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

November 7, 2023

Company name: TOKYU CONSTRUCTION CO., LTD.

Stock exchange listing: Tokyo

Code number: 1720

URL: <https://www.tokyu-cnst.co.jp/>

Representative: Mitsuhiro Terada, Representative Director, President

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Scheduled date of filing quarterly securities report: November 8, 2023

Scheduled date of commencing dividend payments: December 4, 2023

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, 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	134,682	4.5	2,043	-	2,843	867.0	2,510	-
September 30, 2022	128,842	15.4	166	-	294	-	(284)	-

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 2,896 million [136.7%]
Six months ended September 30, 2022: ¥ 1,223 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	23.85	-
September 30, 2022	(2.72)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	239,950	97,165	40.2
March 31, 2023	249,164	96,020	38.2

(Reference) Equity: As of September 30, 2023: ¥ 96,356 million
As of March 31, 2023: ¥ 95,248 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	-	18.00	-	18.00	36.00
Fiscal year ending March 31, 2024	-	18.00			
Fiscal year ending March 31, 2024 (Forecast)			-	18.00	36.00

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

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	299,000	3.5	6,200	21.4	7,600	51.4	5,700	8.7	54.10

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

* 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

New - (Company name:)

Exclusion: - (Company name:)

(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: 106,761,205 shares

March 31, 2023: 106,761,205 shares

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

September 30, 2023: 1,396,729 shares

March 31, 2023: 1,629,392 shares

3) Average number of shares outstanding during the period:

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

Six months ended September 30, 2022: 104,828,156 shares

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

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various 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	58,714	31,991
Notes receivable, accounts receivable from completed construction contracts and other	113,448	132,778
Securities	1	1
Costs on construction contracts in progress	7,667	6,291
Costs on real estate business	1,034	401
Real estate for sale	21	1,788
Raw materials and supplies	55	71
Other	7,035	5,407
Allowance for doubtful accounts	(85)	(86)
Total current assets	187,892	178,645
Non-current assets		
Property, plant and equipment	27,220	27,079
Intangible assets	1,480	1,460
Investments and other assets		
Investment securities	28,837	29,523
Long-term loans receivable	6	6
Deferred tax assets	1,282	822
Other	2,444	2,412
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	32,571	32,764
Total non-current assets	61,271	61,305
Total assets	249,164	239,950
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	44,324	33,081
Electronically recorded obligations - operating	21,175	15,803
Short-term borrowings	20,083	35,323
Income taxes payable	2,276	290
Advances received on construction contracts in progress	16,736	8,406
Deposits received - real estate business	18	330
Provision for warranties for completed construction	8,003	7,896
Provision for loss on construction contracts	10,341	7,935
Provision for bonuses	2,602	2,733
Deposits received	15,372	12,422
Other	3,809	1,746
Total current liabilities	144,743	125,968
Non-current liabilities		
Long-term borrowings	1,887	11,696
Provision for share awards for directors (and other officers)	27	18
Provision for loss on real estate business and other	4,883	3,534
Retirement benefit liability	572	473
Other	1,030	1,092
Total non-current liabilities	8,400	16,816
Total liabilities	153,144	142,784

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	16,354	16,354
Capital surplus	4,093	4,102
Retained earnings	70,112	70,710
Treasury shares	(1,019)	(869)
Total shareholders' equity	89,541	90,297
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,284	5,397
Foreign currency translation adjustment	269	405
Remeasurements of defined benefit plans	153	255
Total accumulated other comprehensive income	5,707	6,058
Non-controlling interests	771	809
Total net assets	96,020	97,165
Total liabilities and net assets	249,164	239,950

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		
Net sales of completed construction contracts	127,499	133,791
Net sales in real estate business and other	1,342	890
Total net sales	128,842	134,682
Cost of sales		
Cost of sales of completed construction contracts	119,711	124,249
Cost of sales in real estate business and other	862	(360)
Total cost of sales	120,574	123,889
Gross profit		
Gross profit on completed construction contracts	7,787	9,542
Gross profit on real estate business and other	480	1,251
Total gross profit	8,267	10,793
Selling, general and administrative expenses	8,101	8,749
Operating profit	166	2,043
Non-operating income		
Interest income	7	10
Dividend income	117	93
Foreign exchange gains	322	468
Share of profit of entities accounted for using equity method	24	377
Other	48	106
Total non-operating income	521	1,056
Non-operating expenses		
Interest expenses	65	84
Investment business association management fee	62	62
Loss on forward contracts	139	-
Other	125	109
Total non-operating expenses	393	256
Ordinary profit	294	2,843
Extraordinary income		
Gain on sale of investment securities	256	245
Total extraordinary income	256	245
Extraordinary losses		
Impairment losses	47	61
Total extraordinary losses	47	61
Profit before income taxes	502	3,027
Income taxes - current	1,068	182
Income taxes - deferred	(362)	299
Total income taxes	706	482
Profit (loss)	(203)	2,544
Profit attributable to non-controlling interests	81	34
Profit (loss) attributable to owners of parent	(284)	2,510

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 (loss)	(203)	2,544
Other comprehensive income		
Valuation difference on available-for-sale securities	806	319
Foreign currency translation adjustment	146	(18)
Remeasurements of defined benefit plans, net of tax	181	94
Share of other comprehensive income of entities accounted for using equity method	292	(43)
Total other comprehensive income	1,427	352
Comprehensive income	1,223	2,896
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,139	2,861
Comprehensive income attributable to non-controlling interests	84	35

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 before income taxes	502	3,027
Depreciation	619	572
Impairment losses	47	61
Amortization of goodwill	23	24
Increase (decrease) in allowance for doubtful accounts	(6)	(1)
Increase (decrease) in provision for warranties for completed construction	1,541	(233)
Increase (decrease) in provision for loss on construction contracts	1,027	(2,477)
Increase (decrease) in provision for bonuses	(8)	129
Increase (decrease) in provision for loss on real estate business and other	(93)	(1,348)
Increase in defined benefit asset or liability	(137)	(104)
Interest and dividend income	(125)	(103)
Interest expenses	65	84
Share of loss (profit) of entities accounted for using equity method	(24)	(377)
Loss (gain) on sale of investment securities	(256)	(245)
Decrease (increase) in trade receivables	10,338	(19,175)
Decrease (increase) in costs on construction contracts in progress	465	1,384
Decrease (increase) in inventories	(13)	(1,150)
Decrease (increase) in accounts receivable - other	3,585	82
Decrease (increase) in advances paid	239	723
Increase (decrease) in trade payables	(6,973)	(16,656)
Increase (decrease) in accounts payable - other	(485)	(1,982)
Increase (decrease) in advances received on construction contracts in progress	(1,042)	(8,331)
Increase (decrease) in deposits received	1,306	(2,954)
Other, net	(355)	1,017
Subtotal	10,244	(48,034)
Interest and dividends received	419	403
Interest paid	(82)	(107)
Income taxes paid	(1,602)	(2,113)
Net cash provided by (used in) operating activities	8,977	(49,852)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(297)	(385)
Purchase of investment securities	(367)	(298)
Proceeds from sale of investment securities	570	324
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	84	-
Other, net	16	26
Net cash provided by (used in) investing activities	5	(333)

(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	(11)	15,242
Proceeds from long-term borrowings	-	10,000
Repayments of long-term borrowings	(198)	(193)
Net decrease (increase) in treasury shares	154	158
Dividends paid	(530)	(1,912)
Repayments of lease liabilities	(62)	(36)
Other, net	(2)	(3)
Net cash provided by (used in) financing activities	(651)	23,256
Effect of exchange rate change on cash and cash equivalents	249	206
Net increase (decrease) in cash and cash equivalents	8,581	(26,722)
Cash and cash equivalents at beginning of period	38,648	58,714
Cash and cash equivalents at end of period	47,229	31,991