

The document is an English-language translation of the consolidated financial summary of the financial results for the fiscal year ended March 31, 2019. This summary was prepared originally in Japanese in accordance with generally accepted accounting principles in Japan. If there are discrepancies between this summary and the original document in Japanese, the Japanese version will take precedence.

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

May 15, 2019

### TOYO ENGINEERING CORPORATION

(URL : <https://www.toyo-eng.com/>)

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#### 1. Business results for the fiscal year ended March 31, 2019 (April 1, 2018 - March 31, 2019)

Note: Amounts are rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018	294,993	(12.1)	(5,613)	—	3,426	—	(818)	—
FY2017	335,697	(22.3)	(32,951)	—	(27,821)	—	(26,846)	—

(Reference) Comprehensive income (millions of yen):

FY2018 : (3,818) —% FY2017: (25,758) —%

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2018	(20.51)	—	(2.7)	1.4	(1.9)
FY2017	(700.30)	—	(70.3)	(9.8)	(9.8)

(Reference) Equity in earnings of affiliates (millions of yen):

FY2018 : 6,408 FY2017 : 5,909

(Note)

The company conducted a one-for-five reverse stock split of common shares effective October 1, 2017. The figures for "Net income per share in FY2017" has been calculated on the assumption that the reverse stock split had been conducted at the beginning of the previous fiscal year.

#### (2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
FY2018	239,694	36,357	15.1	554.11
FY2017	251,861	25,176	10.0	654.91

(Reference) Equity at the end of period (millions of yen):

FY2018: 36,241 FY2017 : 25,105

(Note)

The company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (The Accounting Standards Board of Japan ("ASBJ") Statement No. 28, February 16, 2018), etc. from the beginning of the fiscal year ending March 31, 2019. The figures as of FY2017 is based on retrospective application.

(Note)

Upon calculation of "Book value per share", Residual assets attributable to class A preferred stocks is deducted from total net assets.

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2018	(25,828)	1,354	16,768	97,907
FY2017	(22,824)	6,386	(1,174)	106,536

#### 2. Dividends

	Cash dividends per share					Total Cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	Q1	Q2	Q3	Q4	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2017	—	0.00	—	0.00	0.00	—	—	—
FY2018	—	0.00	—	0.00	0.00	—	—	—
FY2019 (Forecast)	—	0.00	—	0.00	0.00		—	

#### 3. Forecast of consolidated operating results for the fiscal year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(% of changes from the corresponding periods of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	%
Full year	240,000	(18.6)	3,000	—	3,000	(12.5)	2,000	—	34.13	

(Note)

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

#### 4. Others

(1) Significant changes in scope of consolidation : No

(2) Number of shares issued (common shares)

Number of shares issued at end of period (including treasury stocks)

FY2018 : 38,558,507

FY2017 : 38,558,507

Number of treasury stocks at end of term

FY2018 : 224,680

FY2017 : 223,648

Average number of stock outstanding during the period: FY2018 and FY2017

FY2018 : 38,334,444

FY2017 : 38,336,456

(Note)

The company conducted a one-for-five reverse stock split of common shares effective October 1, 2017. "Average number of stock outstanding during the period" has been calculated on the assumption that the reverse stock split had been conducted at the beginning of the previous fiscal year.

(Note)

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

#### (Reference) Non-consolidated business results

##### 1. Business results for the fiscal year ended March 31, 2019 (April 1, 2018 - March 31, 2019)

Notes: Amounts are rounded down to the nearest million yen.

(1) Non-consolidated operating results

(% of changes from the corresponding period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018	126,507	(29.2)	(13,212)	—	(4,339)	—	(4,015)	—
FY2017	178,660	(30.5)	(37,806)	—	(29,699)	—	(26,204)	—

	Net income per share		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
FY2018	(100.64)	—	—	—
FY2017	(683.54)	—	—	—

(Note)

The company conducted a one-for-five reverse stock split of common shares effective October 1, 2017. The figures for "Net income per share in FY2017" has been calculated on the assumption that the reverse stock split had been conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Book value per share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	Yen	Yen	
FY2018	159,173	11,708	11,708	7.4	(85.87)			
FY2017	167,077	1,518	1,518	0.9	39.62			

(Reference) Equity at the end of term (millions of yen):

FY2018 : 11,708

FY2017 : 1,518

(Note)

The company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (The Accounting Standards Board of Japan ("ASBJ") Statement No. 28, February 16, 2018), etc. from the beginning of the fiscal year ending March 31, 2019. The figures as of FY2017 is based on retrospective application.

(Note)

Upon calculation of "Book value per share", Residual assets attributable to class A preferred stocks is deducted from total net assets.

\* Reference: 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.

## Consolidated Balance Sheets

		March 31, 2018	March 31, 2019
		Millions of yen	
[Assets]			
<b>I</b>	<b>Current assets</b>		
1	Cash and deposits	111,068	101,759
2	Notes receivables, accounts receivable from completed construction contracts	62,057	68,193
3	Short-term investment securities	1,049	-
4	Costs on uncompleted construction contracts	31,798	26,422
5	Accounts receivable - other	7,850	5,793
6	Other	8,498	11,187
7	Allowance for doubtful accounts	(970)	(655)
	<b>Total current assets</b>	221,352	212,700
<b>II</b>	<b>Non-current assets</b>		
(1)	Property, plant and equipment		
1	Buildings and structures	16,013	14,581
2	Machinery, vehicles, tools, furniture and fixtures	5,296	5,113
3	Land	6,601	6,289
4	Leased assets	45	44
5	Construction in progress	4	36
6	Accumulated depreciation and impairment loss	(15,980)	(14,869)
	<b>Total property, plant and equipment</b>	11,980	11,196
(2)	Intangible assets		
1	Goodwill	1	-
2	Other	956	983
	<b>Total intangible assets</b>	958	983
(3)	Investments and other assets		
1	Investment securities	10,335	5,895
2	Long-term loans receivable	4,572	4,572
3	Net defined benefit asset	886	635
4	Deferred tax assets	1,305	828
5	Other	5,029	7,468
6	Allowance for doubtful accounts	(4,560)	(4,585)
	<b>Total investments and other assets</b>	17,569	14,813
	<b>Total non-current assets</b>	30,508	26,993
	<b>Total assets</b>	251,861	239,694
[Liabilities]			
<b>I</b>	<b>Current liabilities</b>		
1	Notes payable, accounts payable for construction contracts and other	104,715	82,509
2	Short-term loans payable	7,125	13,374
3	Income taxes payable	624	701
4	Advances received on uncompleted construction contracts	62,492	69,296
5	Provision for bonuses	407	778
6	Provision for warranties for completed construction	52	273
7	Provision for loss on construction contracts	13,889	2,144
8	Forward exchange contracts	1,808	1,647
9	Other	7,285	7,718
	<b>Total current liabilities</b>	198,402	178,443
<b>II</b>	<b>Non-current liabilities</b>		
1	Long-term loans payable	23,659	19,294
2	Lease obligations	42	27
3	Deferred tax liabilities	1,555	2,238
4	Net defined benefit liability	1,323	1,200
5	Provision for loss on business of subsidiaries and affiliates	123	440
6	Other	1,578	1,691
	<b>Total non-current liabilities</b>	28,282	24,893
	<b>Total liabilities</b>	226,684	203,337
[Net Assets]			
<b>I</b>	<b>Shareholders' equity</b>		
1	Capital stock	18,198	18,198
2	Capital surplus	10,749	25,749
3	Retained earnings	(8,165)	(8,984)
4	Treasury stock	(444)	(445)
	<b>Total shareholders' equity</b>	20,338	34,519
<b>II</b>	<b>Accumulated other comprehensive income</b>		
1	Valuation difference on available-for-sale securities	8	(123)
2	Deferred gains or losses on hedges	(801)	(1,463)
3	Foreign currency translation adjustment	4,835	2,908
4	Remeasurements of defined benefit plans	725	400
	<b>Total accumulated other comprehensive income</b>	4,767	1,722
<b>III</b>	<b>Non-controlling interests</b>	71	116
	<b>Total net assets</b>	25,176	36,357
	<b>Total liabilities and net assets</b>	251,861	239,694

### Consolidated Statements of Income

		April 1, 2017 - March 31, 2018		April 1, 2018 - March 31, 2019	
		Millions of yen		Millions of yen	
I	Net sales		335,697		294,993
II	Cost of sales		348,219		284,356
	<b>Gross profit (loss)</b>		(12,521)		10,636
III	Selling, general and administrative expenses		20,429		16,250
	<b>Operating loss</b>		(32,951)		(5,613)
IV	Non-operating income				
1	Interest income	1,039		3,714	
2	Dividends income	110		190	
3	Equity in earnings of affiliates	5,909		6,408	
4	Reversal of allowance for doubtful accounts	18		280	
5	Miscellaneous income	560	7,638	581	11,175
V	Non-operating expenses				
1	Interest expenses	317		342	
2	Foreign exchange losses	1,579		128	
3	Expenses on capital increase	-		839	
4	Miscellaneous expenses	611	2,508	824	2,134
	<b>Ordinary income (loss)</b>		(27,821)		3,426
VI	Extraordinary income				
1	Gain on sales of property, plant and equipment	397		83	
2	Gain on sales of investment securities	2,714		-	
3	Gain on sales of shares of subsidiaries and affiliates	2,349	5,461	-	83
	Profit (loss) before income taxes		(22,359)		3,510
	Income taxes	1,931		3,101	
	Income taxes-deferred	2,500	4,431	1,180	4,281
	Net loss		(26,791)		(771)
	Net loss attributable to non-controlling interests		55		46
	<b>Net loss attributable to owners of parent</b>		(26,846)		(818)

## Consolidated Statements of Comprehensive Income

		April 1, 2017 - March 31, 2018		April 1, 2018 - March 31, 2019	
		Millions of yen		Millions of yen	
I	Net loss		(26,791)		(771)
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	(2,237)		(131)	
2	Deferred gains or losses on hedges	2,049		(661)	
3	Foreign currency translation adjustment	491		(1,458)	
4	Remeasurements of defined benefit plans	730		(325)	
5	Share of other comprehensive income of affiliates accounted for using equity method	(1)	1,032	(470)	(3,047)
	<b>Comprehensive income</b>		(25,758)		(3,818)
	<b>Comprehensive income attributable to :</b>				
	Owners of parent		(25,797)		(3,863)
	Non-controlling interests		39		45

### Consolidated Statement of Changes in Net Assets

From April 1, 2017 through March 31, 2018

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interest	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year (Millions of yen)	18,198	10,732	19,064	(440)	47,554	2,246	(2,842)	4,319	(5)	3,718	58	51,331
Changes in the fiscal year												
Dividends paid to shareholders			(383)		(383)						—	(383)
Loss attributable to owners of parent			(26,846)		(26,846)						—	(26,846)
Purchase of treasury stock				(4)	(4)						—	(4)
Sale of treasury stock		(0)		0	0						—	0
Purchase of shares of consolidated subsidiaries		17			17						—	17
Net changes of items other than shareholders' equity					—	(2,237)	2,040	516	730	1,049	12	1,061
Total changes in the fiscal year (Millions of yen)	—	17	(27,230)	(3)	(27,216)	(2,237)	2,040	516	730	1,049	12	(26,154)
Balance at end of year (Millions of yen)	18,198	10,749	(8,165)	(444)	20,338	8	(801)	4,835	725	4,767	71	25,176

From April 1, 2018 through March 31, 2019

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interest	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year (Millions of yen)	18,198	10,749	(8,165)	(444)	20,338	8	(801)	4,835	725	4,767	71	25,176
Changes in the fiscal year												
Issuance of new shares	7,500	7,500			15,000						—	15,000
Transfer to capital surplus from capital stock	(7,500)	7,500			—						—	—
Loss attributable to owners of parent			(818)		(818)						—	(818)
Purchase of treasury stock				(0)	(0)						—	(0)
Sale of treasury stock		(0)		0	0						—	0
Net changes of items other than shareholders' equity					—	(131)	(661)	(1,927)	(325)	(3,045)	45	(3,000)
Total changes in the fiscal year (Millions of yen)	—	15,000	(818)	(0)	14,810	(131)	(661)	(1,927)	(325)	(3,045)	45	11,180
Balance at end of year (Millions of yen)	18,198	25,749	(8,984)	(445)	34,519	(123)	(1,463)	2,908	400	1,722	116	36,357

### Consolidated Statements of Cash Flows

	April 1, 2017 - March 31, 2018	April 1, 2018 - March 31, 2019
	Millions of yen	Millions of yen
<b>I Cash flows from operating activities</b>		
1 Profit (loss) before income taxes	(22,359)	3,510
2 Depreciation and amortization	1,221	1,233
3 Amortization of goodwill	(9)	(9)
4 Increase (decrease) in allowance for doubtful accounts	(18)	(289)
5 Increase (decrease) in net defined benefit liability	(334)	(324)
6 Increase (decrease) in provision for loss on construction contracts	9,807	(11,739)
7 Interest and dividends income	(1,149)	(3,904)
8 Interest expenses	317	342
9 Foreign exchange losses (gains)	147	(203)
10 Loss (gain) on sales of property, plant and equipment	(396)	(81)
11 Equity in (earnings) losses of affiliates	(5,909)	(6,408)
12 Loss (gain) on sales of investment securities	(2,714)	(0)
13 Loss (gain) on sales of shares of subsidiaries and affiliates	(2,349)	-
14 Decrease (increase) in notes receivable, accounts receivable from completed construction contracts	26,202	(7,134)
15 Decrease (increase) in costs on uncompleted construction contracts	17,716	5,091
16 Decrease (increase) in accounts receivable - other	(1,290)	1,569
17 Increase (decrease) in notes and accounts payable - trade	(19,511)	(21,042)
18 Increase (decrease) in advances received on uncompleted construction contracts	(24,548)	7,250
19 Other, net	(251)	2,599
Subtotal	(25,429)	(29,540)
20 Interest and dividends income received	5,108	6,678
21 Interest expenses paid	(319)	(335)
22 Income taxes paid	(2,184)	(2,632)
Net cash provided by (used in) operating activities	(22,824)	(25,828)
<b>II Cash flows from investing activities</b>		
1 Net decrease (increase) in time deposits	(1,241)	506
2 Purchase of property, plant and equipment	(504)	(561)
3 Proceeds from sales of property, plant and equipment	810	637
4 Purchase of intangible assets	(245)	(335)
5 Purchase of investment securities	(8)	-
6 Proceeds from sales of investment securities	2,928	500
7 Proceeds from sales of shares of subsidiaries Net loss attributable to owners of parent	3,837	-
8 Net decrease (increase) in short-term loans receivable	1,585	(0)
9 Other, net	(773)	606
Net cash provided by (used in) investing activities	6,386	1,354
<b>III Cash flows from financing activities</b>		
1 Net increase (decrease) in short-term loans payable	(1,433)	7,358
2 Proceeds from long-term loans payable	7,100	1,000
3 Repayment of long-term loans payable	(6,446)	(6,581)
4 Repayment of finance lease obligations	(7)	(7)
5 Proceeds from issuing new shares	-	15,000
6 Cash dividends paid	(383)	-
7 Other, net	(4)	(0)
Net cash provided by (used in) financing activities	(1,174)	16,768
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	1,445	(923)
<b>V Net increase (decrease) in cash and cash equivalents</b>	(16,167)	(8,628)
<b>VI Cash and cash equivalents at beginning of period</b>	122,703	106,536
<b>VII Cash and cash equivalents at the end of period</b>	106,536	97,907

## 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, 2017 - Mar. 31, 2018	Overseas	Petrochemicals	249,368	43,524	292,892	139,777	141,082
		Oil & Gas	5,321	25,917	31,238	8,504	20,858
		Power/Railways etc.	93,537	23,490	117,027	63,712	53,339
		Chemicals/Fertilizers	79,174	134,930	214,104	50,257	161,608
		Pharmaceutical/Environmental/Industrial Facilities	938	9,474	10,412	3,300	6,872
		Others	3,066	567	3,634	1,603	778
		Subtotal	431,406	237,904	669,310	267,155	384,540
	Domestic	Petrochemicals	63	6,714	6,777	392	6,328
		Oil & Gas	1,464	4,801	6,266	3,629	3,286
		Power/Railways etc.	55,015	49,617	104,632	52,736	51,865
		Pharmaceutical/Environmental/Industrial Facilities	3,241	4,448	7,689	5,923	2,581
		Others	1,491	5,840	7,331	5,860	27
		Subtotal	61,276	71,421	132,697	68,542	64,089
	Grand total		*(14,145)				*(6,946)
Apr. 1, 2018 - Mar. 31, 2019	Overseas	Petrochemicals	141,082	161,596	302,679	134,859	158,220
		Oil & Gas	20,858	3,843	24,702	14,320	10,232
		Power/Railways etc.	53,339	2,294	55,634	41,277	13,577
		Chemicals/Fertilizers	161,608	6,755	168,364	48,104	105,771
		Pharmaceutical/Environmental/Industrial Facilities	6,872	779	7,652	5,015	2,391
		Others	778	891	1,670	1,330	298
		Subtotal	384,540	176,162	560,703	244,907	290,491
	Domestic	Petrochemicals	6,328	10,838	17,167	5,361	11,798
		Oil & Gas	3,286	14,670	17,957	4,595	13,349
		Power/Railways etc.	51,865	84,256	136,122	28,631	107,498
		Pharmaceutical/Environmental/Industrial Facilities	2,581	5,612	8,193	4,984	3,209
		Others	27	6,511	6,539	6,512	26
		Subtotal	64,089	121,890	185,979	50,086	135,881
	Grand total		*(6,946)				*(1,550)
Grand total		448,629	298,052	746,682	294,993	426,373	

- Notes :
1. Amounts are rounded down to the nearest million yen and exclude Consumption Tax of Japan.
  2. 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 (9,970) million yen for Apr. 1, 2017 - Mar. 31, 2018 and (9,109) million yen for Apr. 1, 2018 - Mar. 31, 2019.
  3. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".  
The amounts are (7,711) million yen for Apr. 1, 2017 - Mar. 31, 2018 and (16,206) million yen for Apr. 1, 2018 - Mar. 31, 2019.
  4. Asterisks (\*) represent increase (decrease) due to changes in exchange rates.