

The document is an English-language translation of the consolidated financial summary of the financial results for the first quarter ended June 30, 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 First Quarter ended June 30, 2020

For the Fiscal Year Ending March 31, 2021

August 12, 2020

TOYO ENGINEERING CORPORATION

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1. Business results for the first quarter of fiscal year 2020 (April 1, 2020 - June 30, 2020)

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

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr. 1, 2020 - Jun. 30, 2020	44,045	(24.6)	562	(71.7)	60	(96.0)	(246)	-
Apr. 1, 2019 - Jun. 30, 2019	58,413	(25.8)	1,990	4.7	1,540	(36.6)	2,535	82.7

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2020 - Jun. 30, 2020 : (2,468) -% Apr. 1, 2019 - Jun. 30, 2019: 2,752 -%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2020 - Jun. 30, 2020	(4.21)	-
Apr. 1, 2019 - Jun. 30, 2019	43.26	-

(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
	Millions of yen	Millions of yen	%
As of Jun. 30, 2020	197,352	33,511	16.9
As of Mar. 31, 2020	208,719	35,980	17.2

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

Jun. 30, 2020: 33,390 Mar. 31, 2020 : 35,859

2. Dividends

	Cash dividends per share					
	Q1	Q2	Q3	Q4	Annual	
FY2019	- Yen	0.00 Yen	- Yen	0.00 Yen	0.00 Yen	
FY2020	- Yen					
FY2020 (Forecast)		0.00 Yen	- Yen	0.00 Yen	0.00 Yen	

(Note) Revision of forecast for this period: No

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) Revision of forecast for this period: No

(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)

Jun. 30, 2020 : 38,558,507 Mar. 31, 2020 : 38,558,507

Number of treasury stocks at end of period

Jun. 30, 2020 : 225,540 Mar. 31, 2020 : 225,464

Average number of stock outstanding during the period: First quarter of FY2020 and FY2019

First quarter of FY2020 : 38,333,005 First quarter of FY2019 : 38,333,739

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

* 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, 2020	June 30, 2020
		Millions of yen	Millions of yen
[Assets]			
I	Current assets		
1	Cash and deposits	81,989	70,043
2	Notes receivable, accounts receivable from completed construction contracts and other	55,130	59,316
3	Costs on uncompleted construction contracts	19,391	19,141
4	Accounts receivable - other	7,138	4,834
5	Deposits paid	6,236	5,521
6	Forward exchange contracts	422	218
7	Other	18,188	18,259
8	Allowance for doubtful accounts	(692)	(692)
	Total current assets	187,804	176,642
II	Non-current assets		
(1)	Property, plant and equipment		
1	Buildings and structures	14,510	14,495
2	Machinery, vehicles, tools, furniture and fixtures	5,031	4,980
3	Land	6,264	6,256
4	Leased assets	1,120	1,091
5	Construction in progress	19	17
6	Accumulated depreciation and impairment loss	(15,429)	(15,582)
	Total property, plant and equipment	11,517	11,259
(2)	Intangible assets		
1	Other	1,338	1,393
	Total intangible assets	1,338	1,393
(3)	Investments and other assets		
1	Investment securities	2,842	2,950
2	Long-term loans receivable	4,598	4,598
3	Deferred income taxes	480	507
4	Other	4,701	4,562
5	Allowance for doubtful accounts	(4,563)	(4,562)
	Total investments and other assets	8,059	8,056
	Total non-current assets	20,914	20,709
	Total assets	208,719	197,352
[Liabilities]			
I	Current liabilities		
1	Notes payable, accounts payable for construction contracts and other	64,053	66,167
2	Short-term loans payable	17,008	16,917
3	Income taxes payable	554	432
4	Advances received on uncompleted construction contracts	64,193	54,615
5	Provision for bonuses	459	386
6	Provision for warranties for completed construction	158	161
7	Provision for loss on construction contracts	349	105
8	Forward exchange contracts	1,027	1,008
9	Other	7,866	7,376
	Total current liabilities	155,672	147,172
II	Non-current liabilities		
1	Long-term loans payable	9,964	9,829
2	Lease obligations	388	335
3	Deferred income taxes	2,408	2,412
4	Net defined benefit liability	1,950	1,812
5	Provision for losses on business of subsidiaries and affiliates	390	391
6	Other	1,964	1,887
	Total non-current liabilities	17,066	16,668
	Total liabilities	172,739	163,841
[Net Assets]			
I	Shareholders' equity		
1	Capital stock	18,198	18,198
2	Capital surplus	4,567	4,567
3	Retained earnings	13,862	13,615
4	Treasury stock, at cost	(445)	(445)
	Total shareholders' equity	36,182	35,936
II	Accumulated other comprehensive income		
1	Valuation difference on available-for-sale securities	(425)	(367)
2	Deferred losses on hedges	(764)	(317)
3	Foreign currency translation adjustments	1,687	(1,027)
4	Remeasurements of defined benefit plans	(820)	(833)
	Total accumulated other comprehensive income	(323)	(2,545)
III	Non-controlling interests	121	121
	Total net assets	35,980	33,511
	Total liabilities and net assets	208,719	197,352

Consolidated Statements of Operations

		April 1, 2019 - June 30, 2019		April 1, 2020 - June 30, 2020	
		Millions of yen		Millions of yen	
I	Net sales		58,413		44,045
II	Cost of sales		52,577		39,625
	Gross profit		5,836		4,420
III	Selling, general and administrative expenses		3,845		3,857
	Operating income		1,990		562
IV	Non-operating income				
1	Interest income	269		174	
2	Dividends income	24		25	
3	Equity in earnings of affiliates	-		225	
4	Reversal of allowance for doubtful accounts	26		1	
5	Miscellaneous income	40	360	75	502
V	Non-operating expenses				
1	Interest expenses	120		117	
2	Equity in losses of affiliates	195		-	
3	Foreign exchange losses, net	466		817	
4	Miscellaneous expenses	28	810	69	1,004
	Ordinary income		1,540		60
VI	Extraordinary income				
1	Gain on sales of investments in capital	1,857	1,857	-	-
	Profit before income taxes		3,398		60
VII	Income taxes				
1	Income taxes	859	859	306	306
	Net Profit (loss)		2,539		(245)
	Net profit (loss) attributable to non-controlling interests		4		0
	Net profit (loss) attributable to owners of parent		2,535		(246)

Consolidated Statements of Comprehensive Income (Loss)

		April 1, 2019 - June 30, 2019		April 1, 2020 - June 30, 2020	
		Millions of yen		Millions of yen	
I	Net profit (loss)		2,539		(245)
II	Other comprehensive income (loss)				
	1 Valuation difference on available-for-sale securities	(47)		58	
	2 Deferred gains on hedges	49		447	
	3 Foreign currency translation adjustments	356		(1,232)	
	4 Remeasurements of defined benefit plans	(29)		(12)	
	5 Share of other comprehensive loss of affiliates accounted for by the equity method	(115)	213	(1,484)	(2,222)
	Comprehensive income (loss)		2,752		(2,468)
	Comprehensive income (loss) attributable to :				
	Owners of parent		2,751		(2,469)
	Non-controlling interests		1		0

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, 2019 - Jun. 30, 2019	Overseas	Petrochemicals	158,220	3,030	161,251	23,141	139,029
		Oil & Gas	10,232	20,642	30,874	2,156	28,551
		Power/Railways etc.	13,577	241	13,818	2,411	11,365
		Chemicals/Fertilizers	105,771	1,036	106,808	18,869	87,788
		Pharmaceutical/Environmental/Industrial Facilities	2,391	203	2,594	532	2,041
		Others	298	297	595	203	389
		Subtotal	290,491	25,451	315,943	47,314	269,165
	Domestic	Petrochemicals	11,798	238	12,037	1,321	10,710
		Oil & Gas	13,349	2,607	15,957	1,627	14,329
		Power/Railways etc.	107,498	2,017	109,515	5,949	103,567
		Pharmaceutical/Environmental/Industrial Facilities	3,209	342	3,551	608	2,942
		Others	26	1,595	1,621	1,593	28
			Subtotal	135,881	6,800	142,682	11,099
			*(1,550)				*(4,015)
	Grand total	426,373	32,252	458,626	58,413	400,745	
Apr. 1, 2020 - Jun. 30, 2020	Overseas	Petrochemicals	104,521	4,235	108,757	14,111	92,416
		Oil & Gas	49,553	3,243	52,797	1,791	50,824
		Power/Railways etc.	24,644	9	24,654	721	22,446
		Chemicals/Fertilizers	55,375	1,406	56,782	5,460	50,660
		Pharmaceutical/Environmental/Industrial Facilities	682	433	1,115	193	897
		Others	1,717	105	1,822	479	1,298
		Subtotal	236,495	9,433	245,928	22,757	218,543
	Domestic	Petrochemicals	3,056	39	3,096	1,910	1,185
		Oil & Gas	11,622	934	12,556	1,274	11,281
		Power/Railways etc.	132,247	1,755	134,003	16,891	117,126
		Pharmaceutical/Environmental/Industrial Facilities	5,764	1,578	7,342	821	6,521
		Others	50	405	455	390	65
			Subtotal	152,741	4,712	157,454	21,288
			*(5,646)				*(6,201)
	Grand total	389,236	14,146	403,383	44,045	354,724	

- 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 (266) million yen for Apr. 1, 2019 - Jun. 30, 2019 and (1,202) million yen for Apr. 1, 2020 - Jun. 30, 2020.
 3. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".
The amounts are 799 million yen for Apr. 1, 2019 - Jun. 30, 2019 and (3,411) million yen for Apr. 1, 2020 - Jun. 30, 2020.
 4. Asterisks (*) represent increase (decrease) due to changes in exchange rates.