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November 14, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company Name: Takasago Thermal Engineering Co., Ltd.
Stock Exchange Listing: On the Prime Section of the Tokyo Stock Exchange
Code Number: 1969
Company URL: https://www.tte-net.com/
Representative: Kazuhito Kojima, President and Representative Director
Contact: Masatoshi Morino, Director and Executive Officer, General Manager, Finance & Investor Relations Department
Phone: +81-3-6369-8215
Scheduled date to file semi-annual securities report: November 14, 2024
Scheduled date to commence dividend payments: December 10, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Fraction less than one million yen has been omitted)

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

(1) Consolidated Results of Operations

(% indicates changes from the previous corresponding term)

	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	159,910	(2.7)	9,779	19.2	11,134	20.3	8,192	36.0
September 30, 2023	164,370	9.0	8,205	427.6	9,256	294.4	6,021	311.7

(Note) Comprehensive income:
For the six months ended September 30, 2024: ¥8,067 million year on year: (24.6)%
For the six months ended September 30, 2023: ¥10,703 million year on year: 180.0%

	Earnings per share	Diluted earnings per share
Six months ended	(Yen)	(Yen)
September 30, 2024	123.39	–
September 30, 2023	90.82	–

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio
As of	(Millions of yen)	(Millions of yen)	(%)
September 30, 2024	301,254	169,185	55.1
March 31, 2024	340,106	167,231	48.3

(Reference) Equity:
As of September 30, 2024: ¥165,846 million
As of March 31, 2024: ¥164,355 million

2. Dividends

	Cash dividends per share				
	First quarter end	Second quarter end	Third quarter end	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2024	–	38.00	–	91.00	129.00
Fiscal year ending March 31, 2025	–	65.00			
Fiscal year ending March 31, 2025 (Forecast)			–	79.00	144.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

Breakdown of annual dividends for the fiscal year ended March 31, 2024:

Ordinary dividend: ¥119.00

Commemorative dividend to celebrate the 100th anniversary of our founding: ¥10.00

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

(% indicates changes from the previous term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full year	372,000	2.4	28,500	17.8	31,000	18.5	23,900	21.9	360.00

(Note) Revisions to the earnings forecasts most recently announced: None

(Reference) Orders received (Forecast): (Full year) ¥400,000 million

*** Notes**

(1) Significant Changes in the Scope of Consolidation During the Period: None

(2) Adoption of Accounting Treatment Specific to the Preparation of Semi-annual Consolidated Financial Statements: Yes

For more details, please refer to "(4) Notes on semi-annual consolidated financial statements, (Notes to accounting treatment specific to the preparation of semi-annual consolidated financial statements)" of "2. Semi-annual consolidated financial statements" on page 10 of the attached materials.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

(i) Changes in accounting policies in accordance with the revision of accounting standard, etc.: Yes

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

For more details, please refer to "(4) Notes on semi-annual consolidated financial statements, (Notes to changes in accounting policies)" of "2. Semi-annual consolidated financial statements" on page 10 of the attached materials.

(4) Number of Issued Shares (Common Shares)

(i) Number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024:	70,239,402 shares
As of March 31, 2024:	70,239,402 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024:	3,832,975 shares
As of March 31, 2024:	3,870,133 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024:	66,389,174 shares
Six months ended September 30, 2023:	66,300,327 shares

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

* Explanation concerning proper use of the forecasts for the financial results and other special instructions

Forward-looking statements, including the financial results forecasts, in this document are based on currently available information held by the Company and on certain premises considered reasonable by the Company. It is not the intention of the Company to undertake the realization of these statements. Actual business results may differ from the forecasts, depending on various factors. Regarding earnings forecasts, please refer to "(3) Explanation regarding forecasts such as the forecasts of consolidated business results" of "1. Summary of Business Results, etc." on page 3 of the attached materials.

The Company will hold the financial results briefing session for the six months ended September 30, 2024 (for institutional investors and securities analysts) on Friday, November 15, 2024. The information materials used at the session will be posted on the Company's website.

(Reference) Forecasts for the Non-consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous term)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full year	272,000	1.2	26,100	24.9	29,000	26.1	23,200	29.4	348.07

(Note) Revisions to the earnings forecasts most recently announced: None

(Reference) Orders received (Forecast): (Full year) ¥300,000 million

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1. Summary of Business Results, etc.

(1) Summary of Business Results for the Interim Period Under Review

During the first six months of the fiscal year ending March 31, 2025, the Japanese economy was on a gradual recovery path, with corporate profits and the employment and income environment showing improvement, despite concerns about the impacts of a downturn in overseas economies and fluctuations in financial and capital markets.

In the construction industry and our related air conditioning industry, demand for construction remained strong, reflecting solid capital investment in the manufacturing and non-manufacturing sectors. However, a cautious approach to business operations was required as measures to reform work styles and the outlook for the global economy continued to require close attention.

In this business environment, our Group has been promoting “business model transformation” to establish a solid revenue base from the construction business and promote investments for future growth, and “company and human resource transformation” to invest in human capital and establish a framework for an Environment-Creator™ company, in accordance with the Medium-Term Management Plan.

Our Group’s net sales for the first six months under review totaled ¥159,910 million (down 2.7% year on year).

Profits were boosted by efforts aimed at improving profitability at the order and installation stages. As a result, operating profit was ¥9,779 million (up 19.2% year on year), ordinary profit came to ¥11,134 million (up 20.3% year on year), and profit attributable to owners of parent was ¥8,192 million (up 36.0% year on year).

Orders received totaled ¥200,582 million (up 23.2% year on year).

Segment business results were as follows. (Segment business results include intersegment net sales and transfers.)

(Construction business)

Net sales were ¥156,248 million (down 2.8% year on year), and segment profit (operating profit) was ¥9,575 million (up 17.4% year on year).

(Equipment manufacturing and sales business)

Net sales were ¥3,810 million (up 0.6% year on year), and segment profit (operating profit) was ¥126 million (¥4 million during the same period of the previous year).

(Other)

Net sales were ¥90 million (up 35.0% year on year) and segment profit (operating profit) was ¥72 million (up 43.9% year on year).

(2) Summary of Financial Position for the Interim Period Under Review

(i) Conditions of Assets, Liabilities and Net Assets

Total assets decreased ¥38,852 million from the end of the previous fiscal year to ¥301,254 million at the end of the interim period under review, mainly due to decreases in notes, accounts receivable from completed construction contracts and contract assets.

Total liabilities fell ¥40,807 million from the end of the previous fiscal year to ¥132,068 million, mainly due to a decrease in short-term borrowings.

Total net assets increased ¥1,954 million from the end of the previous fiscal year to ¥169,185 million, mainly due to the recognition of profit attributable to owners of parent.

(ii) Conditions of Cash Flows

Cash and cash equivalents at the end of the interim period under review decreased ¥4,125 million from the end of the previous fiscal year to ¥44,939 million.

(Cash flows from operating activities)

Cash flows from operating activities amounted to net cash of ¥21,159 million (expenditure of ¥12,292 million during the same period of the previous year). This was mainly due to a decrease in trade receivables.

(Cash flows from investing activities)

Cash flows from investing activities resulted in an expenditure of ¥2,629 million (up ¥5,448 million year on year). This was mainly due to expenditures for payments into time deposits.

(Cash flows from financing activities)

Cash flows from financing activities resulted in an expenditure of ¥23,247 million (down ¥15,371 million year on year).

This was mainly due to a decrease in short-term borrowings.

(3) Explanation regarding forecasts such as the forecasts of consolidated business results

The full-year forecasts of consolidated and non-consolidated business results for the year ending March 31, 2025, released on May 14, 2024, have been revised in light of the recent trend in business results. For details, please see “Notice Concerning Revisions to Full-Year Financial Results Forecasts and to Dividend Forecasts for the Fiscal Year Ending March 31, 2025” released on November 1, 2024.

2. Semi-annual Consolidated Financial Statements

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	53,298	51,326
Notes, accounts receivable from completed construction contracts and contract assets	178,305	132,249
Electronically recorded monetary claims - operating	7,585	9,370
Costs on construction contracts in progress	4,057	3,979
Other	5,370	14,944
Allowance for doubtful accounts	(230)	(218)
Total current assets	248,386	211,652
Non-current assets		
Property, plant and equipment	23,483	23,363
Intangible assets		
Goodwill	1,703	1,493
Other	7,470	7,752
Total intangible assets	9,173	9,245
Investments and other assets		
Investment securities	46,530	44,503
Retirement benefit asset	6,551	6,643
Guarantee deposits	3,072	2,997
Other	3,016	2,949
Allowance for doubtful accounts	(107)	(100)
Total investments and other assets	59,063	56,993
Total non-current assets	91,720	89,602
Total assets	340,106	301,254

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	58,253	49,267
Electronically recorded obligations - operating	19,026	13,546
Short-term borrowings	14,133	2,410
Current portion of bonds payable	5,000	–
Accounts payable - other	5,416	2,448
Income taxes payable	6,008	3,552
Advances received on construction contracts in progress	12,593	14,219
Provision for bonuses	8,727	5,056
Provision for bonuses for directors (and other officers)	159	62
Provision for warranties for completed construction	1,095	1,097
Provision for loss on construction contracts	404	385
Provision for dismantling and removal	310	195
Other	15,621	14,131
Total current liabilities	146,750	106,374
Non-current liabilities		
Bonds payable	20,000	20,000
Retirement benefit liability	1,126	1,130
Provision for share awards	865	1,082
Deferred tax liabilities	3,388	2,799
Other	744	682
Total non-current liabilities	26,125	25,694
Total liabilities	172,875	132,068
Net assets		
Shareholders' equity		
Share capital	13,134	13,134
Capital surplus	10,488	11,195
Retained earnings	128,724	130,796
Treasury shares	(7,307)	(7,962)
Total shareholders' equity	145,040	147,164
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,822	14,748
Foreign currency translation adjustment	1,671	2,196
Remeasurements of defined benefit plans	1,821	1,737
Total accumulated other comprehensive income	19,315	18,681
Non-controlling interests	2,875	3,339
Total net assets	167,231	169,185
Total liabilities and net assets	340,106	301,254

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	164,370	159,910
Cost of sales	141,284	133,227
Gross profit	23,085	26,683
Selling, general and administrative expenses		
Employees' salaries and allowances	4,462	4,591
Provision for bonuses	1,216	1,759
Retirement benefit expenses	154	98
Provision for share awards	142	239
Other	8,903	10,214
Total selling, general and administrative expenses	14,880	16,903
Operating profit	8,205	9,779
Non-operating income		
Interest income	185	245
Dividend income	472	569
Dividend income of insurance	162	107
Share of profit of entities accounted for using equity method	–	125
Rental income from real estate	427	424
Foreign exchange gains	261	–
Other	226	376
Total non-operating income	1,736	1,847
Non-operating expenses		
Interest expenses	135	117
Share of loss of entities accounted for using equity method	83	–
Rental expenses on real estate	235	235
Compensation expense	18	–
Other	212	138
Total non-operating expenses	684	492
Ordinary profit	9,256	11,134
Extraordinary income		
Gain on sale of investment securities	13	453
Other	8	–
Total extraordinary income	21	453
Extraordinary losses		
Impairment losses	216	–
Loss on retirement of non-current assets	1	9
Loss on valuation of investment securities	17	–
Other	0	1
Total extraordinary losses	236	11
Profit before income taxes	9,042	11,576
Income taxes - current	2,791	3,143
Total income taxes	2,791	3,143
Profit	6,250	8,432
Profit attributable to non-controlling interests	229	240
Profit attributable to owners of parent	6,021	8,192

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	6,250	8,432
Other comprehensive income		
Valuation difference on available-for-sale securities	3,119	(1,064)
Foreign currency translation adjustment	1,278	793
Remeasurements of defined benefit plans, net of tax	6	(68)
Share of other comprehensive income of entities accounted for using equity method	48	(25)
Total other comprehensive income	4,452	(365)
Comprehensive income	10,703	8,067
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,392	7,558
Comprehensive income attributable to non-controlling interests	310	508

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	9,042	11,576
Depreciation	1,241	1,481
Impairment losses	216	–
Amortization of goodwill	112	106
Increase (decrease) in provision for bonuses	(2,069)	(3,670)
Increase (decrease) in provision for loss on construction contracts	(305)	(20)
Increase (decrease) in provision for dismantling and removal	(129)	(115)
Decrease (increase) in retirement benefit asset	(28)	(225)
Increase (decrease) in retirement benefit liability	13	39
Interest and dividend income	(657)	(814)
Interest expenses	135	117
Share of loss (profit) of entities accounted for using equity method	83	(125)
Decrease (increase) in trade receivables	(1,752)	40,123
Decrease (increase) in costs on construction contracts in progress	(901)	(0)
Increase (decrease) in trade payables	(12,080)	(15,358)
Increase (decrease) in advances received on construction contracts in progress	(2,742)	1,390
Decrease (increase) in consumption taxes refund receivable	(2,852)	(1,135)
Increase (decrease) in accrued consumption taxes	(150)	(933)
Foreign exchange losses (gains)	(243)	90
Loss (gain) on sale of investment securities	–	(453)
Other, net	2,166	(6,336)
Subtotal	(10,901)	25,737
Interest and dividends received	684	842
Interest paid	(134)	(138)
Income taxes paid	(2,580)	(5,828)
Income taxes refund	640	545
Net cash provided by (used in) operating activities	(12,292)	21,159
Cash flows from investing activities		
Payments into time deposits	(5,044)	(6,286)
Proceeds from withdrawal of time deposits	3,094	4,573
Proceeds from withdrawal of long-term time deposits	62	–
Purchase of property, plant and equipment and intangible assets	(1,624)	(1,951)
Purchase of investment securities	(5,104)	(3)
Proceeds from sale of investment securities	18	1,013
Purchase of shares of subsidiaries and associates	(45)	–
Other payments	(143)	(222)
Other proceeds	709	247
Net cash provided by (used in) investing activities	(8,078)	(2,629)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,032)	(11,784)
Redemption of bonds	–	(5,000)
Repayments of lease liabilities	(252)	(243)
Proceeds from disposal of treasury shares	–	1,248
Purchase of treasury shares	(1)	(1,250)
Dividends paid	(2,219)	(6,120)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4,288)	–
Other, net	(81)	(95)
Net cash provided by (used in) financing activities	(7,876)	(23,247)
Effect of exchange rate change on cash and cash equivalents	798	592
Net increase (decrease) in cash and cash equivalents	(27,448)	(4,125)
Cash and cash equivalents at beginning of period	69,971	49,064
Cash and cash equivalents at end of period	42,523	44,939

(4) Notes on Semi-annual Consolidated Financial Statements

(Note to change in accounting policies)

Application of Accounting Standard for Current Income Taxes

"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27. October 28, 2022; hereinafter referred to as the "accounting standard revised in 2022") and others have been applied since the beginning of the interim period under review.

For the revision of the categories to record income taxes, etc. (taxation on other comprehensive income), we follow the transitional treatment defined in the proviso to Section 20-3 of the accounting standard revised in 2022 and the transitional treatment defined in the proviso to Section 65-2 (2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28. October 28, 2022; hereinafter referred to as the "implementation guideline revised in 2022"). This change in accounting policies has no effect on the semi-annual consolidated financial statements.

As for the revision related to the review of the treatment of consolidated financial statements when the gains or losses on sales of subsidiary shares, etc. between consolidated companies are deferred for tax purposes, the implementation guideline revised in 2022 has been applied since the beginning of the interim period under review. This change in accounting policies is applied retrospectively. The semi-annual consolidated financial statements for the same period of the previous year and the consolidated financial statements for the previous fiscal year are after the retrospective application. This change in accounting policies has no effect on the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Notes to accounting treatment specific to the preparation of semi-annual consolidated financial statements)

Calculation of tax expenses

Tax expenses are calculated with a method to estimate the effective tax rate for profit before tax after application of tax effect accounting reasonably for the fiscal year including the interim period under review and use the estimated effective tax rate for profit before tax for the interim period.

However, if a loss before tax for the interim period is recorded, a method to use the statutory effective tax rate is used for calculation.

(Notes to Segment information, etc.)

[Segment information]

First six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1 Information on net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recognized in semi-annual consolidated statement of income (Note 3)
	Construction business	Equipment manufacturing and sales business	Subtotal				
Net sales							
Net sales to external customers	160,700	3,602	164,302	67	164,370	–	164,370
Intersegment net sales or transfers	–	185	185	–	185	(185)	–
Subtotal	160,700	3,788	164,488	67	164,555	(185)	164,370
Segment profit	8,158	4	8,162	50	8,212	(7)	8,205

(Notes) 1. The category “Other” refers to businesses that are not included in the reportable segments, such as the business of insurance agencies, etc.

2. The adjustment to segment profit is the elimination of transactions made between segments.

3. Segment profit is reconciled with operating profit in the semi-annual consolidated statement of income.

2 Information on impairment losses or goodwill, etc. of non-current assets by reportable segment

(Significant impairment losses related to non-current assets)
Not applicable.

(Significant fluctuations in the amount of goodwill)
Not applicable.

(Significant gain on negative goodwill)
Not applicable.

First six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1 Information on net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recognized in semi-annual consolidated statement of income (Note 3)
	Construction business	Equipment manufacturing and sales business	Subtotal				
Net sales							
Net sales to external customers	156,248	3,571	159,820	90	159,910	–	159,910
Intersegment net sales or transfers	0	238	238	–	238	(238)	–
Subtotal	156,248	3,810	160,058	90	160,149	(238)	159,910
Segment profit	9,575	126	9,702	72	9,774	4	9,779

(Notes) 1. The category "Other" refers to businesses that are not included in the reportable segments, such as the business of insurance agencies, etc.

2. The adjustment to segment profit is the elimination of transactions made between segments.

3. Segment profit is reconciled with operating profit in the semi-annual consolidated statement of income.

2 Information on impairment losses or goodwill, etc. of non-current assets by reportable segment

(Significant impairment losses related to non-current assets)
Not applicable.

(Significant fluctuations in the amount of goodwill)
Not applicable.

(Significant gain on negative goodwill)
Not applicable.

(Notes in case there are significant fluctuations in the amount of shareholders' equity)

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Important subsequent events)

Not applicable.

3. (Reference) Semi-annual financial statements (non-consolidated)

Semi-annual non-consolidated financial statements are not subject to review for statutory disclosure. They are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements."

(1) (Reference) Semi-annual balance sheet (non-consolidated)

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	33,458	29,131
Notes receivable, accounts receivable from completed construction contracts and contract assets	150,485	106,673
Electronically recorded monetary claims–operating	6,443	8,270
Costs on construction contracts in progress	881	967
Other	2,123	11,585
Allowance for doubtful accounts	(157)	(121)
Total current assets	193,233	156,507
Non-current assets		
Property, plant and equipment	19,729	19,627
Intangible fixed assets	7,064	7,348
Investments and other assets		
Investment securities	59,887	57,837
Other	8,321	8,148
Allowance for doubtful accounts	(102)	(95)
Total investments and other assets	68,106	65,890
Total non-current assets	94,901	92,866
Total assets	288,135	249,374

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	44,026	37,194
Electronically recorded monetary payables–operating	18,547	13,314
Short-term borrowings	12,196	780
Current portion of bonds payable	5,000	—
Accounts payable–other	4,454	2,112
Income taxes payable	5,405	3,150
Advances received on construction contracts in progress	6,433	4,641
Deposits received	12,221	11,719
Provision for bonuses	7,593	4,246
Provision for bonuses for directors (and other officers)	128	49
Provision for warranties for completed construction	941	930
Provision for loss on construction contracts	286	173
Provision for dismantling and removal	310	195
Other	609	240
Total current liabilities	118,158	78,748
Non-current liabilities		
Bonds payable	20,000	20,000
Provision for share awards	816	1,051
Deferred tax liabilities	2,544	2,003
Other	397	376
Total non-current liabilities	23,758	23,432
Total liabilities	141,917	102,180
Net assets		
Shareholders' equity		
Share capital	13,134	13,134
Capital surplus	12,853	13,560
Retained earnings	111,844	113,822
Treasury shares	(7,133)	(7,788)
Total shareholders' equity	130,699	132,729
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	15,518	14,464
Total valuation and translation adjustments	15,518	14,464
Total net assets	146,217	147,194
Total liabilities and net assets	288,135	249,374

(2) (Reference) Semi-annual statement of income (non-consolidated)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales of completed construction contracts	125,011	112,700
Cost of sales of completed construction contracts	107,129	92,575
Gross profit on completed construction contracts	17,882	20,124
Selling, general and administrative expenses		
Employees' salaries and allowances	2,170	2,354
Addition to provision for bonuses	1,041	1,613
Addition to provision for share awards	135	228
Retirement benefit expenses	96	42
Other	6,445	7,502
Total selling, general and administrative expenses	9,890	11,742
Operating profit	7,992	8,382
Non-operating income		
Interest income	1	7
Dividend income	1,121	1,428
Dividend income of insurance	161	105
Rental income from real estate	415	412
Other	230	309
Total non-operating income	1,929	2,263
Non-operating expenses		
Interest expenses	49	39
Rental expenses on real estate	235	235
Other	153	76
Total non-operating expenses	438	350
Ordinary profit	9,482	10,295
Extraordinary income		
Gain on sale of investment securities	–	453
Total extraordinary income	–	453
Extraordinary losses		
Impairment losses	216	–
Loss on retirement of non-current assets	0	8
Other	17	1
Total extraordinary losses	234	9
Profit before income taxes	9,248	10,738
Income taxes–current	2,410	2,640
Profit	6,837	8,098

4. Supplementary information

(1) Conditions of Orders Received and Sales (Consolidated)

(i) Orders received

(Millions of yen; %)

Category		First six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)		First six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	75,993	46.7	94,057	46.9	18,063	23.8
	Industrial systems	82,298	50.6	102,827	51.3	20,528	24.9
	Subtotal	158,292	97.3	196,884	98.2	38,592	24.4
Equipment manufacturing and sales business		4,400	2.7	3,607	1.8	(793)	(18.0)
Other		67	0.0	90	0.0	23	35.0
Total		162,760	100.0	200,582	100.0	37,822	23.2
[overseas]		[26,087]	[16.0]	[37,256]	[18.6]	[11,169]	[42.8]
[facility maintenance]		[14,312]	[8.8]	[14,263]	[7.1]	[(49)]	[(0.3)]

(ii) Sales

(Millions of yen; %)

Category		First six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)		First six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	70,273	42.8	67,802	42.4	(2,470)	(3.5)
	Industrial systems	90,427	55.0	88,445	55.3	(1,981)	(2.2)
	Subtotal	160,700	97.8	156,248	97.7	(4,451)	(2.8)
Equipment manufacturing and sales business		3,602	2.2	3,571	2.2	(30)	(0.9)
Other		67	0.0	90	0.1	23	35.0
Total		164,370	100.0	159,910	100.0	(4,459)	(2.7)
[overseas]		[23,467]	[14.3]	[32,023]	[20.0]	[8,555]	[36.5]
[facility maintenance]		[13,055]	[7.9]	[13,030]	[8.1]	[(25)]	[(0.2)]

(iii) Amount carried forward

(Millions of yen; %)

Category		Interim period ended September 30, 2023 (as of September 30, 2023) Amount	(%)	Interim period ended September 30, 2024 (as of September 30, 2024) Amount	(%)	Amount of Increase (Decrease)	Percentage of Increase (Decrease)
Construction business	General-purpose systems	150,712	50.0	182,600	47.8	31,887	21.2
	Industrial systems	147,593	49.0	196,701	51.5	49,107	33.3
	Subtotal	298,306	99.0	379,301	99.3	80,995	27.2
Equipment manufacturing and sales business		2,914	1.0	2,325	0.7	(589)	(20.2)
Other		–	–	–	–	–	–
Total		301,220	100.0	381,627	100.0	80,406	26.7
[overseas]		[62,340]	[20.7]	[70,891]	[18.6]	[8,551]	[13.7]
[facility maintenance]		[3,114]	[1.0]	[3,733]	[1.0]	[619]	[19.9]

(Note) Transactions made between segments with respect to orders received, net sales and amounts carried forward are set off and deleted.

(2) Conditions of Orders Received and Sales (Non-consolidated)

(i) Orders received

(Millions of yen; %)

Category		First six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023) Amount	(%)	First six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024) Amount	(%)	Amount of Increase (Decrease)	Percentage of Increase (Decrease)
Construction business	General-purpose systems	61,978	52.3	81,082	55.3	19,103	30.8
	Industrial systems	56,585	47.7	65,669	44.7	9,083	16.1
Total		118,563	100.0	146,751	100.0	28,187	23.8

(ii) Net sales of completed construction contracts

(Millions of yen; %)

Category		First six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023) Amount	(%)	First six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024) Amount	(%)	Amount of Increase (Decrease)	Percentage of Increase (Decrease)
Construction business	General-purpose systems	57,999	46.4	55,942	49.6	(2,056)	(3.5)
	Industrial systems	67,011	53.6	56,757	50.4	(10,254)	(15.3)
Total		125,011	100.0	112,700	100.0	(12,311)	(9.8)

(iii) Amount carried forward

(Millions of yen; %)

Category		Interim period ended September 30, 2023 (as of September 30, 2023)		Interim period ended September 30, 2024 (as of September 30, 2024)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	146,453	62.1	178,875	57.9	32,421	22.1
	Industrial systems	89,556	37.9	130,150	42.1	40,594	45.3
Total		236,010	100.0	309,025	100.0	73,015	30.9

(3) Review of Operations (Consolidated)

(Financial results for the years ended March 31, 2022 to 2024, Financial results for the interim period of the year ended March 31, 2024 and the year ending March 31, 2025, Full-year forecasts for the year ending March 31, 2025)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Year / Item	Results										Forecast	
	Year ended March 31, 2022		Year ended March 31, 2023		Year ended March 31, 2024		Year ended March 31, 2024 Interim period		Year ending March 31, 2025 Interim period		Year ending March 31, 2025	
	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the interim period of the previous term	(%)	Changes from the interim period of the previous term	(%)	Changes from the previous term	(%)
Net sales	302,746		338,831		363,366		164,370		159,910		372,000	
	10.0	100.0	11.9	100.0	7.2	100.0	9.0	100.0	(2.7)	100.0	2.4	100.0
Gross profit	41,396		46,363		59,947		23,085		26,683			
	12.4	13.7	12.0	13.7	29.3	16.5	39.6	14.0	15.6	16.7		
Selling, general and administrative expenses	27,012		31,036		35,755		14,880		16,903			
	10.1	8.9	14.9	9.2	15.2	9.8	(0.7)	9.1	13.6	10.6		
Operating profit	14,383		15,326		24,192		8,205		9,779		28,500	
	16.9	4.8	6.6	4.5	57.8	6.7	427.6	5.0	19.2	6.1	17.8	7.7
Non-operating income	2,429		2,728		3,421		1,736		1,847			
Non-operating expenses	1,173		1,369		1,463		684		492			
Non-operating income and expenses	+1,256		+1,358		+1,958		+1,051		+1,354			
Ordinary profit	15,639		16,685		26,150		9,256		11,134		31,000	
	12.5	5.2	6.7	4.9	56.7	7.2	294.4	5.6	20.3	7.0	18.5	8.3
Extraordinary income	1,161		338		1,309		21		453			
Extraordinary losses	74		171		407		236		11			
Extraordinary income and losses	+1,086		+166		+902		(214)		+441			
Profit before income taxes	16,726		16,852		27,053		9,042		11,576			
	14.4	5.5	0.8	5.0	60.5	7.4	283.6	5.5	28.0	7.2		
Income taxes–current	4,985		4,915		8,356		2,791		3,143			
Income taxes–deferred	160		(781)		(1,414)		—		—			
Profit	11,581		12,719		20,111		6,250		8,432			
Profit attributable to non-controlling interests	45		491		498		229		240			
Profit attributable to owners of parent	11,535		12,227		19,612		6,021		8,192		23,900	
	14.0	3.8	6.0	3.6	60.4	5.4	311.7	3.7	36.0	5.1	21.9	6.4

Orders received	340,184		372,774		403,110		162,760		200,582		400,000	
	18.3		9.6		8.1		(27.3)		23.2		(0.8)	
Amount carried forward at the end of interim period	268,887		302,830		340,955		301,220		381,627		368,955	
	15.1		12.6		12.6		(11.9)		26.7		8.2	

(Note) Tax effect accounting is applied to income tax expense for the interim period by using a simplified method. Accordingly, income taxes–deferred are presented as part of income taxes–current.

(4) Review of Operations (Non-consolidated)

(Full-year financial results for the years ended March 31, 2022 to 2024, Financial results for the interim period of the year ended March 31, 2024 and the year ending March 31, 2025, Full-year forecasts for the year ending March 31, 2025)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Year / Item	Results										Forecast	
	Year ended March 31, 2022		Year ended March 31, 2023		Year ended March 31, 2024		Year ended March 31, 2024 Interim period		Year ending March 31, 2025 Interim period		Year ending March 31, 2025	
	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the interim period of the previous term	(%)	Changes from the interim period of the previous term	(%)	Changes from the previous term	(%)
Net sales of completed construction contracts	220,622		244,149		268,657		125,011		112,700		272,000	
	4.2	100.0	10.7	100.0	10.0	100.0	16.1	100.0	(9.8)	100.0	1.2	100.0
Gross profit on completed construction contracts	31,075		33,865		45,703		17,882		20,124			
	14.0	14.1	9.0	13.9	35.0	17.0	51.7	14.3	12.5	17.9		
Selling, general and administrative expenses	18,280		21,732		24,805		9,890		11,742			
	11.5	8.3	18.9	8.9	14.1	9.2	(5.4)	7.9	18.7	10.4		
Operating profit	12,794		12,132		20,898		7,992		8,382		26,100	
	17.7	5.8	(5.2)	5.0	72.3	7.8	502.5	6.4	4.9	7.4	24.9	9.6
Non-operating income	3,260		2,715		3,262		1,929		2,263			
Non-operating expenses	969		885		1,172		438		350			
Non-operating income and expenses	+2,291		+1,829		+2,090		+1,490		+1,912			
Ordinary profit	15,085		13,962		22,988		9,482		10,295		29,000	
	16.0	6.8	(7.4)	5.7	64.6	8.6	270.0	7.6	8.6	9.1	26.1	10.7
Extraordinary income	1,161		269		1,366		0		453			
Extraordinary losses	40		106		378		234		9			
Extraordinary income and losses	+1,121		+162		+988		(234)		+443			
Profit before income taxes	16,207		14,125		23,977		9,248		10,738			
	17.9	7.3	(12.8)	5.8	69.8	8.9	263.2	7.4	16.1	9.5		
Income taxes–current	4,341		4,159		7,092		2,410		2,640			
Income taxes–deferred	134		(884)		(1,048)		—		—			
Profit	11,731		10,850		17,933		6,837		8,098		23,200	
	17.7	5.3	(7.5)	4.4	65.3	6.7	274.5	5.5	18.4	7.2	29.4	8.5
Orders received	241,917		264,147		301,173		118,563		146,751		300,000	
	8.8		9.2		14.0		(27.5)		23.8		(0.4)	
Amount carried forward at the end of interim period	222,460		242,457		274,974		236,010		309,025		302,974	
	9.4		9.0		13.4		(15.2)		30.9		10.2	

(Note) Tax effect accounting is applied to income tax expense for the interim period by using a simplified method. Accordingly, income taxes–deferred are presented as part of income taxes–current.