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October 29, 2024

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

Company name: TOENEC CORPORATION
 Stock exchange listing: Tokyo, Nagoya
 Code number: 1946
 URL: <https://www.toenec.co.jp/english/>
 Representative: Tsuguhisa Takimoto, President and Representative Director
 Contact: Toshihiko Ogura, Executive Officer General Manager Finance & Accounting Division
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 Scheduled date of filing semi-annual securities report: November 14, 2024
 Scheduled date of commencing dividend payments: November 29, 2024
 Availability of supplementary briefing material on financial results: Yes
 Schedule of financial results briefing session: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
September 30, 2024	126,846	5.2	6,467	(6.4)	5,894	(9.3)	2,865	(29.6)
September 30, 2023	120,581	12.1	6,908	44.9	6,501	57.8	4,072	–

(Note) Comprehensive income: Six months ended September 30, 2024: ¥2,399 million [(62.6)%]
 Six months ended September 30, 2023: ¥6,423 million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2024	30.69	–
September 30, 2023	43.56	–

* The Company conducted a 5-for-1 share split of its common shares on October 1, 2024. Basic earnings per share have been calculated as if the share split had occurred at the beginning of the fiscal year ended March 31, 2024.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
September 30, 2024	299,558	130,499	43.5	1,404.36
March 31, 2024	304,931	131,140	43.0	1,402.16

(Reference) Equity:

As of September 30, 2024: ¥130,448 million
 As of March 31, 2024: ¥131,097 million

* The Company conducted a 5-for-1 share split of its common shares on October 1, 2024. Net assets per share have been calculated as if the share split had occurred at the beginning of the fiscal year ended March 31, 2024.

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	–	60.00	–	140.00	200.00
Fiscal year ending March 31, 2025	–	100.00			
Fiscal year ending March 31, 2025 (Forecast)			–	20.00	–

(Note) Revision to the forecast for dividends announced most recently: No

* The breakdown of dividends for the 2nd quarter-end of the fiscal year ending March 31, 2025:

Ordinary dividend: ¥80.00 per share

Commemorative dividend: ¥20.00 per share (commemorative dividend on the 80th anniversary of the Company's founding)

* The Company conducted a 5-for-1 share split of its common shares on October 1, 2024. For the year-end dividend per share for the fiscal year ending March 31, 2025, the amount that takes into account the share split is shown, and for the total annual dividends, “–” is shown. Without taking into account the share split, the year-end dividend for the fiscal year ending March 31, 2025 (forecast) would be ¥100.00 and the annual dividends would be ¥200.00.

3. Consolidated financial results forecast for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	275,000	8.8	15,000	(5.7)	14,300	12.8	8,700	(6.9)	93.43

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

* In the consolidated financial results forecast for the fiscal year ending March 31, 2025, the forecast of basic earnings per share takes into account the impact of the share split.

*** Notes:**

- (1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: Yes
Newly included: 1 company (Company name: Tri-En TOENEC Co., Ltd.)
- (2) Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements: Yes
- (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, 2024	96,649,950 shares
March 31, 2024	96,649,950 shares

- 2) Total number of treasury shares at the end of the period:

September 30, 2024	3,762,130 shares
March 31, 2024	3,153,000 shares

- 3) Average number of shares during the period:

Six months ended September 30, 2024	93,344,197 shares
Six months ended September 30, 2023	93,479,788 shares

* The Company conducted a 5-for-1 share split of its common shares on October 1, 2024. Total number of issued shares at the end of the period, total number of treasury shares at the end of the period and average number of shares during the period have been calculated as if the share split had occurred at the beginning of the fiscal year ended March 31, 2024.

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

* Proper use of earnings forecasts, and other special matters

1. The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.
2. The Company plans to hold a financial results briefing session (online) for institutional investors and analysts on November 20, 2024. In addition, the Company plans to post a video of the financial results briefing session and the briefing material on the Company's website after the briefing session.

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

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	38,282	36,258
Deposits paid	1,500	1,500
Notes receivable, accounts receivable from completed construction contracts and other	83,880	80,349
Costs on construction contracts in progress	5,649	6,484
Raw materials and supplies	3,270	3,227
Merchandise	115	109
Other	3,915	5,539
Allowance for doubtful accounts	(119)	(230)
Total current assets	136,494	133,239
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,556	60,746
Machinery, vehicles, tools, furniture and fixtures	117,290	118,308
Land	31,897	31,911
Construction in progress	3,240	1,483
Accumulated depreciation	(81,872)	(85,382)
Total property, plant and equipment	128,111	127,066
Intangible assets		
Goodwill	626	470
Other	2,772	2,654
Total intangible assets	3,399	3,124
Investments and other assets		
Investment securities	29,167	28,333
Deferred tax assets	4,350	4,682
Other	6,807	6,531
Allowance for doubtful accounts	(3,400)	(3,421)
Total investments and other assets	36,925	36,126
Total non-current assets	168,436	166,318
Total assets	304,931	299,558

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	44,199	43,386
Short-term borrowings	12,082	13,264
Accrued expenses	8,010	7,996
Income taxes payable	4,398	2,495
Advances received on construction contracts in progress	4,091	3,847
Provision for loss on construction contracts	79	1,106
Other	10,924	10,820
Total current liabilities	83,785	82,919
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term borrowings	21,299	20,758
Lease liabilities	43,357	40,449
Retirement benefit liability	11,777	11,332
Asset retirement obligations	4,707	4,750
Other	462	448
Total non-current liabilities	90,004	86,139
Total liabilities	173,790	169,058
Net assets		
Shareholders' equity		
Share capital	7,680	7,680
Capital surplus	6,855	6,869
Retained earnings	104,598	104,845
Treasury shares	(1,525)	(2,112)
Total shareholders' equity	117,609	117,283
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,112	8,446
Foreign currency translation adjustment	735	1,110
Remeasurements of defined benefit plans	3,640	3,607
Total accumulated other comprehensive income	13,487	13,164
Non-controlling interests	42	51
Total net assets	131,140	130,499
Total liabilities and net assets	304,931	299,558

Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	120,581	126,846
Cost of sales	103,092	108,788
Gross profit	17,488	18,058
Selling, general and administrative expenses	10,580	11,590
Operating profit	6,908	6,467
Non-operating income		
Interest income	16	34
Dividend income	210	217
Rental income from land and buildings	101	101
Share of profit of entities accounted for using equity method	–	178
Other	305	114
Total non-operating income	633	646
Non-operating expenses		
Interest expenses	999	941
Share of loss of entities accounted for using equity method	13	–
Other	26	277
Total non-operating expenses	1,040	1,219
Ordinary profit	6,501	5,894
Extraordinary income		
Gain on step acquisitions	–	212
Gain on sale of non-current assets	0	9
Total extraordinary income	0	222
Extraordinary losses		
Loss on sale and retirement of non-current assets	56	13
Impairment losses	–	837
Provision of allowance for doubtful accounts	0	1
Loss on valuation of investment securities	129	–
Total extraordinary losses	186	853
Profit before income taxes	6,315	5,263
Income taxes	2,236	2,536
Profit	4,079	2,726
Profit (loss) attributable to non-controlling interests	7	(138)
Profit attributable to owners of parent	4,072	2,865

Semi-annual Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	4,079	2,726
Other comprehensive income		
Valuation difference on available-for-sale securities	1,639	(782)
Foreign currency translation adjustment	258	273
Remeasurements of defined benefit plans, net of tax	92	(22)
Share of other comprehensive income of entities accounted for using equity method	353	203
Total other comprehensive income	2,343	(327)
Comprehensive income	6,423	2,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,410	2,541
Comprehensive income attributable to non-controlling interests	12	(142)

Semi-annual Consolidated Statements of Cash Flows

(Million 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	6,315	5,263
Depreciation	5,074	5,046
Impairment losses	–	837
Amortization of goodwill	156	156
Increase (decrease) in allowance for doubtful accounts	(25)	131
Increase (decrease) in provision for loss on cancellation of leases	(967)	–
Increase (decrease) in other provisions	(109)	594
Increase (decrease) in retirement benefit liability	(329)	(590)
Interest and dividend income	(226)	(252)
Interest expenses	999	941
Foreign exchange losses (gains)	(178)	62
Loss (gain) on valuation of investment securities	129	–
Share of loss (profit) of entities accounted for using equity method	13	(178)
Loss (gain) on step acquisitions	–	(212)
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	56	4
Decrease (increase) in trade receivables	3,724	6,378
Decrease (increase) in costs on construction contracts in progress	(1,137)	(592)
Decrease (increase) in inventories	208	53
Increase (decrease) in trade payables	(5,561)	(3,054)
Increase (decrease) in advances received on construction contracts in progress	1,162	(1,617)
Increase (decrease) in accrued consumption taxes	(341)	(1,004)
Other, net	390	(406)
Subtotal	9,354	11,562
Compensation paid for damage	(510)	–
Income taxes paid	(1,016)	(4,113)
Net cash provided by (used in) operating activities	7,827	7,448
Cash flows from investing activities		
Payments into time deposits	(1,389)	(632)
Proceeds from withdrawal of time deposits	80	441
Purchase of investment securities	(10)	(11)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	859
Purchase of shares of subsidiaries and associates	(1,022)	–
Proceeds from collection of loans receivable	2	3
Purchase of property, plant and equipment	(1,710)	(2,493)
Proceeds from sale of property, plant and equipment	0	14
Interest and dividends received	377	425
Other, net	(341)	(220)
Net cash provided by (used in) investing activities	(4,013)	(1,612)

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(542)
Repayments of long-term borrowings	(541)	(541)
Purchase of treasury shares	(0)	(598)
Repayments of lease liabilities	(3,869)	(3,998)
Proceeds from sale and leaseback transactions	4	10
Interest paid	(999)	(943)
Dividends paid	(934)	(2,614)
Dividends paid to non-controlling interests	–	(1)
Other, net	(2)	(2)
Net cash provided by (used in) financing activities	(6,342)	(9,231)
Effect of exchange rate change on cash and cash equivalents	259	59
Net increase (decrease) in cash and cash equivalents	(2,268)	(3,335)
Cash and cash equivalents at beginning of period	30,601	38,018
Cash and cash equivalents at end of period	28,332	34,683