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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 14, 2024

Company name: TOYO ENGINEERING CORPORATION
 Listing: Tokyo
 Securities code: 6330
 URL: <https://www.toyo-eng.com/jp/>
 Representative: Eiji Hosoi President and Chief Executive Officer
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 Scheduled date to file semi-annual securities report: November 14, 2024
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	121,871	4.1	2,017	(37.4)	3,277	(18.6)	1,768	(25.2)
September 30, 2023	117,055	21.3	3,222	5.2	4,026	59.3	2,364	91.3

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ (607) million [-%]
 Six months ended September 30, 2023: ¥ 6,074 million [3.1%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	30.17	-
September 30, 2023	40.35	-

(Note)

Upon calculation of "Basic earnings per share", the number of class A preferred stocks which were issued in March 2019 is included.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	276,916	62,833	22.6
March 31, 2024	285,996	64,153	22.4

(Reference) Equity: As of September 30, 2024: ¥ 62,629 million
 As of March 31, 2024: ¥ 63,937 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	-	0.00	-	12.00	12.00
Fiscal year ending March 31, 2025	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	25.00	25.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note)

The above "Dividends" shows the status of dividends on common shares. For dividends on class shares (unlisted), which have different rights from those of common shares issued by the Company, please refer to "Dividends for class shares" below.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	270,000	3.5	5,000	(25.5)	7,500	7.2	6,000	(38.9)	102.39

(Note) Revision to the financial results forecast announced most recently: None

(Note)

Upon calculation of "Basic earnings per share", the number of class A preferred stocks which were issued in March 2019 is included.

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 3 (Company name: TS Participações e Investimentos S.A.
TSE S.A.
Estaleiros do Brasil Ltda.)

Excluded: - (Company name:)

(2) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2024: 38,558,507 shares
March 31, 2024: 38,558,507 shares

2) Number of treasury shares at the end of the period:

September 30, 2024: 229,329 shares
March 31, 2024: 228,981 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 38,329,347 shares
Six months ended September 30, 2023: 38,330,667 shares

(Note) The number of class A preferred stocks is not included in the number of issued shares.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters:

The forecast given above are based on information available at the time of compilation and are inherently subject to variety of risks and uncertainties. Actual results may vary significantly from the forecast due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

(Note)

Due to the relocation of the head office, the telephone number for inquiries will change to the following from November 18, 2024.

Telephone: +81-43-272-5526

Dividends for class shares

The breakdown of dividend per class shares which differ in shareholders' rights from common shares is as follows.

Class A preferred stocks	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	-	0.00	-	12.00	12.00
Fiscal year ending March 31, 2025	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	25.00	25.00

(Note)

The annual dividend per share on class A preferred stock is the same amount as the dividend on common shares, pursuant to the stipulation of the articles of incorporation of the Company.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	119,856	93,910
Notes receivable, accounts receivable from completed construction contracts and other	82,095	93,676
Costs on construction contracts in progress	18,930	17,960
Accounts receivable - other	7,994	7,545
Deposits paid	11,482	10,697
Forward exchange contracts	2,134	1,436
Other	9,467	10,155
Allowance for doubtful accounts	(1,632)	(1,575)
Total current assets	250,330	233,807
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,248	16,356
Machinery, vehicles, tools, furniture and fixtures	6,255	7,064
Land	2,005	3,952
Leased assets	2,415	2,545
Construction in progress	34	1,379
Accumulated depreciation and impairment	(20,040)	(20,953)
Total property, plant and equipment	6,919	10,344
Intangible assets		
Other	5,614	5,543
Total intangible assets	5,614	5,543
Investments and other assets		
Investment securities	6,523	8,535
Long-term loans receivable	4,584	4,581
Retirement benefit asset	11,107	11,229
Deferred tax assets	864	938
Other	4,594	6,479
Allowance for doubtful accounts	(4,542)	(4,543)
Total investments and other assets	23,131	27,220
Total non-current assets	35,665	43,108
Total assets	285,996	276,916

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	91,191	85,994
Short-term borrowings	17,106	21,818
Income taxes payable	946	627
Advances received on construction contracts in progress	62,043	38,690
Provision for bonuses	1,057	977
Provision for warranties for completed construction	33	25
Provision for loss on construction contracts	982	1,138
Forward exchange contracts	1,849	675
Other	18,343	29,008
Total current liabilities	193,553	178,957
Non-current liabilities		
Long-term borrowings	17,940	24,798
Lease liabilities	711	525
Deferred tax liabilities	5,859	5,893
Retirement benefit liability	1,176	1,336
Provision for loss on business of subsidiaries and associates	436	446
Other	2,165	2,125
Total non-current liabilities	28,289	35,125
Total liabilities	221,842	214,082
Net assets		
Shareholders' equity		
Share capital	18,198	18,198
Capital surplus	4,567	4,567
Retained earnings	27,765	28,830
Treasury shares	(448)	(448)
Total shareholders' equity	50,084	51,148
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,000	820
Deferred gains or losses on hedges	(81)	(482)
Foreign currency translation adjustment	7,155	5,725
Remeasurements of defined benefit plans	5,779	5,417
Total accumulated other comprehensive income	13,853	11,480
Non-controlling interests	215	203
Total net assets	64,153	62,833
Total liabilities and net assets	285,996	276,916

Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales of completed construction contracts	117,055	121,871
Cost of sales of completed construction contracts	103,810	108,971
Gross profit on completed construction contracts	13,244	12,899
Selling, general and administrative expenses	10,021	10,882
Operating profit	3,222	2,017
Non-operating income		
Interest income	613	885
Dividend income	109	39
Foreign exchange gains	346	-
Share of profit of entities accounted for using equity method	-	1,234
Miscellaneous income	461	159
Total non-operating income	1,530	2,318
Non-operating expenses		
Interest expenses	423	396
Share of loss of entities accounted for using equity method	119	-
Foreign exchange losses	-	472
Miscellaneous expenses	184	188
Total non-operating expenses	727	1,057
Ordinary profit	4,026	3,277
Extraordinary income		
Gain on step acquisitions	-	4,155
Total extraordinary income	-	4,155
Extraordinary losses		
Impairment losses of goodwill	-	4,154
Total extraordinary losses	-	4,154
Profit before income taxes	4,026	3,279
Income taxes	1,651	1,501
Profit	2,375	1,778
Profit attributable to non-controlling interests	10	10
Profit attributable to owners of parent	2,364	1,768

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	2,375	1,778
Other comprehensive income		
Valuation difference on available-for-sale securities	433	(179)
Deferred gains or losses on hedges	(383)	151
Foreign currency translation adjustment	2,948	243
Remeasurements of defined benefit plans, net of tax	(231)	(364)
Share of other comprehensive income of entities accounted for using equity method	931	(2,235)
Total other comprehensive income	3,699	(2,385)
Comprehensive income	6,074	(607)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,045	(604)
Comprehensive income attributable to non-controlling interests	29	(2)

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	4,026	3,279
Depreciation	1,130	1,236
Amortization of goodwill	(1)	(1)
Impairment losses on goodwill	-	4,154
Increase (decrease) in allowance for doubtful accounts	84	(52)
Increase (decrease) in retirement benefit liability	(326)	(403)
Increase (decrease) in provision for loss on construction contracts	(229)	178
Interest and dividend income	(723)	(924)
Interest expenses	423	396
Foreign exchange losses (gains)	(815)	235
Loss (gain) on sale of property, plant and equipment	(0)	(0)
Share of loss (profit) of entities accounted for using equity method	119	(1,234)
Loss (gain) on step acquisitions	-	(4,155)
Decrease (increase) in trade receivables	3,861	10,234
Decrease (increase) in costs on construction contracts in progress	(3,825)	3,110
Decrease (increase) in accounts receivable - other	(1,901)	164
Increase (decrease) in trade payables	14,069	(13,629)
Increase (decrease) in advances received on construction contracts in progress	2,315	(24,045)
Decrease (increase) in deposits paid	(70)	2,256
Other, net	1,008	(997)
Subtotal	19,144	(20,198)
Interest and dividends received	439	2,479
Interest paid	(383)	(357)
Income taxes paid	(1,008)	(1,267)
Net cash provided by (used in) operating activities	18,191	(19,344)
Cash flows from investing activities		
Net decrease (increase) in time deposits	3,452	(7,911)
Purchase of property, plant and equipment	(537)	(1,530)
Proceeds from sale of property, plant and equipment	29	0
Purchase of intangible assets	(863)	(625)
Net decrease (increase) in short-term loans receivable	0	(5,553)
Other, net	162	(478)
Net cash provided by (used in) investing activities	2,244	(16,099)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(580)	-
Proceeds from long-term borrowings	10,100	6,100
Repayments of long-term borrowings	(10,391)	(9,806)
Repayments of finance lease liabilities	(327)	(292)
Dividends paid	-	(703)
Other, net	(6)	(8)
Net cash provided by (used in) financing activities	(1,205)	(4,711)
Effect of exchange rate change on cash and cash equivalents	1,198	1,645
Net increase (decrease) in cash and cash equivalents	20,429	(38,509)
Cash and cash equivalents at beginning of period	95,865	109,072
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	5,306
Cash and cash equivalents at end of period	116,295	75,868

Segment Information

The company's reportable operating segment has a single segment, namely EPC Business.

Consolidated New Orders, Net Sales and Backlog of Contracts

		Millions of yen					
		Backlog Beginning of period	New Orders	Total	Net Sales	Backlog the End of period	
Apr. 1, 2023 - Sep. 30, 2023	Overseas	Petrochemicals	44,416	28,170	72,586	15,118	58,082
		Oil & Gas	67,838	6,112	73,951	16,183	59,289
		Power/Railways etc.	14,873	10,256	25,130	3,493	22,128
		Chemicals/Fertilizers	106,333	13,021	119,355	16,315	103,385
		Pharmaceutical/Environmental/Industrial Facilities	434	564	999	380	601
		Others	4,327	1,615	5,942	1,878	4,080
		Subtotal	238,224	59,740	297,965	53,369	247,567
	Domestic	Petrochemicals	31,646	5,514	37,161	14,478	22,682
		Oil & Gas	1,953	1,274	3,228	2,887	341
		Power/Railways etc.	100,627	365	100,992	35,513	64,768
		Chemicals/Fertilizers	1,588	34	1,623	944	679
		Pharmaceutical/Environmental/Industrial Facilities	24,949	526	25,476	6,963	18,512
		Others	201	2,912	3,114	2,898	216
		Subtotal	160,968	10,628	171,596	63,685	107,200
Grand total		*4,276				*14,266	
		399,192	70,369	469,562	117,055	354,767	
Apr. 1, 2024 - Sep. 30, 2024	Overseas	Petrochemicals	71,835	16,075	87,911	17,365	69,688
		Oil & Gas	66,596	15,230	81,827	19,747	91,735
		Power/Railways etc.	16,896	3,617	20,514	4,577	29,387
		Chemicals/Fertilizers	84,936	8,877	93,814	41,869	53,624
		Pharmaceutical/Environmental/Industrial Facilities	2,340	1,560	3,901	327	3,588
		Others	3,670	372	4,043	1,959	2,034
		Subtotal	246,277	45,734	292,012	85,846	250,058
	Domestic	Petrochemicals	11,471	427	11,899	6,309	5,551
		Oil & Gas	315	1,166	1,481	936	545
		Power/Railways etc.	32,130	425	32,556	19,653	12,337
		Chemicals/Fertilizers	387	325	712	564	148
		Pharmaceutical/Environmental/Industrial Facilities	9,022	581	9,603	5,605	3,997
		Others	70	2,955	3,026	2,956	70
		Subtotal	53,397	5,882	59,280	36,025	22,650
Grand total		*10,705				*6,208	
		299,675	51,617	351,293	121,871	272,708	

Notes 1. Net sales include corresponding amounts of the effects of changes in exchange rates upon the orders in currencies other than Japanese Yen.

The included amounts are 4,273 million yen for Apr. 1, 2023 - Sep. 30, 2023 and 5,383 million yen for Apr. 1, 2024 - Sep. 30, 2024.

2. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".

The amounts are (2,011) million yen for Apr. 1, 2023 - Sep. 30, 2023 and 37,903 million yen for Apr. 1, 2024 - Sep. 30, 2024. The Company consolidated TS Participações e Investimentos S.A. ("TSPI") and its subsidiaries, TSE S.A. and Estaleiros do Brasil Ltda., through the additional acquisition of TSPI's shares from this semi-annual consolidated financial period, and accordingly the impact amount of 40,910 million yen is included in adjustment of orders awarded in prior years and "Backlog, the End of period".

3. Asterisks (*) represent increase (decrease) due to changes in exchange rates.

(Reference) New orders and Backlog, the End of period for the Company's share of the affiliates accounted for by the equity method for Apr. 1, 2024 - Sep. 30, 2024 are 3,458 and 167,403, million yen, respectively.