



Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

October 28, 2022

Company name: TOENEC CORPORATION

Stock exchange listing: Tokyo, Nagoya

Code number: 1946

URL: <https://www.toenec.co.jp/>

Representative: Yuzo Fujita

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President And Director Chief Executive Officer

Executive Officer General Manager Finance & Accounting Division

Scheduled date of filing quarterly securities report: November 09, 2022

Scheduled date of commencing dividend payments: November 30, 2022

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, 2022 (April 01, 2022 to September 30, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	107,608	7.0	4,768	(6.3)	4,120	(10.2)	(7,133)	-
September 30, 2021	100,526	(2.0)	5,087	(22.8)	4,589	(26.2)	3,026	(26.5)

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

Six months ended September 30, 2021: ¥ 4,234 million [(13.3) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	(381.66)	-
September 30, 2021	161.91	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2022	289,595	118,243	40.8	6,323.30
March 31, 2022	301,599	126,596	42.0	6,772.38

(Reference) Equity: As of September 30, 2022: ¥ 118,211 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 01, 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	%	Yen
Full year	247,000	12.5	14,100	0.2	13,000	(2.9)	(1,000)	-	(53.50)

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

* Notes:

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

September 30, 2022: 19,329,990 shares

March 31, 2022: 19,329,990 shares

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

September 30, 2022: 635,334 shares

March 31, 2022: 640,758 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 18,691,035 shares

Six months ended September 30, 2021: 18,689,749 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 September 30,2022
Assets		
Current assets		
Cash and deposits	29,015	34,391
Deposits paid	1,500	1,500
Notes receivable, accounts receivable from completed construction contracts and other	69,521	62,628
Costs on construction contracts in progress	6,577	7,400
Raw materials and supplies	3,177	3,314
Merchandise	111	94
Other	3,458	6,687
Allowance for doubtful accounts	(90)	(1,652)
Total current assets	113,270	114,365
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,341	58,179
Machinery, vehicles, tools, furniture and fixtures	113,655	114,585
Land	31,633	31,807
Construction in progress	9,634	334
Accumulated depreciation	(67,373)	(70,889)
Total property, plant and equipment	145,891	134,017
Intangible assets		
Goodwill	1,253	1,096
Other	2,793	3,078
Total intangible assets	4,047	4,175
Investments and other assets		
Investment securities	28,877	28,371
Deferred tax assets	4,868	5,613
Other	6,511	3,346
Allowance for doubtful accounts	(1,869)	(293)
Total investments and other assets	38,389	37,037
Total non-current assets	188,328	175,229
Total assets	301,599	289,595

(Million yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	39,531	32,195
Short-term borrowings	4,182	9,082
Accrued expenses	7,351	7,345
Income taxes payable	1,852	650
Advances received on construction contracts in progress	2,533	3,525
Provision for loss on construction contracts	247	508
Provision for loss on cancellation of leases	-	1,485
Other	9,006	9,954
Total current liabilities	64,704	64,747
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term borrowings	23,463	22,922
Lease liabilities	55,463	52,174
Retirement benefit liability	18,662	17,917
Asset retirement obligations	3,801	4,679
Other	506	512
Total non-current liabilities	110,298	106,605
Total liabilities	175,002	171,352
Net assets		
Shareholders' equity		
Share capital	7,680	7,680
Capital surplus	6,840	6,848
Retained earnings	105,381	96,566
Treasury shares	(1,548)	(1,535)
Total shareholders' equity	118,354	109,559
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,689	7,423
Foreign currency translation adjustment	206	770
Remeasurements of defined benefit plans	320	458
Total accumulated other comprehensive income	8,216	8,652
Non-controlling interests	26	31
Total net assets	126,596	118,243
Total liabilities and net assets	301,599	289,595

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 30,2021	For the six months ended September 30,2022
Net sales	100,526	107,608
Cost of sales	85,073	91,860
Gross profit	15,453	15,748
Selling, general and administrative expenses	10,365	10,979
Operating profit	5,087	4,768
Non-operating income		
Interest income	72	9
Dividend income	191	258
Rental income from land and buildings	86	96
Share of profit of entities accounted for using equity method	200	-
Other	57	123
Total non-operating income	608	488
Non-operating expenses		
Interest expenses	1,059	1,085
Commission for syndicated loans	20	-
Share of loss of entities accounted for using equity method	-	40
Other	26	10
Total non-operating expenses	1,106	1,136
Ordinary profit	4,589	4,120
Extraordinary income		
Gain on sale of non-current assets	9	12
Reversal of allowance for doubtful accounts	1	0
Gain on sale of investment securities	-	11
Total extraordinary income	10	23
Extraordinary losses		
Loss on sale and retirement of non-current assets	32	119
Impairment losses	-	10,004
Loss on valuation of investment securities	5	0
Provision for loss on cancellation of leases	-	1,485
Total extraordinary losses	37	11,609
Profit (loss) before income taxes	4,562	(7,465)
Income taxes	1,532	(334)
Profit (loss)	3,030	(7,131)
Profit attributable to non-controlling interests	4	2
Profit (loss) attributable to owners of parent	3,026	(7,133)

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

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit (loss)	3,030	(7,131)
Other comprehensive income		
Valuation difference on available-for-sale securities	835	(265)
Foreign currency translation adjustment	149	313
Remeasurements of defined benefit plans, net of tax	223	143
Share of other comprehensive income of entities accounted for using equity method	(4)	248
Total other comprehensive income	1,203	440
Comprehensive income	4,234	(6,691)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,228	(6,697)
Comprehensive income attributable to non-controlling interests	5	6

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from operating activities		
Profit (loss) before income taxes	4,562	(7,465)
Depreciation	4,425	4,896
Impairment losses	-	10,004
Amortization of goodwill	156	156
Increase (decrease) in allowance for doubtful accounts	(7)	(15)
Increase(decrease) in provision for loss on cancellation of leases	-	1,485
Increase (decrease) in other provisions	13	261
Increase (decrease) in retirement benefit liability	(551)	(542)
Interest and dividend income	(263)	(268)
Interest expenses	1,059	1,085
Foreign exchange losses (gains)	(16)	(70)
Loss (gain) on valuation of investment securities	5	0
Loss (gain) on sale of investment securities	-	(11)
Share of loss (profit) of entities accounted for using equity method	(200)	40
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	22	107
Decrease (increase) in trade receivables	7,237	7,037
Decrease (increase) in costs on construction contracts in progress	(1,513)	(801)
Decrease (increase) in inventories	(61)	(120)
Increase (decrease) in trade payables	(5,718)	(6,514)
Increase (decrease) in advances received on construction contracts in progress	1,832	907
Increase (decrease) in accrued consumption taxes	(5,003)	978
Other, net	110	(17)
Subtotal	6,089	11,135
Income taxes paid	(2,716)	(1,683)
Net cash provided by (used in) operating activities	3,372	9,452
Cash flows from investing activities		
Payments into time deposits	(10)	(152)
Proceeds from withdrawal of time deposits	-	10
Net decrease (increase) in deposits paid	-	500
Purchase of investment securities	(11)	(13)
Proceeds from sale of investment securities	-	11
Purchase of shares of subsidiaries and associates	-	(176)
Proceeds from collection of loans receivable	8	8
Purchase of property, plant and equipment	(2,938)	(1,634)
Proceeds from sale of property, plant and equipment	54	47
Proceeds from key deposits and other	2,500	-
Interest and dividends received	499	663
Other, net	(715)	(716)
Net cash provided by (used in) investing activities	(612)	(1,452)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,900)	4,900
Proceeds from long-term borrowings	1,979	-
Repayments of long-term borrowings	(541)	(541)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	0
Repayments of lease liabilities	(3,430)	(3,733)
Proceeds from sale and leaseback transactions	14	-
Interest paid	(1,058)	(1,085)
Dividends paid	(1,586)	(1,678)
Dividends paid to non-controlling interests	-	(1)
Other, net	(2)	(2)
Net cash provided by (used in) financing activities	(11,524)	(2,141)
Effect of exchange rate change on cash and cash equivalents	82	168
Net increase (decrease) in cash and cash equivalents	(8,682)	6,025
Cash and cash equivalents at beginning of period	46,857	28,424
Cash and cash equivalents at end of period	38,175	34,450