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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 10, 2023

Company name: TOA CORPORATION

Stock exchange listing: Tokyo, Sapporo

Code number: 1885

URL: <https://www.toa-const.co.jp/eng/>

Representative: Takeshi Hayakawa

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Scheduled date of filing quarterly securities report: November 13, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

President and Chief Executive Officer

General Manager, Administration Dept., Administration General
H/Q

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	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, 2023	130,185	38.3	7,482	-	7,176	789.5	4,497	752.3
September 30, 2022	94,141	(11.0)	529	(89.5)	806	(84.1)	527	(85.1)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 5,858 million [-%]
Six months ended September 30, 2022: ¥ 456 million [(87.4)%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2023	Yen 212.70	Yen -
September 30, 2022	24.72	24.07

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2023	Millions of yen 251,522	Millions of yen 89,783	35.3
March 31, 2023	226,928	89,361	39.1

(Reference) Equity: As of September 30, 2023: ¥ 88,742 million
As of March 31, 2023: ¥ 88,629 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, 2023	-	-	-	90.00	90.00
Fiscal year ending March 31, 2024	-	-			
Fiscal year ending March 31, 2024 (Forecast)			-	110.00	110.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	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	260,000	21.7	12,200	86.1	11,700	76.9	7,400	53.1	356.15

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

* Explanatory Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(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: No

(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, 2023: 22,494,629 shares

March 31, 2023: 22,494,629 shares

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

September 30, 2023: 1,866,387 shares

March 31, 2023: 728,167 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 21,143,866 shares

Six months ended September 30, 2022: 21,347,037 shares

(Note) Both the number of treasury stock at the end of the period and the number of treasury stock excluded for calculating the average number of shares during the period include the company's shares held by the Board Benefit Trust (BBT) and the Japanese version of Employee Stock Ownership Plan (J-ESOP).

* This document is not subject to quarterly review procedures by certified public accountants or audit firms.

* Disclaimer regarding appropriate use of the forecasts and other specific remarks:

The forecasts given above are based on information currently available and certain premises regarded as reasonable. The actual business results may be materially different from forecasts due to a variety of factors.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	28,289	36,835
Notes receivable, accounts receivable from completed construction contracts and other	127,884	131,391
Costs on construction contracts in progress	4,427	6,562
Real estate for sale	1,315	1,290
Advances paid	7,935	10,012
Other	5,731	12,188
Allowance for doubtful accounts	(9)	(9)
Total current assets	175,573	198,271
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,386	5,232
Machinery, vehicles, tools, furniture and fixtures, net	3,369	9,982
Land	18,767	18,767
Other	8,079	2,030
Total property, plant and equipment	35,602	36,012
Intangible assets	808	754
Investments and other assets		
Investment securities	10,456	12,261
Retirement benefit asset	1,404	1,926
Other	3,614	3,569
Allowance for doubtful accounts	(530)	(1,271)
Total investments and other assets	14,944	16,485
Total non-current assets	51,355	53,251
Total assets	226,928	251,522

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	37,250	49,625
Electronically recorded obligations - operating	7,616	9,191
Short-term borrowings	30,708	25,470
Commercial papers	6,000	15,000
Income taxes payable	1,620	2,520
Advances received on construction contracts in progress	10,650	10,576
Deposits received	20,917	28,789
Provision for warranties for completed construction	894	842
Provision for loss on construction contracts	1,321	1,201
Provision for bonuses for directors (and other officers)	28	25
Other	5,242	5,297
Total current liabilities	122,249	148,541
Non-current liabilities		
Long-term borrowings	10,335	8,190
Deferred tax liabilities for land revaluation	2,232	2,232
Retirement benefit liability	596	602
Provision for share awards for directors (and other officers)	111	174
Provision for employee stock ownership plan trust	-	68
Other	2,041	1,929
Total non-current liabilities	15,317	13,197
Total liabilities	137,567	161,739
Net assets		
Shareholders' equity		
Share capital	18,976	18,976
Capital surplus	18,965	18,965
Retained earnings	46,602	49,091
Treasury shares	(2,225)	(5,912)
Total shareholders' equity	82,319	81,121
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,048	3,278
Deferred gains or losses on hedges	(3)	91
Revaluation reserve for land	3,460	3,460
Foreign currency translation adjustment	-	(5)
Remeasurements of defined benefit plans	804	796
Total accumulated other comprehensive income	6,310	7,621
Non-controlling interests	731	1,040
Total net assets	89,361	89,783
Total liabilities and net assets	226,928	251,522

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	94,141	130,185
Cost of sales	88,049	116,647
Gross profit	6,092	13,538
Selling, general and administrative expenses	5,563	6,055
Operating profit	529	7,482
Non-operating income		
Interest income	8	31
Dividend income	172	175
Foreign exchange gains	268	493
Other	52	24
Total non-operating income	502	725
Non-operating expenses		
Interest expenses	109	146
Provision of allowance for doubtful accounts	-	740
Guarantee fee	81	101
Other	35	43
Total non-operating expenses	225	1,032
Ordinary profit	806	7,176
Extraordinary income		
Gain on sale of non-current assets	7	3
Other	2	-
Total extraordinary income	10	3
Extraordinary losses		
Loss on sale of non-current assets	0	3
Loss on retirement of non-current assets	0	4
Other	3	0
Total extraordinary losses	3	9
Profit before income taxes	814	7,170
Income taxes - current	208	2,419
Income taxes - deferred	35	201
Total income taxes	243	2,621
Profit	570	4,549
Profit attributable to non-controlling interests	43	52
Profit attributable to owners of parent	527	4,497

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

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	570	4,549
Other comprehensive income		
Valuation difference on available-for-sale securities	(75)	1,230
Deferred gains or losses on hedges	(9)	94
Foreign currency translation adjustment	-	(7)
Remeasurements of defined benefit plans, net of tax	(29)	(8)
Total other comprehensive income	(114)	1,308
Comprehensive income	456	5,858
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	413	5,808
Comprehensive income attributable to non-controlling interests	43	49

Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	814	7,170
Depreciation	1,237	1,308
Increase (decrease) in allowance for doubtful accounts	(0)	740
Increase (decrease) in net defined benefit asset and liability	(517)	(516)
Interest and dividend income	(181)	(207)
Interest expenses	109	146
Foreign exchange losses (gains)	(282)	(511)
Increase (decrease) in accrued consumption taxes	(3,993)	(3,710)
Loss (gain) on sale of property, plant and equipment and intangible assets	(7)	0
Loss on retirement of property, plant and equipment and intangible assets	6	4
Decrease (increase) in trade receivables	29,427	(3,507)
Decrease (increase) in costs on construction contracts in progress	(2,373)	(2,135)
Decrease (increase) in real estate for sale	59	25
Decrease (increase) in advances paid	1,935	(2,077)
Increase (decrease) in trade payables	(12,597)	13,950
Increase (decrease) in advances received on construction contracts in progress	(4,664)	(73)
Increase (decrease) in deposits received	2,390	7,872
Other, net	(1,571)	(2,612)
Subtotal	9,790	15,866
Interest and dividends received	182	207
Interest paid	(112)	(150)
Income taxes paid	(1,379)	(1,500)
Net cash provided by (used in) operating activities	8,480	14,423
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,320)	(2,096)
Proceeds from sale of property, plant and equipment	68	29
Purchase of intangible assets	(64)	(132)
Purchase of short-term and long-term investment securities	(33)	(26)
Proceeds from collection of loans receivable	7	7
Other, net	2	(148)
Net cash provided by (used in) investing activities	(1,339)	(2,365)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,079	(5,190)
Net increase (decrease) in commercial papers	-	9,000
Repayments of long-term borrowings	(2,535)	(2,262)
Proceeds from disposal of treasury shares	424	-
Purchase of treasury shares	(1,924)	(3,700)
Dividends paid	(1,957)	(1,994)
Proceeds from share issuance to non-controlling shareholders	-	259
Dividends paid to non-controlling interests	(21)	-
Other, net	(341)	(342)
Net cash provided by (used in) financing activities	(5,275)	(4,231)
Effect of exchange rate change on cash and cash equivalents	340	573
Net increase (decrease) in cash and cash equivalents	2,205	8,399
Cash and cash equivalents at beginning of period	32,017	28,278
Cash and cash equivalents at end of period	34,222	36,677