

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Six Months Ended July 31, 2023 [Japanese GAAP]

September 8, 2023

Company name: BESTERRA CO.,LTD
 Stock exchange listing: Tokyo
 Code number: 1433
 URL: <https://www.besterra.co.jp>
 Representative: Yutaka Honda President and Representative Director
 Contact: Shinya Ikeda Executive Officer and Planning Manager
 Phone: +81-3-3630-5555
 Scheduled date of filing quarterly securities report: September 14, 2023
 Scheduled date of commencing dividend payments: October 10, 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 July 31, 2023 (February 1, 2023 to July 31, 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 July 31, 2023	3,328	31.4	(61)	-	(9)	-	(28)	-
July 31, 2022	2,533	8.5	58	(63.8)	128	(53.2)	59	(72.8)

(Note) Comprehensive income: Six months ended July 31, 2023: ¥ (396) million [-%]
 Six months ended July 31, 2022: ¥ 266 million [18.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended July 31, 2023	(3.23)	-
July 31, 2022	6.88	6.88

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of July 31, 2023	8,632	3,889	45.0
January 31, 2023	8,427	4,379	51.8

(Reference) Equity: As of July 31, 2023: ¥ 3,882 million
 As of January 31, 2023: ¥ 4,368 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 January 31, 2023	-	10.00	-	10.00	20.00
Fiscal year ending January 31, 2024	-	10.00			
Fiscal year ending January 31, 2024 (Forecast)			-	10.00	20.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2024(February 1, 2023 to January 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	8,000	46.6	210	-	286	-	195	-	22.05

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended July 31, 2023

(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: 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):

July 31, 2023: 8,990,200 shares

January 31, 2023: 8,990,200 shares

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

July 31, 2023: 129,035 shares

January 31, 2023: 129,035 shares

3) Average number of shares outstanding during the period:

Six months ended July 31, 2023: 8,861,165 shares

Six months ended July 31, 2022: 8,705,386 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2023	As of July 31, 2023
Assets		
Current assets		
Cash and deposits	1,337,606	1,565,099
Notes receivable accounts receivable from completed construction contracts contract assets and other	1,761,539	2,551,849
Costs on construction contracts in progress	121,467	52,846
Income taxes refund receivable	176,130	-
Other	173,763	157,847
Allowance for doubtful accounts	(2,002)	(2,706)
Total current assets	3,568,505	4,324,935
Non-current assets		
Property, plant and equipment	310,394	307,231
Intangible assets		
Goodwill	98,644	84,750
Other	14,794	13,361
Total intangible assets	113,438	98,111
Investments and other assets		
Investment securities	4,374,452	3,842,982
Other	61,687	59,913
Allowance for doubtful accounts	(820)	(820)
Total investments and other assets	4,435,320	3,902,076
Total non-current assets	4,859,154	4,307,419
Total assets	8,427,659	8,632,354

(Thousands of yen)

	As of January 31, 2023	As of July 31, 2023
Liabilities		
Current liabilities		
Accounts payable for construction contracts	786,095	1,028,297
Short-term borrowings	300,000	1,200,000
Current portion of long-term borrowings	256,318	252,322
Income taxes payable	285	9,658
Provision for bonuses for directors (and other officers)	-	7,998
Provision for bonuses	-	76,744
Provision for shareholder benefit program	34,530	-
Provision for loss on construction contracts	3,978	17,373
Provision for retirement benefits for directors (and other officers)	184,987	-
Other	299,279	240,672
Total current liabilities	1,865,473	2,833,066
Non-current liabilities		
Long-term borrowings	1,870,376	1,744,568
Retirement benefit liability	66,406	68,301
Provision for retirement benefits for directors (and other officers)	-	2,835
Deferred tax liabilities	234,052	82,329
Other	12,233	11,263
Total non-current liabilities	2,183,067	1,909,297
Total liabilities	4,048,540	4,742,364
Net assets		
Shareholders' equity		
Share capital	843,176	843,176
Capital surplus	804,146	803,214
Retained earnings	3,037,498	2,920,287
Treasury shares	(200,362)	(200,362)
Total shareholders' equity	4,484,458	4,366,315
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(115,477)	(483,873)
Total accumulated other comprehensive income	(115,477)	(483,873)
Share acquisition rights	7,548	7,548
Non-controlling interests	2,589	-
Total net assets	4,379,118	3,889,990
Total liabilities and net assets	8,427,659	8,632,354

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended July 31, 2022	For the six months ended July 31, 2023
Net sales		
Net sales of completed construction contracts	2,423,365	3,213,870
Net sales in sideline businesses	110,088	115,062
Total net sales	2,533,454	3,328,932
Cost of sales		
Cost of sales of completed construction contracts	1,937,446	2,775,306
Cost of sales in sideline businesses	83,183	83,147
Total cost of sales	2,020,629	2,858,453
Gross profit		
Gross profit on completed construction contracts	485,919	438,564
Gross profit on sideline business	26,905	31,915
Total gross profit	512,824	470,479
Selling, general and administrative expenses		
Employees' salaries and allowances	117,010	140,741
Provision for bonuses	24,942	36,748
Provision for bonuses for directors (and other officers)	7,596	7,998
Retirement benefit expenses	4,239	6,063
Depreciation	37,698	12,468
Other	262,833	327,656
Total selling, general and administrative expenses	454,319	531,675
Operating profit (loss)	58,505	(61,196)
Non-operating income		
Dividend income	64,272	51,428
Rental income from real estate	20,146	20,146
Other	6,376	2,605
Total non-operating income	90,795	74,180
Non-operating expenses		
Interest expenses	3,648	3,758
Rental expenses on real estate	15,036	15,191
Other	2,492	3,752
Total non-operating expenses	21,177	22,702
Ordinary profit (loss)	128,123	(9,717)
Extraordinary income		
Gain on sale of non-current assets	-	3,463
Total extraordinary income	-	3,463
Profit (loss) before income taxes	128,123	(6,254)
Income taxes - current	45,989	10,352
Income taxes - deferred	21,426	11,513
Total income taxes	67,415	21,866
Profit (loss)	60,707	(28,120)
Profit attributable to non-controlling interests	787	479
Profit (loss) attributable to owners of parent	59,920	(28,599)

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

(Thousands of yen)

	For the six months ended July 31, 2022	For the six months ended July 31, 2023
Profit (loss)	60,707	(28,120)
Other comprehensive income		
Valuation difference on available-for-sale securities	205,479	(368,396)
Total other comprehensive income	205,479	(368,396)
Comprehensive income	266,187	(396,517)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	265,399	(396,996)
Comprehensive income attributable to non-controlling interests	787	479

Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended July 31, 2022	For the six months ended July 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	128,123	(6,254)
Gain on sale of non-current assets	-	(3,463)
Depreciation	37,945	12,598
Amortization of goodwill	13,893	13,893
Increase (decrease) in allowance for doubtful accounts	(977)	704
Increase (decrease) in provision for loss on construction contracts	14,798	13,395
Increase (decrease) in provision for shareholder benefit program	(13,500)	(34,530)
Increase (decrease) in provision for bonuses for directors (and other officers)	7,596	7,998
Increase (decrease) in provision for bonuses	63,240	76,744
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-	(182,152)
Increase (decrease) in retirement benefit liability	2,868	1,895
Interest and dividend income	(64,274)	(51,522)
Interest expenses	3,648	3,758
Decrease (increase) in trade receivables	946,866	(790,309)
Decrease (increase) in costs on construction contracts in progress	82,257	68,620
Increase (decrease) in trade payables	(822,974)	243,297
Increase (decrease) in accounts payable - other	(134,575)	(115,402)
Other, net	(141,318)	74,026
Subtotal	123,617	(666,700)
Interest and dividends received	64,274	51,522
Interest paid	(3,636)	(3,748)
Income taxes refund (paid)	(225,335)	167,973
Net cash provided by (used in) operating activities	(41,078)	(450,953)
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,928)	(9,955)
Proceeds from sale of property, plant and equipment	-	6,624
Purchase of software	(2,848)	(1,206)
Other, net	3,781	6,265
Net cash provided by (used in) investing activities	(8,995)	1,727
Cash flows from financing activities		
Proceeds from short-term borrowings	-	900,000
Repayments of long-term borrowings	(132,891)	(129,804)
Proceeds from issuance of shares	229,395	-
Dividends paid	(86,158)	(88,516)
Other, net	14,282	(4,961)
Net cash provided by (used in) financing activities	24,628	676,718
Net increase (decrease) in cash and cash equivalents	(25,446)	227,492
Cash and cash equivalents at beginning of period	2,122,236	1,337,606
Cash and cash equivalents at end of period	2,096,790	1,565,099