

The document is an English-language translation of the consolidated financial summary of the financial results for the fiscal year ended March 31, 2020. 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, 2020

June 18, 2020

TOYO ENGINEERING CORPORATION

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1. Business results for the fiscal year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

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	%
FY2019	219,094	(25.7)	1,890	—	2,467	(28.0)	1,664	—
FY2018	294,993	(12.1)	(5,613)	—	3,426	—	(818)	—

(Reference) Comprehensive income (millions of yen):

FY2019 : (376) —% FY2018: (3,818) —%

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2019	28.40	—	4.6	1.1	0.9
FY2018	(20.51)	—	(2.7)	1.4	(1.9)

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

FY2019 : 1,451 FY2018 : 6,408

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

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
FY2019	208,719	35,980	17.2	544.16
FY2018	239,694	36,357	15.1	554.11

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

FY2019: 35,859 FY2018 : 36,241

(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
FY2019	(18,696)	7,980	(6,159)	80,213
FY2018	(25,828)	1,354	16,768	97,907

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	%	%
FY2018	—	0.00	—	0.00	0.00	—	—	—
FY2019	—	0.00	—	0.00	0.00	—	—	—
FY2020 (Forecast)	—	0.00	—	0.00	0.00	—	—	—

3. Forecast of consolidated operating results for the fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)

(% 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	210,000	(4.2)	500	(73.6)	500	(79.7)	0	(100.0)	0.00

(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)

FY2019 : 38,558,507

FY2018 : 38,558,507

Number of treasury stocks at end of term

FY2019 : 225,464

FY2018 : 224,680

Average number of stock outstanding during the period: FY2019 and FY2018

FY2019 : 38,333,441

FY2018 : 38,334,444

(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, 2020 (April 1, 2019 - March 31, 2020)

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	%
FY2019	133,997	5.9	(1,386)	—	(5,442)	—	(3,380)	—
FY2018	126,507	(29.2)	(13,212)	—	(4,339)	—	(4,015)	—

	Net income per share		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
FY2019	(57.68)	—	—	—
FY2018	(100.64)	—	—	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
FY2019	151,529	8,723	5.8	(163.75)
FY2018	159,173	11,708	7.4	(85.87)

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

FY2019 : 8,723

FY2018 : 11,708

(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, 2019		March 31, 2020	
	Millions of yen		Millions of yen	
[Assets]				
I Current assets				
1 Cash and deposits		101,759		81,989
2 Notes receivables, accounts receivable from completed construction contracts		68,193		55,130
3 Costs on uncompleted construction contracts		26,422		19,391
4 Accounts receivable - other		5,793		7,138
5 Deposits paid		841		6,236
6 Forward exchange contracts		95		422
7 Other		10,249		18,188
8 Allowance for doubtful accounts		(655)		(692)
Total current assets		212,700		187,804
II Non-current assets				
(1) Property, plant and equipment				
1 Buildings and structures		14,581		14,510
2 Machinery, vehicles, tools, furniture and fixtures		5,113		5,031
3 Land		6,289		6,264
4 Leased assets		44		1,120
5 Construction in progress		36		19
6 Accumulated depreciation and impairment loss		(14,869)		(15,429)
Total property, plant and equipment		11,196		11,517
(2) Intangible assets				
1 Other		983		1,338
Total intangible assets		983		1,338
(3) Investments and other assets				
1 Investment securities		5,895		2,842
2 Long-term loans receivable		4,572		4,598
3 Net defined benefit asset		635		-
4 Deferred tax assets		828		480
5 Other		7,468		4,701
6 Allowance for doubtful accounts		(4,585)		(4,563)
Total investments and other assets		14,813		8,059
Total non-current assets		26,993		20,914
Total assets		239,694		208,719
[Liabilities]				
I Current liabilities				
1 Notes payable, accounts payable for construction contracts and other		82,509		64,053
2 Short-term loans payable		13,374		17,008
3 Income taxes payable		701		554
4 Advances received on uncompleted construction contracts		69,296		64,193
5 Provision for bonuses		778		459
6 Provision for warranties for completed construction		273		158
7 Provision for loss on construction contracts		2,144		349
8 Forward exchange contracts		1,647		1,027
9 Other		7,718		7,866
Total current liabilities		178,443		155,672
II Non-current liabilities				
1 Long-term loans payable		19,294		9,964
2 Lease obligations		27		388
3 Deferred tax liabilities		2,238		2,408
4 Net defined benefit liability		1,200		1,950
5 Provision for loss on business of subsidiaries and affiliates		440		390
6 Other		1,691		1,964
Total non-current liabilities		24,893		17,066
Total liabilities		203,337		172,739
[Net Assets]				
I Shareholders' equity				
1 Capital stock		18,198		18,198
2 Capital surplus		25,749		4,567
3 Retained (deficit) earnings		(8,984)		13,862
4 Treasury stock, at cost		(445)		(445)
Total shareholders' equity		34,519		36,182
II Accumulated other comprehensive income				
1 Valuation difference on available-for-sale securities		(123)		(425)
2 Deferred gains or losses on hedges		(1,463)		(764)
3 Foreign currency translation adjustment		2,908		1,687
4 Remeasurements of defined benefit plans		400		(820)
Total accumulated other comprehensive income		1,722		(323)
III Non-controlling interests		116		121
Total net assets		36,357		35,980
Total liabilities and net assets		239,694		208,719

Consolidated Statements of Operations

		April 1, 2018 - March 31, 2019		April 1, 2019 - March 31, 2020	
		Millions of yen		Millions of yen	
I	Net sales		294,993		219,094
II	Cost of sales		284,356		200,328
	Gross profit		10,636		18,765
III	Selling, general and administrative expenses		16,250		16,875
	Operating (loss) income		(5,613)		1,890
IV	Non-operating income				
1	Interest income	3,714		1,012	
2	Dividends income	190		53	
3	Equity in earnings of affiliates	6,408		1,451	
4	Reversal of allowance for doubtful accounts	280		-	
5	Miscellaneous income	581	11,175	632	3,149
V	Non-operating expenses				
1	Interest expenses	342		422	
2	Foreign exchange losses	128		1,908	
3	Expenses on capital increase	839		-	
4	Miscellaneous expenses	824	2,134	241	2,572
	Ordinary income		3,426		2,476
VI	Extraordinary income				
1	Gain on sales of property, plant and equipment	83		-	
2	Gain on sales of investment in capital	-		1,857	
3	Gain on sales of Shares of subsidiaries and affiliates	-	83	116	1,973
	Profit before income taxes		3,510		4,441
VII	Income taxes				
1	Income taxes	3,101		2,036	
2	Income taxes-deferred	1,180	4,281	724	2,760
	Net (loss) profit		(771)		1,681
	Net (loss) profit attributable to non-controlling interests		46		16
	Net (loss) profit attributable to owners of parent		(818)		1,664

Consolidated Statements of Comprehensive Loss

		April 1, 2018 - March 31, 2019		April 1, 2019 - March 31, 2020	
		Millions of yen		Millions of yen	
I	Net (loss) profit		(771)		1,681
II	Other comprehensive loss				
1	Valuation difference on available-for-sale securities	(131)		(302)	
2	Deferred (losses) gains on hedges	(661)		698	
3	Foreign currency translation adjustment	(1,458)		(788)	
4	Remeasurements of defined benefit plans	(325)		(1,221)	
5	Share of other comprehensive loss of affiliates accounted for using equity method	(470)	(3,047)	(444)	(2,057)
	Comprehensive loss		(3,818)		(376)
	Comprehensive loss attributable to :				
	Owners of parent		(3,863)		(381)
	Non-controlling interests		45		4

Consolidated Statement of Changes in Net Assets

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	Valuation difference 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)	14,180	(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

From April 1, 2019 through March 31, 2020

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interest	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference 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	25,749	(8,984)	(445)	34,519	(123)	(1,463)	2,908	400	1,722	116	36,357
Changes in the fiscal year												
Transfer to retained earnings from capital surplus		(21,182)	21,182		—					—		—
Income attributable to owners of parent			1,664		1,664					—		1,664
Purchase of treasury stock				(0)	(0)					—		(0)
Net changes of items other than shareholders' equity					—	(302)	698	(1,220)	(1,221)	(2,045)	4	(2,040)
Total changes in the fiscal year (Millions of yen)	—	(21,182)	22,846	(0)	1,663	(302)	698	(1,220)	(1,221)	(2,045)	4	(377)
Balance at end of year (Millions of yen)	18,198	4,567	13,862	(445)	36,182	(425)	(764)	1,687	(820)	(323)	121	35,980

Consolidated Statements of Cash Flows

	April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020
	Millions of yen	Millions of yen
I Cash flows from operating activities		
1 Profit before income taxes	3,510	4,441
2 Depreciation and amortization	1,233	1,442
3 Amortization of goodwill	(9)	(10)
4 (Decrease) increase in allowance for doubtful accounts	(289)	14
5 Decrease in net defined benefit liability	(324)	(6)
6 Decrease in provision for loss on construction contracts	(11,739)	(1,793)
7 Interest and dividends income	(3,904)	(1,065)
8 Interest expenses	342	422
9 Foreign exchange (gains) losses	(203)	373
10 (Gain) loss on sales of property, plant and equipment	(81)	0
11 Equity in earnings of affiliates	(6,408)	(1,451)
12 Gain on sales of investment securities	(0)	-
13 Gain on sales of Shares of subsidiaries and affiliates	-	(116)
14 Gain on sales of investments in capital	-	(1,857)
15 (Increase) decrease in notes receivable, accounts receivable from completed construction contracts	(7,134)	11,380
16 Decrease in costs on uncompleted construction contracts	5,091	6,561
17 Decrease (increase) in accounts receivable - other	1,569	(806)
18 Decrease in notes and accounts payable - trade	(21,042)	(17,470)
19 Increase (decrease) in advances received on uncompleted construction contracts	7,250	(4,158)
20 Increase in deposits paid	(150)	(5,395)
21 Other, net	2,750	(6,883)
Subtotal	(29,540)	(16,380)
22 Interest and dividends income received	6,678	1,079
23 Interest expenses paid	(335)	(349)
24 Income taxes paid	(2,632)	(3,045)
Net cash used in operating activities	(25,828)	(18,696)
II Cash flows from investing activities		
1 Net decrease in time deposits	506	1,721
2 Purchase of property, plant and equipment	(561)	(464)
3 Proceeds from sales of property, plant and equipment	637	18
4 Purchase of intangible assets	(335)	(660)
5 Proceeds from sales of investment securities	500	-
6 Proceeds from sales of Shares of subsidiaries and affiliates	-	3,081
7 Proceeds from sales of investment in capital	-	4,255
8 Net increase in short-term loans receivable	(0)	(3)
9 Other, net	606	32
Net cash provided by investing activities	1,354	7,980
III Cash flows from financing activities		
1 Net increase (decrease) in short-term loans payable	7,358	(1,088)
2 Proceeds from long-term loans payable	1,000	900
3 Repayment of long-term loans payable	(6,581)	(5,459)
4 Repayment of finance lease obligations	(7)	(511)
5 Proceeds from issuing new shares	15,000	-
6 Other, net	(0)	(0)
Net cash provided by (used in) financing activities	16,768	(6,159)
IV Effect of exchange rate change on cash and cash equivalents	(923)	(818)
V Net decrease in cash and cash equivalents	(8,628)	(17,694)
VI Cash and cash equivalents at beginning of period	106,536	97,907
VII Cash and cash equivalents at the end of period	97,907	80,213

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, 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
		Grand total	*(6,946)				*(1,550)
		448,629	298,052	746,682	294,993	426,373	
Apr. 1, 2019 - Mar. 31, 2020	Overseas	Petrochemicals	158,220	13,757	171,978	67,837	104,521
		Oil & Gas	10,232	49,595	59,827	9,714	49,553
		Power/Railways etc.	13,577	16,760	30,337	5,654	24,644
		Chemicals/Fertilizers	105,771	20,582	126,353	67,726	55,375
		Pharmaceutical/Environmental/Industrial Facilities	2,391	677	3,068	2,172	682
		Others	298	2,508	2,806	928	1,717
		Subtotal	290,491	103,881	394,373	154,033	236,495
	Domestic	Petrochemicals	11,798	684	12,483	9,426	3,056
		Oil & Gas	13,349	6,291	19,640	6,785	11,622
		Power/Railways etc.	107,498	64,203	171,701	39,436	132,247
		Pharmaceutical/Environmental/Industrial Facilities	3,209	6,165	9,375	3,607	5,764
		Others	26	5,828	5,854	5,804	50
			Subtotal	135,881	83,173	219,055	65,060
		Grand total	*(1,550)				*(5,646)
		426,373	187,054	613,428	219,094	389,236	

- 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 (9,109) million yen for Apr. 1, 2018 - Mar. 31, 2019 and (5,325) million yen for Apr. 1, 2019 - Mar. 31, 2020.
3. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".
The amounts are (16,206) million yen for Apr. 1, 2018 - Mar. 31, 2019 and 229 million yen for Apr. 1, 2019 - Mar. 31, 2020.
4. Asterisks (*) represent increase (decrease) due to changes in exchange rates.