

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 10, 2024

Company name: Nichireki Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 5011
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 Scheduled date of Annual General Meeting of Shareholders: June 27, 2024
 Scheduled date of commencing dividend payments: June 28, 2024
 Scheduled date of filing annual securities report: June 28, 2024
 Availability of supplementary briefing material on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of the parent company | |
|-------------------|-------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2024 | 73,832 | (5.8) | 6,019 | (20.4) | 6,390 | (21.2) | 4,488 | (28.6) |
| March 31, 2023 | 78,397 | 0.5 | 7,566 | (11.7) | 8,104 | (13.0) | 6,284 | (7.7) |

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥6,426 million [4.6%]

Fiscal year ended March 31, 2023: ¥6,144 million [(9.7)%]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets | Operating profit to net sales |
|-------------------|--------------------------|----------------------------|--------------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended | | | | | |
| March 31, 2024 | 152.74 | - | 6.1 | 6.9 | 8.2 |
| March 31, 2023 | 205.73 | - | 8.9 | 9.0 | 9.7 |

(Reference) Share of profit of investments accounted for using equity method:

Fiscal year ended March 31, 2024: ¥108 million

Fiscal year ended March 31, 2023: ¥45 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2024 | 95,094 | 74,836 | 78.7 | 2,546.12 |
| As of March 31, 2023 | 91,474 | 72,470 | 79.2 | 2,394.76 |

(Reference) Equity: As of March 31, 2024: ¥74,836 million

As of March 31, 2023: ¥72,470 million

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of fiscal year |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| | Million yen | Million yen | Million yen | Million yen |
| Fiscal year ended | | | | |
| March 31, 2024 | 7,388 | (3,853) | (2,824) | 25,445 |
| March 31, 2023 | 6,556 | (5,834) | (3,115) | 24,709 |

2. Dividends

| | Annual dividends | | | | | Total dividends | Dividends payout ratio (consolidated) | Dividends to net assets (consolidated) |
|--|------------------|-----------------|-----------------|----------|-------|-----------------|---------------------------------------|--|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| March 31, 2023 | - | - | - | 50.00 | 50.00 | 1,513 | 24.3 | 2.2 |
| March 31, 2024 | - | 35.00 | - | 35.00 | 70.00 | 2,040 | 45.8 | 2.8 |
| Fiscal year ending March 31, 2025 (Forecast) | - | 35.00 | - | 40.00 | 75.00 | | 47.9 | |

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

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of the parent company | | Basic earnings per share |
|------------|-------------|-------|------------------|--------|-----------------|--------|---|--------|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 32,000 | (0.9) | 1,300 | (32.2) | 1,400 | (40.5) | 900 | (37.1) | 30.63 |
| Full year | 80,000 | 8.4 | 7,000 | 16.3 | 7,200 | 12.7 | 4,600 | 2.5 | 156.53 |

* Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2024 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and 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) Restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the fiscal year (including treasury shares):
 - As of March 31, 2024: 31,685,955 shares
 - As of March 31, 2023: 31,685,955 shares
 - 2) Total number of treasury shares at the end of the fiscal year:
 - As of March 31, 2024: 2,293,658 shares
 - As of March 31, 2023: 1,423,907 shares
 - 3) Average number of shares during the fiscal year:
 - Fiscal year ended March 31, 2024: 29,387,569 shares
 - Fiscal year ended March 31, 2023: 30,549,424 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous year.)

| Fiscal year ended | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| March 31, 2024 | 36,278 | (6.7) | 1,723 | (43.6) | 4,181 | (28.5) | 3,867 | (25.1) |
| March 31, 2023 | 38,880 | 1.5 | 3,058 | (23.1) | 5,845 | (15.2) | 5,165 | (13.2) |

| Fiscal year ended | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| | Yen | Yen |
| March 31, 2024 | 131.59 | - |
| March 31, 2023 | 169.10 | - |

(2) Non-consolidated Financial Position

| As of | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| March 31, 2024 | 78,128 | 53,686 | 68.7 | 1,826.55 |
| March 31, 2023 | 75,216 | 52,525 | 69.8 | 1,735.70 |

(Reference) Equity: As of March 31, 2024: ¥53,686 million

As of March 31, 2023: ¥52,525 million

* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

For assumptions of the forecasts of the financial results and precautions in using the forecasts, please refer to “(4) Future Outlook” in “1. Overview of Business Results, etc.” on page 5 of these consolidated financial results (Appendix).

(How to obtain the supplementary briefing material on annual financial results)

The Company will hold the annual financial results briefing session for institutional investors and analysts on Thursday, May 30, 2024. Materials for the briefing session will be posted on the Company’s website after the briefing session.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for FY2023

| Category | Fiscal year ended March 31, 2023 | | Fiscal year ended March 31, 2024 | | Change | |
|--|-------------------------------------|--------------|-------------------------------------|--------------|-------------------------|--------------------|
| | Amount (Million yen) | Ratio (%) | Amount (Million yen) | Ratio (%) | Amount (Million yen) | Growth rate (%) |
| Net sales | 78,397 | 100.0 | 73,832 | 100.0 | (4,564) | (5.8) |
| Applied and Processed Asphalt Products Business | 27,175 | 34.7 | 25,937 | 35.1 | (1,238) | (4.6) |
| Road Paving Business | 50,913 | 64.9 | 47,580 | 64.4 | (3,332) | (6.5) |
| Other Business | 308 | 0.4 | 314 | 0.4 | 6 | 2.0 |
| Gross profit | 17,462 | 22.3 | 16,464 | 22.3 | (998) | (5.7) |
| Operating profit | 7,566 | 9.7 | 6,019 | 8.2 | (1,546) | (20.4) |
| Ordinary profit | 8,104 | 10.3 | 6,390 | 8.7 | (1,714) | (21.2) |
| Profit attributable to owners of the parent company | 6,284 | 8.0 | 4,488 | 6.1 | (1,796) | (28.6) |

In the fiscal year ended March 31, 2024, the Japanese economy gradually returned to normal economic activities, following the downgrading of the novel coronavirus disease (COVID-19) from Class 2 to 5, a less severe category. In addition, amid the negative impact of inflation primarily due to soaring resource prices and a weakening yen, domestic companies showed moves to realize high pay increase rates, leading to a growing bullish outlook for the Japanese economy. As a result, the stock market, which is said to be a barometer of the economy, has generally performed well, with the Nikkei Stock Average reaching an all-time high. However, the business outlook has still remained unclear, given that economic growth for major countries was not necessarily high, such as a negative real economic growth for Germany in 2023, and that a more cautious view on the Chinese economy has been prevailing.

The business environment surrounding the Nichireki Group (hereinafter referred to as the “Group”) remained harsh, despite steady levels of public investment against the backdrop of growing construction demand for preventing and mitigating disasters, national resilience measures, etc. The Group was affected by disruptions, such as delays in order placement due to the April 2023 nationwide local elections. In addition, although a substantial amount of the public works budget was secured in nominal terms, the Group suffered from a number of factors putting downward pressure on the Group’s business, including a sluggish growth in real terms due to an increase in construction unit prices, high raw material prices due to persistently high oil prices and a weak yen, and an impact on construction progress due to labor shortages and pre-emptive responses to ‘2024 problem’ which will limit overtime work of certain occupations, including professional drivers and construction workers, from April 2024 in Japan.

In this business environment, the Group has implemented various measures stated in the Medium-term Management Plan “Resilience 2025 (Shinayaka 2025),” which is in its third year, aiming to grow into a sustainable corporate group with the entire organization working as one under quick and accurate decision-making.

In the fiscal year ended March 31, 2024, as a result of promoting design and marketing activities for long-life, high value-added products and surveys and construction methods utilizing ICT technology, the Group posted net sales of ¥73,832 million (down 5.8% year on year), operating profit of ¥6,019 million (down 20.4% year on year), and ordinary profit of ¥6,390 million (down 21.2% year on year). Profit attributable to owners of the parent company decreased by 28.6% to ¥4,488 million.

Results by business segment were as follows.

Applied and Processed Asphalt Products Business

In the Applied and Processed Asphalt Products Business, we worked on increasing sales and securing profits by promoting design and marketing activities for high value-added products aiming for “longer life and higher performance of paved roads” and “reduction of environmental load,” but we were not able to adequately pass on raw material prices, which remained persistently at a high level, to product prices.

Net sales for the segment were ¥25,937 million (down 4.6% year on year), and segment profit (operating profit) was ¥5,140 million (down 14.5% year on year).

Road Paving Business

In the Road Paving Business, we worked on marketing activities by providing proposals on construction methods related to preventing and mitigating disasters and national resilience measures, the steady execution of construction work, responses to hiking of material prices, etc., and enhancement of cost management, though some orders for construction work were delayed.

Net sales for the segment were ¥47,580 million (down 6.5% year on year), and segment profit (operating profit) was ¥4,360 million (down 5.8% year on year).

Other Business

In the Other Business, net sales for the segment were ¥314 million (up 2.0% year on year), and segment profit (operating profit) was ¥229 million (up 2.5% year on year) mainly due to real estate lease revenue.

(2) Overview of Financial Position for FY2023

| Category | As of March 31, 2023 | | As of March 31, 2024 | | Change | |
|-------------------------|-------------------------|--------------|-------------------------|--------------|-------------------------|--------------------|
| | Amount (Million yen) | Ratio (%) | Amount (Million yen) | Ratio (%) | Amount (Million yen) | Growth rate (%) |
| Current assets | 54,867 | 60.0 | 49,564 | 52.1 | (5,303) | (9.7) |
| Non-current assets | 36,606 | 40.0 | 45,529 | 47.9 | 8,923 | 24.4 |
| Current liabilities | 17,650 | 19.3 | 17,865 | 18.8 | 214 | 1.2 |
| Non-current liabilities | 1,353 | 1.5 | 2,392 | 2.5 | 1,039 | 76.8 |
| Net assets | 72,470 | 79.2 | 74,836 | 78.7 | 2,365 | 3.3 |
| Total assets | 91,474 | 100.0 | 95,094 | 100.0 | 3,620 | 4.0 |

(i) Status of assets, liabilities and net assets

Current assets

Current assets decreased by ¥5,303 million from the end of the previous fiscal year to ¥49,564 million.

This is mainly attributable to decreases in cash and deposits by ¥1,573 million, notes and accounts receivable - trade, and contract assets by ¥2,338 million.

Non-current assets

Non-current assets increased by ¥8,923 million from the end of the previous fiscal year to ¥45,529 million.

This is mainly attributable to increases in buildings and structures by ¥1,943 million, machinery, equipment and vehicles by ¥866 million, investment securities by ¥3,763 million, and retirement benefit asset by ¥1,280 million.

Current liabilities

Current liabilities increased by ¥214 million from the end of the previous fiscal year to ¥17,865 million.

This is mainly attributable to increases in accounts payable - other by ¥741 million and contract liabilities by ¥188 million, which offset a decrease in notes and accounts payable - trade by ¥796 million.

Non-current liabilities

Non-current liabilities increased by ¥1,039 million from the end of the previous fiscal year to ¥2,392 million. This is mainly attributable to an increase in deferred tax liabilities by ¥1,009 million.

Net assets

Net assets increased by ¥2,365 million from the end of the previous fiscal year to ¥74,836 million. This is mainly attributable to increases in retained earnings by ¥1,964 million and valuation difference on available-for-sale securities by ¥1,437 million.

(3) Overview of Cash Flows for FY2023

Cash and cash equivalents (hereinafter referred to as “cash”) for the fiscal year under review increased by ¥736 million from the end of the previous fiscal year to ¥25,445 million. Status of cash flows and contributing factors were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥7,388 million (up 12.7% year on year). This is mainly attributable to profit before income taxes of ¥6,840 million and a decrease in trade payables of ¥1,188 million.

Cash flows from investing activities

Net cash used in investing activities was ¥3,853 million (down 34.0% year on year). This is mainly attributable to purchase of property, plant and equipment of ¥3,808 million.

Cash flows from financing activities

Net cash used in financing activities was ¥2,824 million (down 9.3% year on year). This is mainly attributable to a decrease in deposits for purchase of treasury shares of ¥1,331 million and payments of dividends of ¥2,507 million.

(Reference) Changes in cash flow indicators

| | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Equity ratio (%) | 73.9 | 74.9 | 77.0 | 79.2 | 78.7 |
| Equity ratio based on market value (%) | 52.1 | 57.8 | 42.7 | 49.2 | 76.4 |
| Ratio of interest-bearing debt to cash flows (%) | 32.1 | 24.4 | 20.7 | 23.4 | 20.4 |
| Interest coverage ratio (times) | 589.41 | 523.17 | 732.43 | 579.25 | 828.06 |

Equity ratio = Equity / Total assets

Equity ratio based on market value = Total market value of shares / Total assets

Ratio of interest-bearing debt to cash flows = Interest-bearing debts / Cash flows

Interest coverage ratio = Cash flows / Interest paid

(Note 1) The indicators were calculated using consolidated financial figures.

(Note 2) The total market value of shares was calculated using the total number of shares outstanding, less treasury shares.

(Note 3) Cash flows from operating activities are used as cash flows.

(Note 4) Interest-bearing debt includes all debt recorded on the consolidated balance sheet for which interest is paid.

(4) Future Outlook

| Category | Forecast of consolidated financial results for the fiscal year ending March 31, 2025 | | | |
|---|--|----------------------------|-------------------------|----------------------------|
| | First half | | Full-year | |
| | Amount (Million yen) | Year-on-year change (%) | Amount (Million yen) | Year-on-year change (%) |
| Net sales | 32,000 | (0.9) | 80,000 | 8.4 |
| Operating profit | 1,300 | (32.2) | 7,000 | 16.3 |
| Ordinary profit | 1,400 | (40.5) | 7,200 | 12.7 |
| Profit attributable to owners of the parent company | 900 | (37.1) | 4,600 | 2.5 |

In the fiscal year ending March 31, 2025, the Japanese economy is expected to enter into full-on recovery mode with moves such as the lifting of the zero-interest-rate policy and the implementation of substantial pay increases, especially by large companies. Amid rising prices of food, etc., there is a high expectation that the negative impact of inflation could be offset considerably as pay increases spread beyond large companies to small and medium-sized companies as well. However, there remain uncertainties such as the rising geopolitical risks in Ukraine and the Middle East.

The business environment surrounding the Group will see a strong demand for public works according to the budget allocation of the national and local governments, retaining their policy for preventing and mitigating disasters, national resilience measures, etc. Meanwhile, the Group still requires a close watch on major management risks such as trends in the prices of crude oil and materials, as well as foreign exchange rates. In this business environment, the Group considers it as a key issue to take strict cost management and flexible sales strategy responsive to cost fluctuations in the fiscal year ending March 31, 2025.

The Group marked a record-high profit (on an operating profit basis) in FY2020, but since then, the business environment has been almost consistently exposed to headwinds such as rising crude oil prices. Even in the face of these headwinds, the Group has strived to expand sales of products such as with eco-friendly features and high functionality, as well as to implement high value-added construction methods, while revising prices of products, etc., with the understanding of clients.

In light of such a course of the Group's business, with continued focus on R&D, the Group must keep inventing high value-added products and construction methods and thereby replicate the Group's business activities to ensure its steady offering of such R&D results to clients. To this end, a framework to facilitate these activities is needed. In this respect, the "Tsukuba Big Ship project" must be steadily implemented. The project, which aims to build a new base for sales, logistics and production in Tsukubamirai City, Ibaraki Prefecture, will begin in the next fiscal year. The Group will ensure that it is carried out successfully.

The Group remains committed to the Medium-term Management Plan "Resilience 2025 (Shinayaka 2025)," which will enter its fourth year in the fiscal year ending March 31, 2025. The Plan aims to build a sustainable corporate group with a focus on ESG, which will be achieved by exhibiting resilient responses to an ever-changing business environment under quick and accurate decision making.

(Note) The earnings forecast and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from the forecast due to a wide range of factors.

2. Basic Approach to the Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group prepares its consolidated financial statements using Japanese GAAP for the time being.

With regard to the application of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately based on consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 27,319 | 25,745 |
| Notes and accounts receivable - trade, and contract assets | 20,218 | 17,880 |
| Electronically recorded monetary claims - operating | 2,696 | 2,385 |
| Merchandise and finished goods | 1,139 | 1,431 |
| Costs on construction contracts in progress | 238 | 142 |
| Raw materials and supplies | 1,335 | 1,317 |
| Derivatives | 175 | - |
| Other | 1,803 | 720 |
| Allowance for doubtful accounts | (58) | (57) |
| Total current assets | 54,867 | 49,564 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 15,869 | 18,390 |
| Accumulated depreciation | (8,887) | (9,465) |
| Buildings and structures, net | 6,981 | 8,925 |
| Machinery, equipment and vehicles | 25,305 | 26,976 |
| Accumulated depreciation | (22,146) | (22,949) |
| Machinery, equipment and vehicles, net | 3,159 | 4,026 |
| Land | 10,859 | 11,145 |
| Leased assets | 707 | 788 |
| Accumulated depreciation | (491) | (599) |
| Leased assets, net | 215 | 188 |
| Construction in progress | 1,250 | 769 |
| Other | 3,071 | 3,311 |
| Accumulated depreciation | (2,461) | (2,635) |
| Other, net | 610 | 676 |
| Total property, plant and equipment | 23,077 | 25,731 |
| Intangible assets | | |
| Other | 704 | 1,202 |
| Total intangible assets | 704 | 1,202 |
| Investments and other assets | | |
| Investment securities | 5,990 | 9,753 |
| Investments in capital of subsidiaries and associates | 794 | 917 |
| Retirement benefit asset | 1,492 | 2,773 |
| Deferred tax assets | 128 | 76 |
| Long-term time deposits | 3,720 | 4,420 |
| Other | 752 | 712 |
| Allowance for doubtful accounts | (54) | (58) |
| Total investments and other assets | 12,823 | 18,595 |
| Total non-current assets | 36,606 | 45,529 |
| Total assets | 91,474 | 95,094 |

(Million yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 9,460 | 8,664 |
| Electronically recorded obligations - operating | 1,501 | 1,521 |
| Short-term borrowings | 1,300 | 1,300 |
| Current portion of long-term borrowings | - | 1 |
| Lease liabilities | 102 | 98 |
| Accounts payable - other | 1,278 | 2,020 |
| Income taxes payable | 1,250 | 1,123 |
| Contract liabilities | 305 | 493 |
| Provision for bonuses | 959 | 1,060 |
| Provision for bonuses for directors (and other officers) | 117 | 97 |
| Other provisions | 62 | 72 |
| Other | 1,311 | 1,411 |
| Total current liabilities | 17,650 | 17,865 |
| Non-current liabilities | | |
| Long-term accounts payable - other | 0 | 0 |
| Lease liabilities | 130 | 105 |
| Long-term deposits received | 48 | 48 |
| Deferred tax liabilities | 1,039 | 2,048 |
| Asset retirement obligations | 134 | 135 |
| Long-term borrowings | - | 55 |
| Total non-current liabilities | 1,353 | 2,392 |
| Total liabilities | 19,003 | 20,258 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,919 | 2,919 |
| Capital surplus | 3,681 | 4,028 |
| Retained earnings | 64,236 | 66,200 |
| Treasury shares | (1,124) | (3,008) |
| Total shareholders' equity | 69,713 | 70,140 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,127 | 3,565 |
| Deferred gains or losses on hedges | 66 | - |
| Foreign currency translation adjustment | 152 | 202 |
| Remeasurements of defined benefit plans | 409 | 927 |
| Total accumulated other comprehensive income | 2,756 | 4,695 |
| Total net assets | 72,470 | 74,836 |
| Total liabilities and net assets | 91,474 | 95,094 |

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Net sales | 78,397 | 73,832 |
| Cost of sales | 60,935 | 57,368 |
| Gross profit | 17,462 | 16,464 |
| Selling, general and administrative expenses | 9,896 | 10,444 |
| Operating profit | 7,566 | 6,019 |
| Non-operating income | | |
| Interest income | 9 | 18 |
| Dividend income | 124 | 216 |
| Share of profit of entities accounted for using equity method | 45 | 108 |
| Foreign exchange gains | 131 | 65 |
| Derivative income | 625 | 27 |
| Other | 26 | 32 |
| Total non-operating income | 962 | 468 |
| Non-operating expenses | | |
| Interest expenses | 11 | 8 |
| Loss on valuation of derivatives | 397 | - |
| Commission for purchase of treasury shares | - | 67 |
| Other | 15 | 21 |
| Total non-operating expenses | 424 | 97 |
| Ordinary profit | 8,104 | 6,390 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 26 | 33 |
| Gain on sale of investment securities | - | 524 |
| Gain on sale of investment in affiliated companies | 27 | - |
| Insurance claim income | 19 | 9 |
| Compensation income | 18 | 235 |
| Gain on revision of retirement benefit plan | 1,202 | - |
| Other | 89 | 5 |
| Total extraordinary income | 1,383 | 808 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 218 | 92 |
| Special repairs expenses | - | 252 |
| Other | 30 | 13 |
| Total extraordinary losses | 249 | 358 |
| Profit before income taxes | 9,238 | 6,840 |
| Income taxes - current | 2,137 | 2,042 |
| Income taxes - deferred | 816 | 309 |
| Total income taxes | 2,954 | 2,352 |
| Profit | 6,284 | 4,488 |
| Profit attributable to owners of the parent company | 6,284 | 4,488 |

Consolidated Statements of Comprehensive Income

(Million yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Profit | 6,284 | 4,488 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 238 | 1,437 |
| Deferred gains or losses on hedges | (266) | (66) |
| Foreign currency translation adjustment | 8 | 12 |
| Remeasurements of defined benefit plans, net of tax | (157) | 518 |
| Share of other comprehensive income of entities accounted for using equity method | 34 | 37 |
| Total other comprehensive income | (140) | 1,938 |
| Comprehensive income | 6,144 | 6,426 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent company | 6,144 | 6,426 |

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2023

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,919 | 3,681 | 59,235 | (659) | 65,177 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,283) | | (1,283) |
| Profit attributable to owners of the parent company | | | 6,284 | | 6,284 |
| Purchase of treasury shares | | | | (465) | (465) |
| Disposal of treasury shares | | | | | - |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | 5,001 | (465) | 4,536 |
| Balance at end of period | 2,919 | 3,681 | 64,236 | (1,124) | 69,713 |

| | Accumulated other comprehensive income | | | | | Total net assets |
|--|---|------------------------------------|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 1,889 | 332 | 109 | 566 | 2,897 | 68,075 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (1,283) |
| Profit attributable to owners of the parent company | | | | | | 6,284 |
| Purchase of treasury shares | | | | | | (465) |
| Disposal of treasury shares | | | | | | - |
| Net changes in items other than shareholders' equity | 238 | (266) | 43 | (157) | (140) | (140) |
| Total changes during period | 238 | (266) | 43 | (157) | (140) | 4,395 |
| Balance at end of period | 2,127 | 66 | 152 | 409 | 2,756 | 72,470 |

For the fiscal year ended March 31, 2024

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,919 | 3,681 | 64,236 | (1,124) | 69,713 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,524) | | (2,524) |
| Profit attributable to owners of the parent company | | | 4,488 | | 4,488 |
| Purchase of treasury shares | | | | (2,535) | (2,535) |
| Disposal of treasury shares | | 346 | | 652 | 998 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | 346 | 1,964 | (1,883) | 427 |
| Balance at end of period | 2,919 | 4,028 | 66,200 | (3,008) | 70,140 |

| | Accumulated other comprehensive income | | | | | Total net assets |
|--|---|------------------------------------|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 2,127 | 66 | 152 | 409 | 2,756 | 72,470 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (2,524) |
| Profit attributable to owners of the parent company | | | | | | 4,488 |
| Purchase of treasury shares | | | | | | (2,535) |
| Disposal of treasury shares | | | | | | 998 |
| Net changes in items other than shareholders' equity | 1,437 | (66) | 49 | 518 | 1,938 | 1,938 |
| Total changes during period | 1,437 | (66) | 49 | 518 | 1,938 | 2,365 |
| Balance at end of period | 3,565 | - | 202 | 927 | 4,695 | 74,836 |

(4) Consolidated Statements of Cash Flows

(Million yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 9,238 | 6,840 |
| Depreciation | 2,157 | 2,228 |
| Increase (decrease) in allowance for doubtful accounts | (390) | 3 |
| Increase (decrease) in retirement benefit liability | (1,455) | (627) |
| Increase (decrease) in other provisions | (148) | 90 |
| Interest and dividend income | (134) | (234) |
| Loss (gain) on valuation of derivatives | 397 | - |
| Interest expenses | 11 | 8 |
| Insurance claim income | (19) | (9) |
| Loss (gain) on sale of non-current assets | (26) | (32) |
| Loss (gain) on sale of investment securities | 0 | (524) |
| Compensation income | (18) | (235) |
| Special repairs expenses | - | 252 |
| Loss on retirement of non-current assets | 218 | 92 |
| Subsidy income | (4) | (4) |
| Decrease (increase) in trade receivables | 125 | 2,912 |
| Decrease (increase) in other current assets | (657) | (152) |
| Decrease (increase) in inventories | 164 | (157) |
| Increase (decrease) in trade payables | (1,046) | (1,188) |
| Increase (decrease) in other current liabilities | (74) | 438 |
| Increase (decrease) in accrued consumption taxes | 62 | (381) |
| Share of loss (profit) of entities accounted for using equity method | (45) | (108) |
| Loss on disaster | 25 | 12 |
| Other, net | 1,069 | 259 |
| Subtotal | 9,451 | 9,482 |
| Interest and dividends received | 134 | 259 |
| Subsidies received | 4 | 4 |
| Proceeds from insurance income | 19 | 9 |
| Proceeds from compensation | 18 | 235 |
| Interest paid | (11) | (8) |
| Income taxes paid | (3,034) | (2,328) |
| Payments provision for special repairs | - | (252) |
| Payments associated with disaster loss | (24) | (12) |
| Net cash provided by (used in) operating activities | 6,556 | 7,388 |

(Million yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Cash flows from investing activities | | |
| Payments into time deposits | (3,710) | (1,010) |
| Proceeds from withdrawal of time deposits | 1,910 | 2,610 |
| Purchase of property, plant and equipment | (2,567) | (3,808) |
| Proceeds from sale of property, plant and equipment | 25 | 28 |
| Payments for retirement of property, plant and equipment | (203) | (7) |
| Purchase of intangible assets | (401) | (521) |
| Purchase of investment securities | (1,307) | (1,870) |
| Proceeds from sale of investment securities | 137 | 703 |
| Loan advances | (3) | (4) |
| Proceeds from collection of loans receivable | 266 | 1 |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | - | 26 |
| Other, net | 18 | (0) |
| Net cash provided by (used in) investing activities | (5,834) | (3,853) |
| Cash flows from financing activities | | |
| Proceeds from short-term borrowings | 3,000 | 3,000 |
| Repayments of short-term borrowings | (3,000) | (3,000) |
| Repayments of lease liabilities | (112) | (111) |
| Purchase of treasury shares | (465) | (2,501) |
| Decrease (increase) in deposits for purchase of treasury shares | (1,331) | 1,331 |
| Dividends paid | (1,207) | (2,507) |
| Proceeds from sale of treasury shares | - | 998 |
| Other, net | - | (33) |
| Net cash provided by (used in) financing activities | (3,115) | (2,824) |
| Effect of exchange rate change on cash and cash equivalents | 11 | 25 |
| Net increase (decrease) in cash and cash equivalents | (2,382) | 736 |
| Cash and cash equivalents at beginning of period | 27,091 | 24,709 |
| Cash and cash equivalents at end of period | 24,709 | 25,445 |

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Changes in Presentation)

(Notes to Consolidated Balance Sheets)

“Accounts payable - trade,” which was presented separately in the previous fiscal year, has been renamed “Notes and accounts payable - trade” from the fiscal year under review because new notes payable were issued in the fiscal year under review.

(Notes to Consolidated Statements of Income)

“Foreign exchange gains,” which was included in “Other” under “Non-operating income” in the previous fiscal year, has been separately presented from the fiscal year under review due to its increased monetary materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

(Segment Information, etc.)

1. Overview of reportable segments

Reportable segments of the Group are determined as segments whose separate financial information is accessible from among the constituent units of the Company and are regularly used by the Board of Directors to determine the allocation of management resources and to evaluate achievements.

The Group formulates comprehensive strategies by product and service and develops business activities that offer a wide variety of products and works related to road paving. Therefore, the Group has two reportable segments: “Applied and Processed Asphalt Products Business” and “Road Paving Business.” The “Applied and Processed Asphalt Products Business” is engaged in manufacture and sale of asphalt emulsions, modified asphalt and other road paving materials, etc., and the “Road Paving Business” is engaged in paving, civil engineering, bridge waterproofing and other construction works.

2. Method of measurement for net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method used for reporting business segments is the same as the accounting method that forms the basis for preparing consolidated financial statements.

Reportable segment profit figures are based on operating profit. Inter-segment sales and transfers are based on market prices.

3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment
For the fiscal year ended March 31, 2023

(Million yen)

| | Reportable segment | | | Other (Note 1) | Total | Adjustment (Note 2) | Amount recorded in Consolidated Financial Statements (Note 3) |
|---|---|----------------------------|--------|-------------------|--------|------------------------|--|
| | Applied and Processed Asphalt Products Business | Road Paving Business | Total | | | | |
| Net sales | | | | | | | |
| Net sales to outside customers | 27,175 | 50,913 | 78,089 | 308 | 78,397 | - | 78,397 |
| Inter-segment net sales or transfers | 10,033 | - | 10,033 | 80 | 10,114 | (10,114) | - |
| Total | 37,209 | 50,913 | 88,122 | 389 | 88,511 | (10,114) | 78,397 |
| Segment profit | 6,014 | 4,630 | 10,645 | 224 | 10,869 | (3,303) | 7,566 |
| Segment assets | 30,121 | 32,528 | 62,649 | 2,164 | 64,814 | 26,659 | 91,474 |
| Other items | | | | | | | |
| Depreciation | 891 | 744 | 1,635 | 100 | 1,736 | 421 | 2,157 |
| Investments in entities accounted for using equity method | 761 | - | 761 | - | 761 | - | 761 |
| Increases in property, plant and equipment and intangible assets | 1,932 | 472 | 2,404 | - | 2,404 | 539 | 2,944 |

(Notes) 1. The "Other" category incorporates business segments not included in reportable segments, such as the real estate lease business and the non-life insurance agency business.

2. (1) Segment profit adjustment of ¥(3,303) million includes elimination of inter-segment transactions of ¥(98) million and corporate expenses of ¥(3,204) million that are not allocated to reportable segments. Corporate expenses are comprised primarily of expenses related to the administrative divisions not allocated to reportable segments, such as expenses related to the general affairs division of the Company's head office.
- (2) Segment assets adjustment of ¥26,659 million includes the Company's surplus funds (cash and deposits, securities), long-term investments (investment securities) and assets related to the administrative divisions.
- (3) Adjustments to depreciation and increases in property, plant and equipment and intangible assets under other items are those related to the Company's head office that are not allocated to reportable segments.
3. Segment profit is adjusted to the operating profit in the consolidated statements of income.

For the fiscal year ended March 31, 2024

(Million yen)

| | Reportable segment | | | Other (Note 1) | Total | Adjustment (Note 2) | Amount recorded in Consolidated Financial Statements (Note 3) |
|---|---|----------------------------|--------|-------------------|--------|------------------------|--|
| | Applied and Processed Asphalt Products Business | Road Paving Business | Total | | | | |
| Net sales | | | | | | | |
| Net sales to outside customers | 25,937 | 47,580 | 73,518 | 314 | 73,832 | - | 73,832 |
| Inter-segment net sales or transfers | 8,467 | - | 8,467 | 91 | 8,559 | (8,559) | - |
| Total | 34,405 | 47,580 | 81,986 | 406 | 82,392 | (8,559) | 73,832 |
| Segment profit | 5,140 | 4,360 | 9,500 | 229 | 9,730 | (3,710) | 6,019 |
| Segment assets | 33,963 | 31,753 | 65,716 | 2,137 | 67,853 | 27,240 | 95,094 |
| Other items | | | | | | | |
| Depreciation | 1,001 | 752 | 1,753 | 120 | 1,874 | 353 | 2,228 |
| Investments in entities accounted for using equity method | 879 | - | 879 | - | 879 | - | 879 |
| Increases in property, plant and equipment and intangible assets | 2,604 | 1,539 | 4,144 | - | 4,144 | 1,151 | 5,295 |

- (Notes)
- The "Other" category incorporates business segments not included in reportable segments, such as the real estate lease business and the non-life insurance agency business.
 - Segment profit adjustment of ¥(3,710) million includes elimination of inter-segment transactions of ¥(73) million and corporate expenses of ¥(3,637) million that are not allocated to reportable segments. Corporate expenses are comprised primarily of expenses related to the administrative divisions not allocated to reportable segments, such as expenses related to the general affairs division of the Company's head office.
 - Segment assets adjustment of ¥27,240 million includes the Company's surplus funds (cash and deposits, securities), long-term investments (investment securities) and assets related to the administrative divisions.
 - Adjustments to depreciation and increases in property, plant and equipment and intangible assets under other items are those related to the Company's head office that are not allocated to reportable segments.
 - Segment profit is adjusted to the operating profit in the consolidated statements of income.

(Revenue Recognition)

Information on analyses of revenue that occurs from contracts with customers

For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Million yen)

| | Reportable segment | | | Other (Note) | Total |
|---|---|-------------------------|--------|-----------------|--------|
| | Applied and Processed Asphalt Products Business | Road Paving Business | Total | | |
| Goods to be transferred at one point of time | 27,175 | - | 27,175 | 21 | 27,197 |
| Goods to be transferred over a certain period | - | 50,913 | 50,913 | - | 50,913 |
| Revenue from contracts with customers | 27,175 | 50,913 | 78,089 | 21 | 78,110 |
| Other revenue | - | - | - | 287 | 287 |
| Net sales to outside customers | 27,175 | 50,913 | 78,089 | 308 | 78,397 |

(Note) The “Other” category incorporates business segments not included in reportable segments, such as the real estate lease business and the non-life insurance agency business.

For the fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Million yen)

| | Reportable segment | | | Other (Note) | Total |
|---|---|-------------------------|--------|-----------------|--------|
| | Applied and Processed Asphalt Products Business | Road Paving Business | Total | | |
| Goods to be transferred at one point of time | 25,937 | - | 25,937 | 292 | 26,229 |
| Goods to be transferred over a certain period | - | 47,580 | 47,580 | - | 47,580 |
| Revenue from contracts with customers | 25,937 | 47,580 | 73,518 | 292 | 73,810 |
| Other revenue | - | - | - | 22 | 22 |
| Net sales to outside customers | 25,937 | 47,580 | 73,518 | 314 | 73,832 |

(Note) The “Other” category incorporates business segments not included in reportable segments, such as the real estate lease business and the non-life insurance agency business.

(Per Share Information)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|----------------------------|---|---|
| Net assets per share | ¥2,394.76 | ¥2,546.12 |
| Basic earnings per share | ¥205.73 | ¥152.74 |
| Diluted earnings per share | ¥- | ¥- |

(Notes) 1. Diluted earnings per share is not stated because there are no potentially dilutive shares.

2. The basis for the calculation of basic earnings per share is as follows.

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of the parent company (Million yen) | 6,284 | 4,488 |
| Amount not attributable to common shareholders (Million yen) | - | - |
| Profit attributable to owners of the parent company relating to common shares (Million yen) | 6,284 | 4,488 |
| Average number of shares of common shares outstanding during each fiscal year (Thousand shares) | 30,549 | 29,387 |

3. The basis for the calculation of net assets per share is as follows.

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Total net assets (Million yen) | 72,470 | 74,836 |
| Amount to be deducted from total net assets (Million yen) | - | - |
| Net assets relating to common shares at end of period (Million yen) | 72,470 | 74,836 |
| Number of common shares at end of period used in calculating net assets per share (Thousand shares) | 30,262 | 29,392 |

(Significant Subsequent Events)

There is no relevant information.

4. Non-consolidated Financial Statements and Primary Notes

(1) Non-consolidated Balance Sheets

(Million yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 24,779 | 23,210 |
| Notes receivable - trade | 1,782 | 1,427 |
| Electronically recorded monetary claims - operating | 2,251 | 1,811 |
| Accounts receivable - trade | 8,063 | 7,204 |
| Contract assets | 116 | 139 |
| Accounts receivable from completed construction contracts | 868 | 997 |
| Merchandise and finished goods | 992 | 1,182 |
| Costs on construction contracts in progress | 69 | 2 |
| Raw materials and supplies | 1,198 | 1,159 |
| Short-term loans receivable | 0 | 1 |
| Derivatives | 175 | - |
| Other | 1,745 | 585 |
| Allowance for doubtful accounts | (2) | (1) |
| Total current assets | 42,041 | 37,721 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 5,061 | 6,753 |
| Structures | 1,313 | 1,592 |
| Machinery and equipment | 1,750 | 1,915 |
| Vehicles | 143 | 115 |
| Tools, furniture and fixtures | 524 | 599 |
| Land | 9,454 | 9,739 |
| Leased assets | 213 | 184 |
| Construction in progress | 1,250 | 756 |
| Total property, plant and equipment | 19,712 | 21,657 |
| Intangible assets | | |
| Software | 357 | 267 |
| Other | 276 | 838 |
| Total intangible assets | 634 | 1,105 |
| Investments and other assets | | |
| Investment securities | 5,637 | 9,376 |
| Shares of subsidiaries and associates | 1,917 | 2,027 |
| Investments in capital | 138 | 148 |
| Investments in capital of subsidiaries and associates | 735 | 735 |
| Long-term loans receivable | 0 | 2 |
| Distressed receivables | - | 0 |
| Long-term prepaid expenses | 140 | 81 |
| Prepaid pension costs | 467 | 782 |
| Long-term time deposits | 3,515 | 4,215 |
| Other | 316 | 316 |
| Allowance for doubtful accounts | (40) | (42) |
| Total investments and other assets | 12,827 | 17,644 |
| Total non-current assets | 33,174 | 40,407 |
| Total assets | 75,216 | 78,128 |

(Million yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 4,060 | 3,698 |
| Accounts payable for construction contracts | 215 | 234 |
| Electronically recorded obligations - operating | 1,501 | 1,521 |
| Short-term borrowings | 1,300 | 1,300 |
| Lease liabilities | 100 | 96 |
| Accounts payable - other | 1,254 | 1,511 |
| Accrued expenses | 396 | 582 |
| Income taxes payable | 191 | 182 |
| Deposits received | 11,760 | 12,811 |
| Contract liabilities | 61 | 4 |
| Provision for bonuses | 456 | 529 |
| Provision for bonuses for directors (and other officers) | 94 | 79 |
| Provision for loss on construction contracts | 4 | - |
| Other | 91 | 27 |
| Total current liabilities | 21,488 | 22,579 |
| Non-current liabilities | | |
| Lease liabilities | 130 | 102 |
| Deferred tax liabilities | 904 | 1,591 |
| Asset retirement obligations | 124 | 124 |
| Other | 42 | 42 |
| Total non-current liabilities | 1,201 | 1,861 |
| Total liabilities | 22,690 | 24,441 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,919 | 2,919 |
| Capital surplus | | |
| Legal capital surplus | 2,017 | 2,017 |
| Other capital surplus | 1,982 | 2,362 |
| Total capital surplus | 3,999 | 4,380 |
| Retained earnings | | |
| Legal retained earnings | 729 | 729 |
| Other retained earnings | | |
| Reserve for tax purpose reduction entry of non-current assets | 266 | 265 |
| Reserve for special account for tax purpose reduction entry of non-current assets | 8 | 8 |
| General reserve | 17,100 | 17,100 |
| Retained earnings brought forward | 26,252 | 27,597 |
| Total retained earnings | 44,358 | 45,700 |
| Treasury shares | (936) | (2,853) |
| Total shareholders' equity | 50,340 | 50,146 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 2,118 | 3,540 |
| Deferred gains or losses on hedges | 66 | - |
| Total valuation and translation adjustments | 2,185 | 3,540 |
| Total net assets | 52,525 | 53,686 |
| Total liabilities and net assets | 75,216 | 78,128 |

(2) Non-consolidated Statements of Income

(Million yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Net sales | | |
| Net sales of finished goods | 28,605 | 25,552 |
| Net sales of goods | 4,887 | 5,061 |
| Net sales of completed construction contracts | 2,230 | 2,462 |
| Sales in leasing business | 3,157 | 3,201 |
| Total net sales | 38,880 | 36,278 |
| Cost of sales | | |
| Cost of finished goods sold | 21,142 | 18,677 |
| Cost of goods sold | 3,898 | 4,184 |
| Cost of sales of completed construction contracts | 1,423 | 1,668 |
| Cost of sales in leasing business | 2,493 | 2,594 |
| Total cost of sales | 28,956 | 27,124 |
| Gross profit | 9,923 | 9,154 |
| Selling, general and administrative expenses | 6,865 | 7,430 |
| Operating profit | 3,058 | 1,723 |
| Non-operating income | | |
| Interest income | 5 | 15 |
| Dividend income | 2,518 | 2,438 |
| Derivative income | 625 | 27 |
| Other | 65 | 78 |
| Total non-operating income | 3,214 | 2,560 |
| Non-operating expenses | | |
| Interest expenses | 14 | 15 |
| Loss on valuation of derivatives | 397 | - |
| Commission for purchase of treasury shares | - | 67 |
| Other | 15 | 18 |
| Total non-operating expenses | 427 | 102 |
| Ordinary profit | 5,845 | 4,181 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 3 | 3 |
| Gain on sale of investment securities | - | 524 |
| Gain on sale of shares of subsidiaries and associates | 27 | - |
| Insurance claim income | 12 | 7 |
| Gain on revision of retirement benefit plan | 569 | - |
| Compensation income | 18 | 235 |
| Other | 89 | 5 |
| Total extraordinary income | 721 | 776 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 173 | 89 |
| Special repairs expenses | - | 252 |
| Loss on disaster | 25 | 18 |
| Other | 4 | 1 |
| Total extraordinary losses | 203 | 362 |
| Profit before income taxes | 6,363 | 4,596 |
| Income taxes - current | 668 | 649 |
| Income taxes - deferred | 529 | 79 |
| Total income taxes | 1,197 | 729 |
| Profit | 5,165 | 3,867 |

(3) Non-consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2023

(Million yen)

| | Shareholders' equity | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---|---|
| | Share capital | Capital surplus | | | Retained earnings | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | |
| | | | | | | Reserve for tax purpose reduction entry of non-current assets | Reserve for special account for tax purpose reduction entry of non-current assets |
| Balance at beginning of period | 2,919 | 2,017 | 1,982 | 3,999 | 729 | 268 | 9 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | |
| Profit | | | | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | | (1) | (0) |
| Purchase of treasury shares | | | | | | | |
| Disposal of treasury shares | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | |
| Total changes during period | - | - | - | - | - | (1) | (0) |
| Balance at end of period | 2,919 | 2,017 | 1,982 | 3,999 | 729 | 266 | 8 |

| | Shareholders' equity | | | | | Valuation and translation adjustments | | | Total net assets |
|---|-------------------------|-----------------------------------|-------------------------|-----------------|----------------------------|---|------------------------------------|---|------------------|
| | Retained earnings | | | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| | Other retained earnings | | Total retained earnings | | | | | | |
| | General reserve | Retained earnings brought forward | | | | | | | |
| Balance at beginning of period | 17,100 | 22,368 | 40,476 | (471) | 46,923 | 1,884 | 332 | 2,216 | 49,140 |
| Changes during period | | | | | | | | | |
| Dividends of surplus | | (1,283) | (1,283) | | (1,283) | | | | (1,283) |
| Profit | | 5,165 | 5,165 | | 5,165 | | | | 5,165 |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | 2 | - | | - | | | | - |
| Purchase of treasury shares | | | | (465) | (465) | | | | (465) |
| Disposal of treasury shares | | | | | - | | | | - |
| Net changes in items other than shareholders' equity | | | | | | 234 | (266) | (31) | (31) |
| Total changes during period | - | 3,884 | 3,881 | (465) | 3,416 | 234 | (266) | (31) | 3,385 |
| Balance at end of period | 17,100 | 26,252 | 44,358 | (936) | 50,340 | 2,118 | 66 | 2,185 | 52,525 |

For the fiscal year ended March 31, 2024

(Million yen)

| | Shareholders' equity | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---|---|
| | Share capital | Capital surplus | | | Retained earnings | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | |
| | | | | | | Reserve for tax purpose reduction entry of non-current assets | Reserve for special account for tax purpose reduction entry of non-current assets |
| Balance at beginning of period | 2,919 | 2,017 | 1,982 | 3,999 | 729 | 266 | 8 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | |
| Profit | | | | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | | (1) | (0) |
| Purchase of treasury shares | | | | | | | |
| Disposal of treasury shares | | | 380 | 380 | | | |
| Net changes in items other than shareholders' equity | | | | | | | |
| Total changes during period | - | - | 380 | 380 | - | (1) | (0) |
| Balance at end of period | 2,919 | 2,017 | 2,362 | 4,380 | 729 | 265 | 8 |

| | Shareholders' equity | | | | | Valuation and translation adjustments | | | Total net assets |
|---|-------------------------|-----------------------------------|-------------------------|-----------------|----------------------------|---|------------------------------------|---|------------------|
| | Retained earnings | | | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| | Other retained earnings | | Total retained earnings | | | | | | |
| | General reserve | Retained earnings brought forward | | | | | | | |
| Balance at beginning of period | 17,100 | 26,252 | 44,358 | (936) | 50,340 | 2,118 | 66 | 2,185 | 52,525 |
| Changes during period | | | | | | | | | |
| Dividends of surplus | | (2,524) | (2,524) | | (2,524) | | | | (2,524) |
| Profit | | 3,867 | 3,867 | | 3,867 | | | | 3,867 |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | 2 | - | | - | | | | - |
| Purchase of treasury shares | | | | (2,535) | (2,535) | | | | (2,535) |
| Disposal of treasury shares | | | | 618 | 998 | | | | 998 |
| Net changes in items other than shareholders' equity | | | | | | 1,421 | (66) | 1,354 | 1,354 |
| Total changes during period | - | 1,344 | 1,342 | (1,916) | (194) | 1,421 | (66) | 1,354 | 1,160 |
| Balance at end of period | 17,100 | 27,597 | 45,700 | (2,853) | 50,146 | 3,540 | - | 3,540 | 53,686 |