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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]

November 11, 2021

Company name: TOA CORPORATION

Stock exchange listing: Tokyo, Sapporo

Code number: 1885

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

Representative: Masaki Akiyama

President and Chief Executive Officer

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Scheduled date of filing quarterly securities report: November 12, 2021

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 01, 2021 to September 30, 2021)

(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, 2021	105,818	28.0	5,056	53.5	5,073	34.7	3,536	44.7
September 30, 2020	82,639	(1.5)	3,294	(6.2)	3,765	14.8	2,443	22.0

(Note) Comprehensive income: Six months ended September 30, 2021: ¥ 3,620 million [20.7%]

Six months ended September 30, 2020: ¥ 3,000 million [28.2%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	187.38		155.93	
September 30, 2020	124.63		104.66	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	Million yen		Million yen		%	
As of September 30, 2021	200,543		77,507		38.3	
March 31, 2021	204,200		76,175		36.9	

(Reference) Equity: As of September 30, 2021: ¥ 76,786 million

As of March 31, 2021: ¥ 75,446 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen				
Fiscal year ended March 31, 2021	-	-	-	80.00	80.00
Fiscal year ending March 31, 2022	-	-	-	-	-
Fiscal year ending March 31, 2022 (Forecast)	-	-	-	80.00	80.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022(April 01, 2021 to March 31, 2022)

(% 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	223,000	17.5	9,000	3.3	8,700	(5.9)	6,000	(12.5)	318.58

(Note) Revision to the financial results forecast announced most recently: No

* Explanatory Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2021

(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: Yes

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, 2021: 22,494,629 shares

March 31, 2021: 22,494,629 shares

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

September 30, 2021: 3,698,835 shares

March 31, 2021: 3,375,462 shares

3) Average number of shares during the period:

Six months ended September 30, 2021: 18,871,290 shares

Six months ended September 30, 2020: 19,605,499 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).

* 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

(Million yen)

	As of March 31,2021	As of September 30,2021
Assets		
Current assets		
Cash and deposits	32,331	34,401
Notes receivable, accounts receivable from completed construction contracts and other	87,702	91,963
Costs on construction contracts in progress	5,197	4,195
Real estate for sale	1,843	1,679
Advances paid	15,285	8,723
Other	9,535	7,902
Allowance for doubtful accounts	(275)	(7)
Total current assets	151,619	148,857
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,767	4,737
Machinery, vehicles, tools, furniture and fixtures, net	2,436	3,374
Land	19,050	19,185
Other	8,490	7,361
Total property, plant and equipment	34,745	34,658
Intangible assets	1,050	1,020
Investments and other assets		
Investment securities	11,324	11,328
Other	6,007	5,222
Allowance for doubtful accounts	(546)	(545)
Total investments and other assets	16,785	16,006
Total non-current assets	52,580	51,685
Total assets	204,200	200,543

(Million yen)

	As of March 31,2021	As of September 30,2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	32,005	29,492
Electronically recorded obligations - operating	11,929	10,868
Short-term borrowings	9,865	9,214
Income taxes payable	2,226	1,559
Advances received on construction contracts in progress	13,176	19,274
Deposits received	23,546	21,688
Provision for warranties for completed construction	941	936
Provision for loss on construction contracts	1,705	1,872
Provision for loss on construction defect	192	-
Other	5,325	4,261
Total current liabilities	100,914	99,167
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	6,990	6,990
Long-term borrowings	11,885	9,366
Deferred tax liabilities for land revaluation	2,320	2,320
Retirement benefit liability	2,504	1,991
Provision for share awards for directors (and other officers)	72	80
Other	3,337	3,119
Total non-current liabilities	27,111	23,868
Total liabilities	128,025	123,036
Net assets		
Shareholders' equity		
Share capital	18,976	18,976
Capital surplus	18,124	18,124
Retained earnings	37,647	39,694
Treasury shares	(5,247)	(6,046)
Total shareholders' equity	69,500	70,748
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,700	2,688
Deferred gains or losses on hedges	(8)	(7)
Revaluation reserve for land	3,659	3,659
Remeasurements of defined benefit plans	(405)	(302)
Total accumulated other comprehensive income	5,945	6,038
Non-controlling interests	728	720
Total net assets	76,175	77,507
Total liabilities and net assets	204,200	200,543

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

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Net sales	82,639	105,818
Cost of sales	74,159	95,327
Gross profit	8,480	10,490
Selling, general and administrative expenses	5,186	5,433
Operating profit	3,294	5,056
Non-operating income		
Interest income	11	12
Dividend income	214	158
Other	538	77
Total non-operating income	764	248
Non-operating expenses		
Interest expenses	135	104
Guarantee fee	91	88
Other	66	38
Total non-operating expenses	293	232
Ordinary profit	3,765	5,073
Extraordinary income		
Gain on sale of non-current assets	0	8
Other	23	2
Total extraordinary income	23	11
Extraordinary losses		
Loss on sale of non-current assets	2	-
Impairment losses	-	22
Other	21	4
Total extraordinary losses	24	26
Profit before income taxes	3,764	5,058
Income taxes - current	479	836
Income taxes - deferred	808	694
Total income taxes	1,287	1,530
Profit	2,476	3,527
Profit (loss) attributable to non-controlling interests	33	(8)
Profit attributable to owners of parent	2,443	3,536

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

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Profit	2,476	3,527
Other comprehensive income		
Valuation difference on available-for-sale securities	200	(12)
Deferred gains or losses on hedges	(1)	1
Remeasurements of defined benefit plans, net of tax	324	103
Total other comprehensive income	523	92
Comprehensive income	3,000	3,620
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,967	3,628
Comprehensive income attributable to non-controlling interests	33	(8)

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from operating activities		
Profit before income taxes	3,764	5,058
Depreciation	688	1,009
Impairment losses	-	22
Increase (decrease) in allowance for doubtful accounts	(0)	(18)
Increase (decrease) in retirement benefit liability	(534)	(512)
Increase (decrease) in provision for loss on construction defect	(657)	(192)
Interest and dividend income	(225)	(171)
Interest expenses	135	104
Loss (gain) on sale of property, plant and equipment and intangible assets	2	(8)
Loss on retirement of property, plant and equipment and intangible assets	0	3
Decrease (increase) in trade receivables	10,350	(1,932)
Decrease (increase) in costs on construction contracts in progress	(1,632)	(1,139)
Decrease (increase) in real estate for sale	45	6
Increase (decrease) in trade payables	(6,494)	(3,574)
Decrease (increase) in advances paid	(1,088)	6,562
Increase (decrease) in advances received on construction contracts in progress	4,074	6,182
Increase (decrease) in deposits received	2,433	(1,848)
Other, net	(7,898)	729
Subtotal	2,963	10,280
Interest and dividends received	223	173
Interest paid	(140)	(151)
Income taxes paid	(559)	(1,446)
Net cash provided by (used in) operating activities	2,486	8,855
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,490)	(782)
Proceeds from sale of property, plant and equipment	9	11
Purchase of intangible assets	(86)	(171)
Purchase of short-term and long-term investment securities	(20)	(21)
Proceeds from collection of loans receivable	9	7
Other, net	52	(0)
Net cash provided by (used in) investing activities	(1,525)	(955)
Cash flows from financing activities		
Repayments of long-term borrowings	(2,756)	(3,169)
Purchase of treasury shares	(0)	(806)
Dividends paid	(980)	(1,530)
Other, net	(92)	(338)
Net cash provided by (used in) financing activities	(3,829)	(5,844)
Effect of exchange rate change on cash and cash equivalents	(1)	15
Net increase (decrease) in cash and cash equivalents	(2,869)	2,070
Cash and cash equivalents at beginning of period	43,746	32,310
Cash and cash equivalents at end of period	40,877	34,381