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

November 7, 2024

Company name: TOKYU CONSTRUCTION CO., LTD.
Listing: Tokyo
Securities code: 1720
URL: https://www.tokyu-cnst.co.jp/
Representative: Mitsuhiro Terada ,Representative Director,President
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Telephone: +81-3(5466)5061
Scheduled date to file semi-annual securities report: November 8, 2024
Scheduled date to commence dividend payments: December 2, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	118,626	(11.9)	(5)	-	(630)	-	(59)	-
September 30, 2023	134,682	4.5	2,043	-	2,843	867.0	2,510	-

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ (1,418) million [-%]
Six months ended September 30, 2023: ¥ 2,896 million [136.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	(0.56)	-
September 30, 2023	23.85	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	240,404	97,513	40.2
March 31, 2024	264,525	100,789	37.8

(Reference) Equity: As of September 30, 2024: ¥ 96,636 million
As of March 31, 2024: ¥ 99,966 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, 2024	-	18.00	-	19.00	37.00
Fiscal year ending March 31, 2025	-	19.00			
Fiscal year ending March 31, 2025 (Forecast)			-	19.00	38.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	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	310,000	8.5	5,000	(38.7)	5,800	(40.4)	4,400	(39.4)	41.70

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2024: 106,761,205 shares

March 31, 2024: 106,761,205 shares

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

September 30, 2024: 1,006,954 shares

March 31, 2024: 1,243,973 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 105,609,863 shares

Six months ended September 30, 2023: 105,226,578 shares

(Note) The number of shares of treasury stock included the shares held by TOKYU CONSTRUCTION Employee Ownership Association Trust and BIP Trust.

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

* Proper use of earnings forecasts, and other special matters

The forecasts given above are based on information currently available and certain premises regarded as reasonable, and do not include any intent that the company will guarantee its achievement. The actual business result is inherently subject to a variety of risks and uncertainties, and may vary significantly from forecast due to factors including, but not limited to,changes in the economic or business environment and exchange rate fluctuations.

Semi-annual Consolidated Financial Statements

Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	32,122	32,805
Notes receivable, accounts receivable from completed construction contracts and other	153,707	124,823
Costs on construction contracts in progress	4,676	10,849
Costs on real estate business	27	33
Real estate for sale	8,031	7,956
Raw materials and supplies	90	88
Other	7,964	7,512
Allowance for doubtful accounts	(78)	(82)
Total current assets	206,541	183,986
Non-current assets		
Property, plant and equipment	22,478	23,053
Intangible assets	1,460	1,443
Investments and other assets		
Investment securities	30,040	27,606
Long-term loans receivable	3	3
Retirement benefit asset	1,455	1,487
Deferred tax assets	159	398
Other	2,386	2,425
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	34,045	31,921
Total non-current assets	57,984	56,417
Total assets	264,525	240,404
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	39,687	32,529
Electronically recorded obligations - operating	16,368	13,787
Short-term borrowings	33,207	19,080
Income taxes payable	352	470
Advances received on construction contracts in progress	11,971	18,091
Deposits received - real estate business	14	136
Provision for warranties for completed construction	6,497	6,211
Provision for loss on construction contracts	6,631	5,983
Provision for bonuses	2,707	3,471
Provision for loss on business liquidation	19	10
Deposits received	15,130	15,236
Other	4,799	1,622
Total current liabilities	137,388	116,632
Non-current liabilities		
Long-term borrowings	21,521	22,819
Deferred tax liabilities	993	-
Provision for share awards for directors (and other officers)	18	18
Provision for loss on real estate business and other	2,415	1,875
Retirement benefit liability	309	450
Other	1,089	1,093
Total non-current liabilities	26,347	26,257
Total liabilities	163,735	142,890

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	16,354	16,354
Capital surplus	3,533	3,543
Retained earnings	73,553	71,475
Treasury shares	(769)	(619)
Total shareholders' equity	92,672	90,753
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,244	3,738
Foreign currency translation adjustment	417	650
Remeasurements of defined benefit plans	1,632	1,495
Total accumulated other comprehensive income	7,293	5,883
Non-controlling interests	823	877
Total net assets	100,789	97,513
Total liabilities and net assets	264,525	240,404

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales		
Net sales of completed construction contracts	133,791	117,637
Net sales in real estate business and other	890	988
Total net sales	134,682	118,626
Cost of sales		
Cost of sales of completed construction contracts	124,249	108,925
Cost of sales in real estate business and other	(360)	186
Total cost of sales	123,889	109,111
Gross profit		
Gross profit on completed construction contracts	9,542	8,711
Gross profit on real estate business and other	1,251	802
Total gross profit	10,793	9,514
Selling, general and administrative expenses	8,749	9,519
Operating profit (loss)	2,043	(5)
Non-operating income		
Interest income	10	13
Dividend income	93	122
Foreign exchange gains	468	-
Share of profit of entities accounted for using equity method	377	501
Other	106	49
Total non-operating income	1,056	686
Non-operating expenses		
Interest expenses	84	136
Foreign exchange losses	-	920
Other	172	255
Total non-operating expenses	256	1,312
Ordinary profit (loss)	2,843	(630)
Extraordinary income		
Gain on sale of investment securities	245	431
Total extraordinary income	245	431
Extraordinary losses		
Impairment losses	61	-
Total extraordinary losses	61	-
Profit (loss) before income taxes	3,027	(199)
Income taxes - current	182	337
Income taxes - deferred	299	(532)
Total income taxes	482	(194)
Profit (loss)	2,544	(5)
Profit attributable to non-controlling interests	34	53
Profit (loss) attributable to owners of parent	2,510	(59)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit (loss)	2,544	(5)
Other comprehensive income		
Valuation difference on available-for-sale securities	319	(1,455)
Foreign currency translation adjustment	(18)	94
Remeasurements of defined benefit plans, net of tax	94	(133)
Share of other comprehensive income of entities accounted for using equity method	(43)	81
Total other comprehensive income	352	(1,412)
Comprehensive income	2,896	(1,418)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,861	(1,469)
Comprehensive income attributable to non-controlling interests	35	51

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	3,027	(199)
Depreciation	572	579
Impairment losses	61	0
Amortization of goodwill	24	27
Increase (decrease) in allowance for doubtful accounts	(1)	1
Increase (decrease) in provision for warranties for completed construction	(233)	(320)
Increase (decrease) in provision for loss on construction contracts	(2,477)	(745)
Increase (decrease) in provision for bonuses	129	761
Increase (decrease) in provision for loss on business liquidation	-	10
Increase (decrease) in provision for loss on real estate business and other	(1,348)	(539)
Increase in defined benefit asset or liability	(104)	105
Interest and dividend income	(103)	(136)
Interest expenses	84	145
Share of loss (profit) of entities accounted for using equity method	(377)	(501)
Loss (gain) on sale of investment securities	(245)	(431)
Decrease (increase) in trade receivables	(19,175)	29,095
Decrease (increase) in costs on construction contracts in progress	1,384	(6,169)
Decrease (increase) in inventories	(1,150)	70
Decrease (increase) in accounts receivable - other	82	(29)
Decrease (increase) in advances paid	723	23
Increase (decrease) in trade payables	(16,656)	(9,771)
Increase (decrease) in accounts payable - other	(1,982)	(3,365)
Increase (decrease) in advances received on construction contracts in progress	(8,331)	6,101
Increase (decrease) in deposits received	(2,954)	104
Other, net	1,017	145
Subtotal	(48,034)	14,962
Interest and dividends received	403	750
Interest paid	(107)	(145)
Income taxes paid	(2,113)	(381)
Income taxes refund	-	799
Net cash provided by (used in) operating activities	(49,852)	15,984
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	-	180
Purchase of property, plant and equipment and intangible assets	(385)	(1,211)
Purchase of investment securities	(298)	(143)
Proceeds from sale of investment securities	324	777
Other, net	26	(6)
Net cash provided by (used in) investing activities	(333)	(402)

(Millions of 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	15,242	(14,129)
Proceeds from long-term borrowings	10,000	1,500
Repayments of long-term borrowings	(193)	(201)
Net decrease (increase) in treasury shares	158	159
Dividends paid	(1,912)	(2,019)
Repayments of lease liabilities	(36)	(65)
Other, net	(3)	11
Net cash provided by (used in) financing activities	23,256	(14,744)
Effect of exchange rate change on cash and cash equivalents	206	25
Net increase (decrease) in cash and cash equivalents	(26,722)	862
Cash and cash equivalents at beginning of period	58,714	31,942
Cash and cash equivalents at end of period	31,991	32,805