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

October 25, 2024

Company name: HIGASHI TWENTY ONE CO.,LTD.

Listing: Tokyo

Securities code: 9029

URL: <https://www.e-higashi.co.jp/>

Representative: Kazuhiro Kojima

Director, Representative Executive Officer, President & CEO

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Director, Managing Executive Officer

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Scheduled date to file semi-annual securities report: November 5, 2024

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

(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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	21,976	12.5	1,104	(2.4)	1,167	(3.2)	689	(7.1)
September 30, 2023	19,530	19.8	1,131	26.5	1,206	25.1	742	21.2

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 660 million [ (18.5)%]  
Six months ended September 30, 2023: ¥ 810 million [ 34.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	52.24	-
September 30, 2023	56.48	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	26,883	12,560	46.7
March 31, 2024	25,535	12,311	48.2

(Reference) Equity: As of September 30, 2024: ¥ 12,560 million  
As of March 31, 2024: ¥ 12,311 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	-	0.00	-	36.00	36.00
Fiscal year ending March 31, 2025	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	38.00	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	42,500	4.6	2,450	11.9	2,600	12.6	1,640	8.8	124.05

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

### \* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes  
 Newly included: 1 (Company name: NEOCOMPETENCE CO.,LTD. )

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(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: None
- 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: 13,264,000 shares  
 March 31, 2024: 13,264,000 shares

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

September 30, 2024: 38,025 shares  
 March 31, 2024: 89,525 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 13,198,396 shares  
 Six months ended September 30, 2023: 13,145,295 shares

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

\* Proper use of earnings forecasts, and other special matters

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. Any statements herein do not constitute assurances regarding actual results by the Company.

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

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	4,062,459	3,217,940
Notes receivable - trade	410,609	410,887
Trade accounts receivable and contract assets	6,316,940	5,445,738
Merchandise	388,027	366,704
Other	567,302	773,832
Allowance for doubtful accounts	(7,754)	(8,852)
Total current assets	11,737,584	10,206,250
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,144,322	2,765,746
Machinery, equipment and vehicles, net	1,528,732	1,562,614
Land	3,944,721	3,944,721
Other, net	1,514,417	2,645,014
Total property, plant and equipment	9,132,194	10,918,097
Intangible assets		
Goodwill	421,341	1,087,268
Other	182,128	168,387
Total intangible assets	603,470	1,255,656
Investments and other assets		
Investment securities	1,211,873	1,178,327
Guarantee deposits	2,307,494	2,590,109
Other	586,159	779,992
Allowance for doubtful accounts	(43,463)	(45,397)
Total investments and other assets	4,062,063	4,503,032
Total non-current assets	13,797,728	16,676,786
Total assets	25,535,312	26,883,036

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	3,251,747	2,128,264
Short-term borrowings	2,030,000	2,645,000
Current portion of long-term borrowings	499,052	810,499
Income taxes payable	533,103	493,185
Provision for bonuses	359,297	377,325
Other	1,843,850	1,864,014
Total current liabilities	8,517,050	8,318,288
Non-current liabilities		
Long-term borrowings	2,663,817	3,654,390
Retirement benefit liability	152,731	154,261
Asset retirement obligations	330,343	416,262
Other	1,559,481	1,779,617
Total non-current liabilities	4,706,374	6,004,531
Total liabilities	13,223,425	14,322,820
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,001,996	1,001,996
Capital surplus	140,422	177,259
Retained earnings	10,850,916	11,066,119
Treasury shares	(43,931)	(18,659)
Total shareholders' equity	11,949,403	12,226,715
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	390,403	357,482
Remeasurements of defined benefit plans	(27,919)	(23,982)
Total accumulated other comprehensive income	362,484	333,500
Total net assets	12,311,887	12,560,216
<b>Total liabilities and net assets</b>	<b>25,535,312</b>	<b>26,883,036</b>

## Semi-annual Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	19,530,435	21,976,061
Cost of sales	15,663,601	17,891,857
Gross profit	3,866,834	4,084,203
Selling, general and administrative expenses	2,735,478	2,979,681
Operating profit	1,131,356	1,104,522
Non-operating income		
Interest income	46	53
Dividend income	19,266	20,731
Rental income	24,791	23,537
Subsidy income	6,998	8,221
Surrender value of insurance policies	15,571	975
Other	22,450	33,433
Total non-operating income	89,125	86,951
Non-operating expenses		
Interest expenses	5,994	12,259
Rental expenses	6,234	6,080
Other	1,849	5,316
Total non-operating expenses	14,079	23,657
Ordinary profit	1,206,402	1,167,816
Extraordinary losses		
Loss on retirement of non-current assets	15	18,378
Total extraordinary losses	15	18,378
Profit before income taxes	1,206,387	1,149,438
Income taxes	463,987	459,954
Profit	742,399	689,484
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	742,399	689,484

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	742,399	689,484
Other comprehensive income		
Valuation difference on available-for-sale securities	64,405	(32,920)
Remeasurements of defined benefit plans, net of tax	3,542	3,937
Total other comprehensive income	67,948	(28,983)
Comprehensive income	810,348	660,500
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	810,348	660,500
Comprehensive income attributable to non-controlling interests	-	-

## Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,206,387	1,149,438
Depreciation	370,374	453,722
Amortization of goodwill	59,783	59,783
Increase (decrease) in allowance for doubtful accounts	(10,159)	2
Interest and dividend income	(19,312)	(20,784)
Interest expenses	5,994	12,259
Subsidy income	(6,998)	(8,221)
Surrender value of insurance policies	(15,571)	(975)
Loss on retirement of non-current assets	15	18,378
Decrease (increase) in trade receivables	819,171	1,053,382
Decrease (increase) in inventories	47,455	20,486
Increase (decrease) in trade payables	(892,278)	(1,134,428)
Increase (decrease) in accrued consumption taxes	(150,013)	(112,685)
Increase (decrease) in provision for bonuses	9,947	18,027
Increase (decrease) in retirement benefit liability	(311)	7,203
Other, net	402,728	38,216
Subtotal	1,827,212	1,553,806
Interest and dividends received	19,312	20,784
Interest paid	(6,405)	(13,599)
Income taxes paid	(522,088)	(500,243)
Income taxes refund	23,212	2,790
Subsidies received	6,998	8,221
Net cash provided by (used in) operating activities	1,348,242	1,071,759
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(7,580)	(7,207)
Payments of guarantee deposits	(209,708)	(275,402)
Proceeds from refund of guarantee deposits	89,324	2,531
Purchase of property, plant and equipment	(1,534,244)	(2,315,508)
Proceeds from sale of property, plant and equipment	5,877	7,146
Purchase of intangible assets	(10,848)	(20,136)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(638,540)
Other, net	29,526	(1,458)
Net cash provided by (used in) investing activities	(1,637,653)	(3,248,575)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	800,000	600,000
Proceeds from long-term borrowings	-	1,600,000
Repayments of long-term borrowings	(294,579)	(346,967)
Repayments of lease liabilities	(150,630)	(80,579)
Dividends paid	(393,091)	(473,714)
Net cash provided by (used in) financing activities	(38,301)	1,298,739
Net increase (decrease) in cash and cash equivalents	(327,712)	(878,075)
Cash and cash equivalents at beginning of period	3,487,744	4,062,459
Cash and cash equivalents at end of period	3,160,032	3,184,383