: 1 company (Company name: Tri-En TOENEC Co., Ltd.)

(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, 2024	19,329,990 shares
March 31, 2024	19,329,990 shares

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

June 30, 2024	630,772 shares
March 31, 2024	630,600 shares

3) Average number of shares during the period:

Three months ended June 30, 2024	18,699,241 shares
Three months ended June 30, 2023	18,694,104 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: No

* Proper use of earnings forecasts, and other special matters

1. 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.
2. The supplementary briefing material on financial results “Supplementary Briefing Material for the Three Months Ended June 30, 2024” was posted on the Company’s website on the date of the briefing.
3. After the voluntary review of the Japanese-language originals of the attached quarterly consolidated financial statements by an audit corporation is completed, the Company plans to attach the review report to the quarterly consolidated financial results and disclose the results on August 6, 2024.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	38,282	32,824
Deposits paid	1,500	1,500
Notes receivable, accounts receivable from completed construction contracts and other	83,880	83,511
Costs on construction contracts in progress	5,649	6,427
Raw materials and supplies	3,270	3,138
Merchandise	115	138
Other	3,915	5,066
Allowance for doubtful accounts	(119)	(119)
Total current assets	136,494	132,486
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,556	57,538
Machinery, vehicles, tools, furniture and fixtures	117,290	118,340
Land	31,897	31,910
Construction in progress	3,240	3,454
Accumulated depreciation	(81,872)	(83,694)
Total property, plant and equipment	128,111	127,550
Intangible assets		
Goodwill	626	1,396
Other	2,772	2,721
Total intangible assets	3,399	4,118
Investments and other assets		
Investment securities	29,167	28,925
Deferred tax assets	4,350	4,742
Other	6,807	6,524
Allowance for doubtful accounts	(3,400)	(3,420)
Total investments and other assets	36,925	36,772
Total non-current assets	168,436	168,440
Total assets	304,931	300,927

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	44,199	42,708
Short-term borrowings	12,082	13,879
Accrued expenses	8,010	5,580
Income taxes payable	4,398	1,075
Advances received on construction contracts in progress	4,091	5,874
Provision for loss on construction contracts	79	490
Other	10,924	12,329
Total current liabilities	83,785	81,938
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term borrowings	21,299	21,028
Lease liabilities	43,357	42,297
Retirement benefit liability	11,777	11,510
Asset retirement obligations	4,707	4,711
Other	462	461
Total non-current liabilities	90,004	88,409
Total liabilities	173,790	170,348
Net assets		
Shareholders' equity		
Share capital	7,680	7,680
Capital surplus	6,855	6,855
Retained earnings	104,598	103,898
Treasury shares	(1,525)	(1,526)
Total shareholders' equity	117,609	116,908
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,112	8,950
Foreign currency translation adjustment	735	895
Remeasurements of defined benefit plans	3,640	3,623
Total accumulated other comprehensive income	13,487	13,470
Non-controlling interests	42	200
Total net assets	131,140	130,579
Total liabilities and net assets	304,931	300,927

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, 2023	For the three months ended June 30, 2024
Net sales	58,026	59,980
Cost of sales	49,749	51,547
Gross profit	8,276	8,433
Selling, general and administrative expenses	5,339	5,754
Operating profit	2,937	2,679
Non-operating income		
Interest income	2	28
Dividend income	188	199
Rental income from land and buildings	61	55
Share of profit of entities accounted for using equity method	—	72
Other	205	83
Total non-operating income	457	439
Non-operating expenses		
Interest expenses	505	468
Share of loss of entities accounted for using equity method	29	—
Other	10	9
Total non-operating expenses	545	477
Ordinary profit	2,849	2,641
Extraordinary income		
Gain on step acquisitions	—	212
Gain on sale of non-current assets	0	—
Total extraordinary income	0	212
Extraordinary losses		
Loss on sale and retirement of non-current assets	39	4
Total extraordinary losses	39	4
Profit before income taxes	2,810	2,848
Income taxes	1,086	926
Profit	1,723	1,922
Profit attributable to non-controlling interests	4	5
Profit attributable to owners of parent	1,719	1,917

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

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	1,723	1,922
Other comprehensive income		
Valuation difference on available-for-sale securities	1,255	(233)
Foreign currency translation adjustment	81	142
Remeasurements of defined benefit plans, net of tax	46	(11)
Share of other comprehensive income of entities accounted for using equity method	72	85
Total other comprehensive income	1,456	(15)
Comprehensive income	3,179	1,907
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,173	1,900
Comprehensive income attributable to non-controlling interests	6	6