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

May 14, 2024

Company name : Kumagai Gumi Co., Ltd.
Stock exchange listings : Tokyo Stock Exchange, Prime Market
Securities code : 1861 URL : <https://www.kumagaigumi.co.jp/>
Representative : Shin Ueda, President
Contact : Kazunori Shimada, Joint General Manager, Administration Division,
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Date of general meeting of shareholders : June 27, 2024

Date of filing of securities report : June 27, 2024

Scheduled date of dividend payment : July 18, 2024

Supplemental materials for financial results : Yes

Presentation on financial results : Yes

(Rounded down to the nearest million yen)

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

(1) Consolidated Operating Results (Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	443,193	9.8	12,649	10.2	13,040	6.6	8,316	4.3
FY2022	403,502	(5.1)	11,483	(49.5)	12,236	(48.4)	7,973	(49.7)

(Note) Comprehensive income FY2023 17,845 million yen 78.3% FY2022 10,007 million yen (34.5)%

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
FY2023	192.36	—	4.8	3.1	2.9
FY2022	179.64	—	4.7	3.3	2.8

(Reference) Investment profit (loss) on equity method FY2023 168 million yen FY2022 146 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	467,232	180,014	38.5	4,185.54
FY2022	376,650	169,860	45.1	3,894.11

(Reference) Owner's equity FY2023 180,014 million yen FY2022 169,860 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Million yen	Million yen	Million yen	Million yen
FY2023	16,971	(10,778)	22,319	70,073
FY2022	(18,826)	(8,458)	456	40,974

2. Dividends

	Annual cash dividends per share					Total dividend paid	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2022	—	—	—	130.00	130.00	5,698	72.4	3.4
FY2023	—	—	—	130.00	130.00	5,618	67.6	3.2
FY2024 (forecast)	—	—	—	130.00	130.00		55.4	

3. Forecast of Consolidated Operating Results for FY2024 (April 1, 2024 – March 31, 2025)

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2024	462,200	4.3	15,000	18.6	15,400	18.1	10,100	21.4	234.84

※ Notes

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries that resulted in a change in the scope of consolidation) : None

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

- ① Changes in accounting policies due to the revision of the accounting standards : None
 ② Changes in accounting policies other than ① : None
 ③ Changes in accounting estimates : None
 ④ Retrospective restatements : None

(3) Number of shares issued (common stock)

(Shares)

- ① Number of shares issued at the end of the period (including own shares)
 ② Number of treasury stocks at the end of the period
 ③ Average number of shares outstanding during the period

FY2023	43,285,560	FY2022	43,900,360
FY2023	276,992	FY2022	280,432
FY2023	43,232,608	FY2022	44,385,881

(Reference) Summary of Nonconsolidated Financial Results

1. Nonconsolidated Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Nonconsolidated Operating Results

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	327,927	9.6	6,621	(17.7)	7,862	(22.6)	5,309	(24.1)
FY2022	299,317	(9.6)	8,045	(54.7)	10,154	(49.1)	6,996	(49.0)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2023	122.52	—
FY2022	157.26	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	382,906	139,563	36.4	3,237.08
FY2022	304,522	133,049	43.7	3,042.88

(Reference) Owner's equity FY2023 139,563 million yen FY2022 133,049 million yen

2. Forecast of Nonconsolidated Operating Results for FY2024 (April 1, 2024 – March 31, 2025)

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
FY2024	345,000	5.2	11,000	39.9	7,600	43.1	176.28

※ "Kessan Tanshin" is not subject to an audit by a certified public accountant or an audit corporation.

※ Explanation regarding the appropriate use of forecasts of operating results, and other specific comments

- The financial forecast of operating results in this document are based on information available at present and logical assessments. Actual results may be materially different from expectations due to a variety of factors. Refer to "1. Overview of Operating Results, etc. ; (4) Outlook for the fiscal year ending March 31, 2025" on page 5 of the Attachments for matters related to earnings forecasts.
- The Company is to hold the presentation on financial results for analysts and institutional investors. The materials related to financial results which will be used on the presentation will be posted on the Company's website as soon as possible after the presentation.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended March 31, 2024

During the fiscal year ended March 31, 2024, the Japanese economy recovered gradually, with signs of recoveries in investment in plant and equipment and consumer spending amid progress in normalization of economic activities and improvements in the employment and income environments, among other factors, although uncertainties remained due to global moves toward monetary tightening.

In the construction industry, housing construction investment slackened under the impact of rising construction costs, and private sector construction investment also showed slow growth. Even so, the order environment was firm overall due to the continued robustness of public investment on the back of the execution of related budgets. In terms of profitability, however, difficult conditions remained, mainly due to higher material prices and labor costs.

Under such operating conditions, the Kumagai Gumi Group continued to strive for sustainable growth by working together as a team on The Kumagai Gumi Group Medium-Term Management Plan (FY2021-FY2023) – Proactive Measures for Sustainable Growth–, which was formulated in May 2021 and sets (i) deepen the construction business, (ii) accelerate the construction-related peripheral businesses, (iii) develop new business domains, and (iv) strengthen the management foundation as basic policies. In November 2021, the Group set a policy of a share buyback of around 10.0 billion yen in total in the period of the Medium-Term Management Plan (FY2021– FY2023) to enhance shareholder returns and improve capital efficiency. Based on this policy, the Group acquired treasury stock of approx. 2.0 billion yen in the current fiscal year, the final year of the plan. Following the share buyback, the total payout ratio in the fiscal year under review will be 91.6%.

The Group's consolidated financial results for the fiscal year under review were as follows:

– Net sales (completed contracts)

Net sales increased 39.6 billion yen (9.8%) year on year, to 443.1 billion yen due to the steady execution of the order backlog.

– Gross profit (gross profit on completed contracts)

Gross profit increased 2.8 billion yen (8.6%) year on year, to 36.0 billion yen, reflecting increased net sales and an improved gross profit margin (gross profit margin on completed contracts).

– Operating profit

Operating profit increased 1.1 billion yen (10.2%) year on year, to 12.6 billion yen, reflecting an increase in gross profit.

– Ordinary profit

Ordinary profit increased 0.8 billion yen (6.6%) year on year, to 13.0 billion yen, mainly reflecting an increase in operating profit.

– Profit attributable to owners of parent

Profit attributable to owners of parent was 8.3 billion yen, up 0.3 billion yen (4.3%) because of income taxes of 4.2 billion yen and other adjustments.

Results by segment (before the elimination of intersegment transactions) are as follows.

(Civil engineering)

Net sales increased 11.3% year on year, to 100.1 billion yen, and operating profit increased 150.5% year on year, to 4.4 billion yen.

For orders received, please refer to (1) Orders received, net sales and carried-forward (Nonconsolidated) in 5. Supplementary Information.

(Building construction)

Net sales increased 8.8% year on year, to 227.7 billion yen, and operating profit fell 66.0% year on year, to 2.1 billion yen.

For orders received, please refer to (1) Orders received, net sales and carried-forward (Nonconsolidated) in 5. Supplementary Information.

(Subsidiaries)

Net sales increased 9.5% year on year, to 125.2 billion yen, and operating profit increased 76.3% year on year, to 5.9 billion yen.

Major contracts for which orders were received and completed contracts in the fiscal year under review are as follows.

– Major contracts for which orders were received

Civil engineering

Nimaida wind power G.K.

Nimaida wind power plant construction work

West Nippon Expressway Company Limited

Improvement work on interchange between Yaginaka Interchange and Chiyokawa interchange on Kyoto Jukan Expressway

West Nippon Expressway Company Limited

Seismic strengthening of Izumitanigawa Bridge and four other bridges on Tokushima Expressway

Republic of Indonesia

Jakarta Sewerage Development Project (Zone 1), Package 3

Building construction

Tokyu Land Corporation, Keikyu Corporation, The Dai-ichi Life Insurance Company, Limited

Kitanaka-dori North District B-1 block new construction project (tentative name)

Mitsui Fudosan Co., Ltd.

Anjo City Daito Town commercial facility new construction project (tentative name)

Sanda Ekimae C Block Chiku Shigaichi Saikaihatsu Kumiai

New construction of facilities and buildings in the Sanda Ekimae C Block District Type-1 Urban Redevelopment Project

DOKKYO GAKUEN

Construction of Dokkyo Medical University General Education and Research Building (tentative name)

Note: Orders for all of the above were received by the Company.

– Major completed contracts

Civil engineering

Ministry of the Environment

FY2017 project for construction work of soil storage facilities, etc. for temporary storage facilities (Okuma Zone 3)

Kita-Osaka Kyuko Railway Co.,Ltd.

Civil engineering work for Kita-Osaka Kyuko Line extension project

Japan Railway Construction, Transport and Technology Agency

Shin-Hokuriku Tunnel (Ogiri) on Hokuriku Shinkansen

Ministry of Land, Infrastructure, Transport and Tourism

FY2018 – FY2020 Kusaka River new spillway (spout side) construction

Building construction

Mitsui Fudosan Residential Co., Ltd., Nomura Real Estate Development Co., Ltd., Mitsubishi Estate Residence Co., Ltd., ITOCHU Property Development, Ltd., Toho Jisho Co., Ltd., Fujimi-Jisyo Co., Ltd., Sodegaura Kogyo Co., Ltd.

Makuhari Shin Toshin Wakaba residential district plan (B-3 block) (tentative name)

NIPPON STEEL KOWA REAL ESTATE CO., LTD., Mitsubishi Estate Residence Co., Ltd.

Project to develop District A in front of Hazawa yokohama-kokudai Station (tentative name)

Tokyo Joshi Gakuen, an educational corporation

Tokyo Joshi Gakuen Junior High and High School Building replacement project (tentative name)

Nomura Real Estate Development Co., Ltd., Hoosiers Corporation, JR West Real Estate & Development Company

Kanazawa City Kitayasue 3-chome project (tentative name)

Note: All of the above were completed by the Company.

(2) Overview of financial position for the fiscal year ended March 31, 2024

Total assets increased 90.5 billion yen (24.0%) from the end of the previous fiscal year, to 467.2 billion yen.

Current assets increased 71.1 billion yen (23.9%) from the end of the previous fiscal year, to 369.4 billion yen.

Cash and deposits increased 29.0 billion yen mainly due to the issuance of commercial papers in addition to an increase in notes receivable, accounts receivable from completed construction contracts and other associated with large construction projects on hand.

Non-current assets increased 19.3 billion yen (24.7%) from the end of the previous fiscal year, to 97.7 billion yen.

Investment securities increased 14.4 billion yen, chiefly because of rises in the market prices of shares held by the Group and investment in the real estate development business in the United States.

Liabilities increased 80.4 billion yen (38.9%) from the end of the previous fiscal year, to 287.2 billion yen.

Current liabilities increased 72.5 billion yen (42.4%) from the end of the previous fiscal year, to 243.4 billion yen.

Trade payables including notes payable, accounts payable for construction contracts and other increased 17.1 billion yen and commercial papers increased 14.9 billion yen.

Non-current liabilities increased 7.8 billion yen (22.0%) from the end of the previous fiscal year, to 43.7 billion yen.

Long-term borrowings increased 8.1 billion yen.

Net assets increased 10.1 billion yen (6.0%) from the end of the previous fiscal year, to 180.0 billion yen. Valuation difference on available-for-sale securities increased 8.9 billion yen. In addition, retained earnings increased 2.6 billion yen, despite a decrease of 5.6 billion yen attributable to dividends of surplus, which was more than offset by posting of 8.3 billion yen in profit attributable to owners of parent. The capital adequacy ratio was 38.5%, declining 6.6 pt from the end of the previous fiscal year.

(3) Overview of cash flows for the fiscal year ended March 31, 2024

Net cash provided by operating activities was 16.9 billion yen (net cash used of 18.8 billion yen in the previous fiscal year), mainly reflecting the posting of 12.5 billion yen in profit before income taxes and an increase in trade payables.

Net cash used in investing activities was 10.7 billion yen (8.4 billion yen in the previous fiscal year) due in part to an increase in loans receivable from subsidiaries and associates and investment in plant and equipment.

Net cash provided by financing activities was 22.3 billion yen (0.4 billion yen in the previous fiscal year), chiefly reflecting issuance of commercial papers and increases in borrowings, including syndicated loans, partially offset by dividends paid and purchase of treasury shares.

Cash and cash equivalents at end of period increased 29.0 billion yen from the end of the previous fiscal year, to 70.0 billion yen, including an increase attributable to foreign currency translation.

(Reference) Cash flow-related indicators

	FY2021	FY2022	FY2023
Capital adequacy ratio	45.6%	45.1%	38.5%
Capital adequacy ratio based on market value	33.0%	30.8%	38.4%
Interest-bearing debt to cash flow ratio	1.5 years	—	3.1 years
Interest coverage ratio	46.0 times	—	44.6 times

Capital adequacy ratio: Owner's equity / Total assets

Capital adequacy ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest expenses

(Notes) 1. Each indicator is calculated based on consolidated financial data.

2. Market capitalization is the closing stock price at the end of the fiscal year multiplied by the number of shares issued at the end of the period (own shares are not included).

3. Data on operating cash flow are from the consolidated statement of cash flows. Data on interest expenses are from the consolidated statement of cash flows.

(4) Outlook for the fiscal year ending March 31, 2025

Going forward, the Japanese economy is expected to continue recovering modestly due to the effect of a range of government policies amid ongoing improvements in the employment and income environment. However, a downturn in overseas economies, including the impact of global monetary tightening and the concern over China's economic outlook, exist as risks. Moreover, full attention needs to be paid to the impact on the economy of geopolitical problems, such as the Middle East situation.

In the construction industry, building investment by private-sector enterprises is expected to remain firm, partly due to improvement of corporate earnings. Moreover, given that a budget on par with the year-ago level was secured for fiscal 2024, public investment is likely to remain solid, reflecting systematic investment for the prevention and reduction of disasters, as well as the building of national resilience, amid growing concern over the sustainability of foundations that support people's living and industrial development, given phenomena such as intensifying and increasingly frequent natural disasters and decaying social infrastructure. Meanwhile, attention should be paid to trends in risk factors, for example, high crude oil prices and rising construction material prices, that may cause a deterioration of profitability and a contraction of demand.

In this business environment, the Group formulated the Medium-Term Management Plan (FY2024-FY2026) whose first fiscal year is FY2024. The new plan follows the long-term vision set out in the previous Medium-Term Management Plan (FY2021-FY2023) and presents the Group's efforts to realize a society in which limited resources are recycled and people, society, and nature continue to prosper. The Group has set consolidated ordinary profit of 50.0 billion yen for FY2030, which was set as its future goal, once again as a goal to achieve by FY2035 under the long-term vision. In addition, the Group set "A New Path toward Sustainable Growth" as the slogan for the plan and set consolidated ordinary profit of 30.0 billion yen as its numerical target for the period of the plan, under the basic policies of (1) strengthening the construction business, (2) accelerating peripheral business, and (3) enhancing the management base.

The Kumagai Gumi Group Mid-term Management Plan (FY2024–2026) – A New Path toward Sustainable Growth – (overview)

■ Business Strategy

Basic Policy-1 Strengthening construction business

Reinforce our core construction business and increase profitability.

Basic Policy-2 Accelerating peripheral businesses

Accelerate construction peripheral businesses positioned as growth areas and create solid sources of earnings.

Basic Policy-3 Enhancing management base

Further strengthen the foundation that supports management and increase business development efficiency.

■ Financial Targets

Consolidated Sales : 500 billion yen (FY2026 ending in March-27)

Consolidated Income : 30 billion yen (FY2026 ending in March-27)

ROE : 10% or more (FY2026 ending in March-27)

Equity Ratio : Approx. 45% Striving to balance financial soundness and capital efficiency

Dividend Payout Ratio : Approx. 40% Our basic policy is to return profits in a reasonable and stable manner

■ Alliance with Sumitomo Forestry –Future Policy–

- In the medium- to large-scale wooden construction business, Kumagai Gumi aims to further increase orders by leveraging the knowledge and project proposal capabilities it has accumulated through its collaboration with Sumitomo Forestry, as well as Sumitomo Forestry’s brand power in wooden construction.
- We also aim to expand our business domain both by continuing to invest in overseas real estate development, which is one of Sumitomo Forestry’s fortes, and by considering participation in environmentally friendly real estate businesses in Japan.

■ Reinforcement of the Management Base

Research and Technology Development	<ul style="list-style-type: none"> • Deepen construction technology and develop human resources to realize a prosperous society. • Promote digital and robotic technologies geared toward advancing construction capabilities. • Develop environmentally friendly technologies that can help create a sustainable society.
Human Resources	We will expand investment in human resources, which is the source of sustainable growth and the core of our business activities, in order to maximize the value of our human resources in terms of both quantity and quality, and to build a human capital base that contributes to the enhancement of our corporate value.
Digital Transformation Strategy	Aim to improve operational efficiency, improve productivity, solve social issues, and create new value by developing digital experts, making business more data-driven, reinforcing digital infrastructure, updating new core systems, and utilizing AI technology.

■ ESG Initiative Policy

	Key Issues	Specific Issues
E	Response to Climate Change Risks	Accomplishment of carbon neutrality. Further increase renewable energy business.
	Promote Environmentally Friendly Business	Accomplishment of zero emissions. Boost wooden construction business. Development of environmentally friendly technologies. Accomplishment of Nature Positive.
S	Creating the well-being workplace For all employees	Human capital management. Handing down skills and technologies Promotion of DX. Achieve work-life balance. Promotion of diversity and inclusion. Securing skilled workers in the construction industry. Create an environment of wellness. Occupational Health & Safety
	Achievement of Sustainable Communities	Ensure quality and integrity in manufacturing Attractive communities development. Development of resilient social infrastructure. Initiatives to solve social issues. Initiatives for emergencies such as natural disasters.
G	Enhancing of Corporate Governance	Strengthening compliance. Strengthening risk management. Improvements of the effectiveness of the board of directors. Respect for human rights.
	Proactive Relationships with Multi-stakeholders	Strengthening customer satisfaction. Strengthening supply chain management. Strengthening information disclosure. Active dialogue with investors

It was revealed that the joint venture led by Kumagai Gumi that is involved in the construction of the Yotei Tunnel (Arishima), etc. on the Hokkaido Shinkansen line made false reports about the frequency of concrete quality control tests in April 2023. We offer sincere apologies again to those involved, particularly the customer, for the great deal of trouble caused. After this issue was revealed, the Company launched a Task Force Committee chaired by the President and investigated the cause, studied measures to prevent a recurrence, and investigated the soundness of the subject concrete and the presence or absence of similar misconduct in other construction projects, under the supervision, guidance and recommendations of the Legal Compliance Audit Committee, an organization independent from management. As a result of these investigations, it was confirmed that there was no problem in the soundness of concrete used for construction during the period covered by the false reports and there was no problem in other construction projects. As a result of interviews made to clarify the cause, the Company has confirmed that the issue was mainly attributable to the lack of compliance awareness, lack of understanding of QC fundamentals, lack of willingness to provide reports, touch bases and seek advice among people operating in facilities, lack of management capability and deficiencies in the QC system. Based on results of the analysis and scrutiny of these causes, the Company has set and is implementing measures to prevent recurrence; that is, thorough implementation of education sessions for officers and employees, enhancement of quality control systems, and understanding issues that occur in facilities.

Going back to the basics of manufacturing, the Company strengthened its recognition that reliable quality is the core of trust. With this in mind, we will continue our efforts to prevent recurrence with an unwavering determination to recover trust.

2. Basic Policy for Selecting Accounting Standards

The Group uses Japanese accounting standards because there is limited need for the Group to procure funds from overseas.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

(millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	40,977	70,073
Notes receivable, accounts receivable from completed construction contracts and other	225,453	266,541
Costs on construction contracts in progress	10,437	8,460
Accounts receivable – other	19,169	22,117
Other	2,295	2,331
Allowance for doubtful accounts	(56)	(64)
Total current assets	298,276	369,460
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,530	24,271
Machinery, vehicles, tools, furniture and fixtures	19,124	19,471
Land	17,053	17,897
Leased assets	936	811
Construction in progress	93	42
Accumulated depreciation	(31,429)	(32,691)
Total property, plant and equipment	29,309	29,803
Intangible assets	1,478	1,592
Investments and other assets		
Investment securities	34,131	48,586
Long-term loans receivable	296	6,860
Long-term non-operating accounts receivable	101	101
Distressed receivables	25	30
Deferred tax assets	6,914	3,547
Other	6,277	7,447
Allowance for doubtful accounts	(160)	(196)
Total investments and other assets	47,586	66,376
Total non-current assets	78,374	97,771
Total assets	376,650	467,232

(millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	83,341	100,457
Electronically recorded obligations – operating	27,107	29,158
Short-term borrowings	3,893	10,906
Commercial papers	—	14,999
Income taxes payable	766	3,439
Advances received on construction contracts in progress	12,789	23,130
Deposits received	26,043	36,669
Provision for warranties for completed construction	550	522
Provision for loss on construction contracts	994	3,820
Provision for contingent loss	4	—
Provision for bonuses	4,057	4,097
Other	11,372	16,260
Total current liabilities	170,922	243,460
Non-current liabilities		
Long-term borrowings	18,303	26,474
Provision for share awards	250	292
Retirement benefit liability	16,711	16,433
Other	601	556
Total non-current liabilities	35,867	43,757
Total liabilities	206,789	287,218
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus	17,133	15,170
Retained earnings	117,498	120,115
Treasury shares	(626)	(657)
Total shareholders' equity	164,113	164,737
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,512	13,437
Deferred gains or losses on hedges	—	3
Foreign currency translation adjustment	1,372	1,887
Remeasurements of defined benefit plans	(137)	(50)
Total accumulated other comprehensive income	5,747	15,276
Total net assets	169,860	180,014
Total liabilities and net assets	376,650	467,232

(2) Consolidated statement of income and Consolidated statement of comprehensive income
Consolidated statement of income

(millions of yen)

	FY2022 (Apr 1, 2022—Mar 31, 2023)	FY2023 (Apr 1, 2023—Mar 31, 2024)
Net sales of completed construction contracts	403,502	443,193
Cost of sales of completed construction contracts	370,291	407,112
Gross profit on completed construction contracts	33,211	36,080
Selling, general and administrative expenses	21,728	23,430
Operating profit	11,483	12,649
Non-operating income		
Interest income	36	122
Dividend income	816	817
Share of profit of entities accounted for using equity method	146	168
Foreign exchange gains	156	108
Other	194	159
Total non-operating income	1,349	1,376
Non-operating expenses		
Interest expenses	208	379
Loss on sale of receivables	18	41
Commission for syndicated loans	213	273
Loss on investments in investment partnerships	94	122
Other	61	168
Total non-operating expenses	596	985
Ordinary profit	12,236	13,040
Extraordinary income		
Gain on sales of non-current assets	6	9
Gain on sales of memberships	77	0
Compensation for damage income	81	67
Other	1	0
Total extraordinary income	167	77
Extraordinary losses		
Loss on retirement of non-current assets	42	17
Loss on valuation of shares of subsidiaries and associates	—	46
Provision of allowance for doubtful accounts	—	30
Compensation for damage	86	307
Loss on litigation	19	0
Expenses related to the anniversary project of subsidiary	—	77
Infectious disease related costs	42	—
Additional taxes	155	—
Other	25	43
Total extraordinary losses	372	521
Profit before income taxes	12,030	12,595
Income taxes – current	3,718	4,888
Income taxes – deferred	339	(608)
Total income taxes	4,057	4,279
Profit	7,973	8,316
Profit attributable to owners of parent	7,973	8,316

Consolidated statement of comprehensive income

(millions of yen)

	FY2022 (Apr 1, 2022—Mar 31, 2023)	FY2023 (Apr 1, 2023—Mar 31, 2024)
Profit	7,973	8,316
Other comprehensive income		
Valuation difference on available-for-sale securities	1,752	8,920
Deferred gains or losses on hedges	—	3
Foreign currency translation adjustment	290	514
Remeasurements of defined benefit plans, net of tax	(9)	87
Share of other comprehensive income of entities accounted for using equity method	1	3
Total other comprehensive income	2,034	9,529
Comprehensive income	10,007	17,845
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,007	17,845
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in equity
FY2022 (Apr 1, 2022 – Mar 31, 2023)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,108	21,145	114,967	(631)	165,589
Changes during period					
Dividends of surplus			(5,442)		(5,442)
Profit attributable to owners of parent			7,973		7,973
Purchase of treasury shares				(4,014)	(4,014)
Disposal of treasury shares		(0)		7	7
Cancellation of treasury shares		(4,012)		4,012	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(4,012)	2,531	5	(1,476)
Balance at end of period	30,108	17,133	117,498	(626)	164,113

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,758	1,081	(127)	3,712	169,302
Changes during period					
Dividends of surplus					(5,442)
Profit attributable to owners of parent					7,973
Purchase of treasury shares					(4,014)
Disposal of treasury shares					7
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity	1,754	290	(9)	2,034	2,034
Total changes during period	1,754	290	(9)	2,034	558
Balance at end of period	4,512	1,372	(137)	5,747	169,860

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,108	17,133	117,498	(626)	164,113
Changes during period					
Dividends of surplus			(5,698)		(5,698)
Profit attributable to owners of parent			8,316		8,316
Purchase of treasury shares				(2,027)	(2,027)
Disposal of treasury shares		0		33	34
Cancellation of treasury shares		(1,962)		1,962	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(1,962)	2,617	(30)	624
Balance at end of period	30,108	15,170	120,115	(657)	164,737

	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	4,512	—	1,372	(137)	5,747	169,860
Changes during period						
Dividends of surplus						(5,698)
Profit attributable to owners of parent						8,316
Purchase of treasury shares						(2,027)
Disposal of treasury shares						34
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	8,924	3	514	87	9,529	9,529
Total changes during period	8,924	3	514	87	9,529	10,153
Balance at end of period	13,437	3	1,887	(50)	15,276	180,014

(4) Consolidated statements of cash flows

(millions of yen)

	FY2022 (Apr 1, 2022—Mar 31, 2023)	FY2023 (Apr 1, 2023—Mar 31, 2024)
Cash flows from operating activities		
Profit before income taxes	12,030	12,595
Depreciation	1,898	2,062
Increase (decrease) in allowance for doubtful accounts	2	37
Increase (decrease) in provision for loss on construction contracts	144	2,825
Increase (decrease) in provision for contingent loss	(37)	(4)
Increase (decrease) in retirement benefit liability	81	(151)
Interest and dividend income	(852)	(939)
Interest expenses	208	379
Foreign exchange losses (gains)	(128)	(39)
Share of loss (profit) of entities accounted for using equity method	(146)	(168)
Loss (gain) on investments in investment partnerships	94	122
Loss (gain) on sale of non-current assets	(6)	(9)
Loss on retirement of non-current assets	42	17
Decrease (increase) in trade receivables	(20,421)	(40,470)
Decrease (increase) in costs on construction contracts in progress	(206)	2,015
Increase (decrease) in trade payables	(2,092)	17,403
Increase (decrease) in advances received on construction contracts in progress	(151)	10,258
Decrease (increase) in accounts receivable – other	(1,407)	(3,729)
Increase (decrease) in deposits received	(358)	10,625
Other, net	(294)	5,196
Subtotal	(11,602)	18,027
Interest and dividends received	859	915
Interest paid	(211)	(380)
Income taxes paid	(7,871)	(1,590)
Net cash provided by (used in) operating activities	(18,826)	16,971
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,343)	(2,239)
Proceeds from sale of property, plant and equipment	199	9
Purchase of investment securities	(358)	(26)
Purchase of shares of subsidiaries and associates	(50)	(65)
Purchase of Investments in other securities of subsidiaries and associates	(3,235)	(1,508)
Loan advances	(103)	(6,607)
Proceeds from collection of loans receivable	88	62
Other, net	(655)	(403)
Net cash provided by (used in) investing activities	(8,458)	(10,778)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	300	2,120
Proceeds from long-term borrowings	10,150	13,971
Repayments of long-term borrowings	(405)	(908)
Proceeds from issuance of commercial papers	—	44,985
Redemption of commercial papers	—	(30,000)
Purchase of treasury shares	(4,012)	(2,025)
Dividends paid	(5,430)	(5,697)
Other, net	(144)	(125)
Net cash provided by (used in) financing activities	456	22,319
Effect of exchange rate change on cash and cash equivalents	399	586
Net increase (decrease) in cash and cash equivalents	(26,429)	29,099
Cash and cash equivalents at beginning of period	67,404	40,974
Cash and cash equivalents at end of period	40,974	70,073

(5) Notes on the consolidated financial statements
 (Notes related to the going concern assumption)
 Not applicable

(Consolidated statement of changes in equity)
 FY2022 (Apr 1, 2022–Mar 31, 2023)

1. Matters concerning the class and the number of shares issued and own shares

(1) Matters related to the class and number of shares outstanding (thousands of shares)

Class of shares	Number of shares at the beginning of the consolidated fiscal year under review	Increase in shares in the consolidated fiscal year under review	Decrease in shares in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	45,411	–	1,511	43,900

(Note) The decrease in outstanding common shares is a decrease of 1,511 thousand shares that resulted from cancellation of own shares.

(2) Matters related to the class and number of own shares (thousands of shares)

Class of shares	Number of shares at the beginning of the consolidated fiscal year under review	Increase in shares in the consolidated fiscal year under review	Decrease in shares in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	277	1,516	1,513	280

(Notes) 1. The number of common shares at the beginning of the consolidated fiscal year under review and that at the end of the consolidated fiscal year under review respectively include 115 thousand shares and 112 thousand shares of the Company's shares held by the stock granting trust for officers.

2. The increase in common shares comprises 1,511 thousand shares reflecting the acquisition of own shares based on a resolution of the Board of Directors, 4 thousand shares acquired by the Company in response to request that it purchase odd-lot shares, 700 shares of the own shares (the Company's shares) acquired by equity-method affiliates which are attributable to the Company.

3. The decrease in common shares is a decrease of 1,511 thousand shares that resulted from cancellation of own shares, 200 shares sold by the Company in response to claims to purchase additional odd-lot shares, and 1 thousand issued shares and 700 sold shares of the Company's shares held by the stock granting trust for officers.

2. Matters concerning dividends

(1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 29, 2022	Common shares	5,442	120	March 31, 2022	June 30, 2022

(Note) The total amount of dividends includes the dividend of 13 million yen for the shares of the Company held by the stock granting trust for officers.

(2) Dividends with a record date in the fiscal year under review but an effective date in the following fiscal year.

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 29, 2023	Common shares	5,698	Retained earnings	130	March 31, 2023	June 30, 2023

(Note) The total amount of dividends includes the dividend of 14 million yen for the shares of the Company held by the stock granting trust for officers.

FY2023 (Apr 1, 2023–Mar 31, 2024)

1. Matters concerning the class and the number of shares issued and own shares

(1) Matters related to the class and number of shares outstanding (thousands of shares)

Class of shares	Number of shares at the beginning of the consolidated fiscal year under review	Increase in shares in the consolidated fiscal year under review	Decrease in shares in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	43,900	–	614	43,285

(Note) The decrease in outstanding common shares is a decrease of 614 thousand shares that resulted from cancellation of own shares.

(2) Matters related to the class and number of own shares (thousands of shares)

Class of shares	Number of shares at the beginning of the consolidated fiscal year under review	Increase in shares in the consolidated fiscal year under review	Decrease in shares in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	280	622	626	276

(Notes) 1. The number of common shares at the beginning of the consolidated fiscal year under review and that at the end of the consolidated fiscal year under review respectively include 112 thousand shares and 101 thousand shares of the Company's shares held by the stock granting trust for officers.

2. The increase in common shares comprises 614 thousand shares reflecting the acquisition of own shares based on a resolution of the Board of Directors, 7 thousand shares acquired by the Company in response to request that it purchase odd-lot shares, 500 shares of the own shares (the Company's shares) acquired by equity-method affiliates which are attributable to the Company.

3. The decrease in common shares is a decrease of 614 thousand shares that resulted from cancellation of own shares, 300 shares sold by the Company in response to claims to purchase additional odd-lot shares, and 7 thousand issued shares and 3 thousand sold shares of the Company's shares held by the stock granting trust for officers.

2. Matters concerning dividends

(1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 29, 2023	Common shares	5,698	Retained earnings	130	March 31, 2023	June 30, 2023

(Note) The total amount of dividends includes the dividend of 14 million yen for the shares of the Company held by the stock granting trust for officers.

(2) Dividends with a record date in the fiscal year under review but an effective date in the following fiscal year.

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 27, 2024	Common shares	5,618	Retained earnings	130	March 31, 2024	June 27, 2024

(Note) The total amount of dividends includes the dividend of 13 million yen for the shares of the Company held by the stock granting trust for officers.

(Additional information)

(Stock compensation plan using a trust for directors and executive officers)

The Company has introduced a stock compensation plan using a trust (the "Plan") to make a clearer link between the compensation for its directors (excluding outside directors; the same applies hereinafter) and the share value of the Company, to raise the awareness of directors of their contribution to improving the Company's medium- to long-term business performance and corporate value. The Company has also introduced the same stock compensation plan for its executive officers.

1. Transaction overview

The Plan is a stock compensation plan where a trust (the "Trust") established and paid for by the Company acquires shares of the Company and delivers shares to each director and executive officer according to the number of points that the Company grants to each director and executive officer.

2. The Company's shares remaining in the Trust

The Company's shares remaining in the Trust are posted as treasury shares in the net assets section at the book value in the Trust. As of the end of the consolidated fiscal year under review, the book value of the said treasury shares was 299 million yen and the number of the said shares was 101,643.

(Segment information)

(1) Overview of reportable segments

The reportable segments of the Company are units constituting the Company that are to be regularly examined by the Board of Directors, etc. to determine the allocation of management resources and evaluate the business results, as their financial information is available separately from that of others.

The Company has divisions at head office, which are divided according to the type of construction project, and each division conducts business activities in Japan and other countries under comprehensive strategies. In addition, the Company gives directions and support for planning of comprehensive strategies by Group companies. The Company's business is thus divided into segments based on divisions and consolidated subsidiaries, and the Company has three reportable segments of civil engineering, building construction, and subsidiaries.

In the civil engineering segment, the Company engages in investigations, planning, design, construction, supervision, and other general engineering management, etc. of civil engineering work, including forest conservation, flood control, and work on railways and roads. In the building construction segment, the Company engages in investigations, planning, design, construction, supervision, and other general engineering management, etc. of construction work, including the construction of housing complexes, offices, government buildings, factories, and power plants. Businesses in the segment of subsidiaries include construction, manufacturing and sales of construction materials and equipment, and the provision of construction technology products.

(2) Methods for calculating net sales, profit or loss, assets, liabilities, and other items in each reportable segment

The accounting method for reported business segments is generally the same as the details stated in the "Important basic matters for the preparation of consolidated financial statements" in the recent annual securities report (submitted on June 29, 2023).

The profit figures stated in the reportable segments are based on operating profit. The intersegment revenues and transfers are based on actual market prices or prices used in transactions between third parties. Assets are not allocated to business segments but depreciation is allocated to them.

(3) Reportable segment sales, profit or loss, assets, liabilities and other information and revenue breakdown information

FY2022 (Apr 1, 2022–Mar 31, 2023)

(millions of yen)

	Reportable segments				Adjustments (Note 1) (Note 2)	Amounts on consolidated financial statements (Note 3)
	Civil engineering	Building construction	Subsidiaries	Total		
Net sales						
Revenue from contracts with customers	89,936	209,160	102,733	401,831	–	401,831
Other revenue	–	216	1,455	1,671	–	1,671
Sales to customers	89,936	209,376	104,189	403,502	–	403,502
Intersegment sales and transfers	–	4	10,152	10,157	(10,157)	–
Total	89,936	209,381	114,342	413,660	(10,157)	403,502
Segment profit	1,795	6,249	3,401	11,447	36	11,483
Others						
Depreciation	270	628	934	1,834	(4)	1,830

- (Notes) 1. The segment profit adjustment is for the elimination of intersegment transactions.
 2. The depreciation adjustment is for the write-off of unrealized gains.
 3. Segment profit is adjusted with operating profit recorded under the consolidated financial statements.
 4. Other revenue is a rental income based on the Accounting Standard for Lease Transactions (ASBJ statement No. 13 issued on March 30, 2007).

FY2023 (Apr 1, 2023–Mar 31, 2024)

(millions of yen)

	Reportable segments				Adjustments (Note 1) (Note 2)	Amounts on consolidated financial statements (Note 3)
	Civil engineering	Building construction	Subsidiaries	Total		
Net sales						
Revenue from contracts with customers	100,128	227,481	113,904	441,514	–	441,514
Other revenue	–	315	1,362	1,678	–	1,678
Sales to customers	100,128	227,797	115,267	443,193	–	443,193
Intersegment sales and transfers	–	1	9,940	9,942	(9,942)	–
Total	100,128	227,799	125,207	453,135	(9,942)	443,193
Segment profit	4,498	2,123	5,998	12,620	29	12,649
Others						
Depreciation	366	786	862	2,015	(4)	2,011

- (Notes) 1. The segment profit adjustment is for the elimination of intersegment transactions.
 2. The depreciation adjustment is for the write-off of unrealized gains.
 3. Segment profit is adjusted with operating profit recorded under the consolidated financial statements.
 4. Other revenue is a rental income based on the Accounting Standard for Lease Transactions (ASBJ statement No. 13 issued on March 30, 2007).

(Per share information)

FY2022 (Apr 1, 2022–Mar 31, 2023)		FY2023 (Apr 1, 2023–Mar 31, 2024)	
Net assets per share	3,894.11 yen	Net assets per share	4,185.54 yen
Basic earnings per share	179.64 yen	Basic earnings per share	192.36 yen

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

2. In the calculation of net assets per share, the shares of the Company that are held by the stock granting trust for officers are included in the own shares that are deducted from the total number of shares issued and outstanding at the end of the fiscal year (112 thousand shares for the previous consolidated fiscal year and 101 thousand shares for the consolidated fiscal year under review). They are included in the own shares that are deducted in the calculation of the average number of shares during the fiscal year, which is used in the calculation of basic earnings per share (113 thousand shares in the previous fiscal year and 102 thousand shares in the fiscal year under review).

3. The basis of calculating basic earnings per share is as follows.

	FY2022 (Apr 1, 2022–Mar 31, 2023)	FY2023 (Apr 1, 2023–Mar 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	7,973	8,316
Amount not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent concerning common shares (millions of yen)	7,973	8,316
Average number of common shares outstanding during the period (thousand shares)	44,385	43,232

(Significant subsequent events)

Not applicable

4. Nonconsolidated Financial Statements

(1) Nonconsolidated balance sheet

(millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	18,586	39,226
Notes receivable – trade	662	1,193
Accounts receivable from completed construction contracts	190,477	227,565
Costs on construction contracts in progress	9,174	7,389
Accounts receivable – other	17,910	21,583
Other	1,423	1,352
Allowance for doubtful accounts	(20)	(25)
Total current assets	238,215	298,284
Non-current assets		
Property, plant and equipment		
Buildings	13,273	13,846
Accumulated depreciation	(7,810)	(8,189)
Buildings, net	5,463	5,657
Structures	1,245	1,255
Accumulated depreciation	(1,044)	(1,063)
Structures, net	200	191
Machinery and equipment	3,146	3,070
Accumulated depreciation	(2,365)	(2,587)
Machinery and equipment, net	780	483
Vehicles	54	144
Accumulated depreciation	(47)	(82)
Vehicles, net	6	62
Tools, furniture and fixtures	2,937	3,015
Accumulated depreciation	(2,554)	(2,645)
Tools, furniture and fixtures, net	382	370
Land	14,096	14,939
Leased assets	188	58
Accumulated depreciation	(177)	(51)
Leased assets, net	11	6
Construction in progress	20	25
Total property, plant and equipment	20,962	21,736
Intangible assets	1,378	1,409
Investments and other assets		
Investment securities	9,943	10,853
Shares of subsidiaries and associates	24,301	36,289
Investments in other securities of subsidiaries and associates	3,140	4,525
Long-term loans receivable from employees	174	154
Long-term loans receivable from subsidiaries and associates	112	6,569
Long-term prepaid expenses	72	62
Deferred tax assets	5,548	2,274
Other	673	747
Allowance for doubtful accounts	—	(1)
Total investments and other assets	43,966	61,476
Total non-current assets	66,307	84,622
Total assets	304,522	382,906

(millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes payable – trade	1,920	1,225
Electronically recorded obligations – operating	23,170	28,203
Accounts payable for construction contracts	58,488	68,061
Short-term borrowings	5,693	10,706
Commercial papers	—	14,999
Lease liabilities	4	3
Income taxes payable	202	1,826
Advances received on construction contracts in progress	10,763	21,816
Deposits received	24,135	34,896
Provision for warranties for completed construction	518	465
Provision for loss on construction contracts	964	3,787
Provision for bonuses	2,746	2,718
Deposits received from employees	3,075	3,089
Other	6,883	10,481
Total current liabilities	138,567	202,280
Non-current liabilities		
Long-term borrowings	18,303	26,474
Lease liabilities	7	4
Provision for share awards	250	292
Provision for retirement benefits	14,078	13,966
Asset retirement obligations	42	64
Other	221	260
Total non-current liabilities	32,904	41,062
Total liabilities	171,472	243,342
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus		
Legal capital surplus	7,000	7,000
Other capital surplus	10,133	8,170
Total capital surpluses	17,133	15,170
Retained earnings		
Legal retained earnings	559	559
Other retained earnings		
Retained earnings brought forward	81,257	80,868
Total retained earnings	81,817	81,428
Treasury shares	(499)	(527)
Total shareholders' equity	128,560	126,179
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,489	13,381
Deferred gains or losses on hedges	—	3
Total valuation and translation adjustments	4,489	13,384
Total net assets	133,049	139,563
Total liabilities and net assets	304,522	382,906

(2) Nonconsolidated statement of income

(millions of yen)

	FY2022 (Apr 1, 2022—Mar 31, 2023)	FY2023 (Apr 1, 2023—Mar 31, 2024)
Net sales of completed construction contracts	299,317	327,927
Cost of sales of completed construction contracts	274,760	303,289
Gross profit on completed construction contracts	24,557	24,638
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	320	304
Employees' salaries and allowances	5,988	6,623
Retirement benefit expenses	252	281
Legal welfare expenses	954	1,088
Welfare expenses	108	129
Repair and maintenance expenses	111	45
Stationery expenses	619	846
Communication and transportation expenses	763	857
Power utilities expenses	100	89
Research study expenses	2,470	2,733
Advertising expenses	525	589
Provision of allowance for doubtful accounts	1	5
Entertainment expenses	377	436
Donations	70	67
Rent expenses on land and buildings	547	602
Depreciation	179	204
Taxes and dues	820	806
Insurance expenses	85	87
Miscellaneous expenses	2,214	2,217
Total selling, general and administrative expenses	16,512	18,016
Operating profit	8,045	6,621
Non-operating income		
Interest income	14	62
Dividend income	2,376	1,941
Rental income	54	54
Foreign exchange gains	149	91
Other	124	85
Total non-operating income	2,719	2,234
Non-operating expenses		
Interest expenses	228	425
Commission for syndicated loans	213	273
Loss on investments in investment partnerships	94	122
Other	72	172
Total non-operating expenses	609	994
Ordinary profit	10,154	7,862
Extraordinary income		
Gain on sale of memberships	77	—
Compensation for damage income	—	67
Other	3	0
Total extraordinary income	80	67
Extraordinary losses		
Compensation for damage	86	307
Loss on litigation	19	0
Infectious disease related costs	30	—
Additional taxes	155	—
Other	26	22
Total extraordinary losses	318	330
Profit before income taxes	9,917	7,599
Income taxes – current	2,814	2,941
Income taxes – deferred	106	(651)
Total income taxes	2,921	2,289
Profit	6,996	5,309

(3) Nonconsolidated statements of changes in equity
FY2022 (Apr 1, 2022—Mar 31, 2023)

(millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
					Retained earnings brought forward		
Balance at beginning of period	30,108	16,767	4,378	21,145	559	79,703	80,263
Changes during period							
Transfer from legal capital surplus to other capital surplus		(9,767)	9,767	—			
Dividends of surplus						(5,442)	(5,442)
Profit						6,996	6,996
Purchase of treasury shares							
Disposal of treasury shares			(0)	(0)			
Cancellation of treasury shares			(4,012)	(4,012)			
Net changes in items other than shareholders' equity							
Total changes during period	—	(9,767)	5,754	(4,012)	—	1,554	1,554
Balance at end of period	30,108	7,000	10,133	17,133	559	81,257	81,817

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(506)	131,011	2,738	2,738	133,749
Changes during period					
Transfer from legal capital surplus to other capital surplus		—			—
Dividends of surplus		(5,442)			(5,442)
Profit		6,996			6,996
Purchase of treasury shares	(4,012)	(4,012)			(4,012)
Disposal of treasury shares	7	7			7
Cancellation of treasury shares	4,012	—			—
Net changes in items other than shareholders' equity			1,750	1,750	1,750
Total changes during period	7	(2,451)	1,750	1,750	(700)
Balance at end of period	(499)	128,560	4,489	4,489	133,049

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
					Retained earnings brought forward		
Balance at beginning of period	30,108	7,000	10,133	17,133	559	81,257	81,817
Changes during period							
Dividends of surplus						(5,698)	(5,698)
Profit						5,309	5,309
Purchase of treasury shares							
Disposal of treasury shares			0	0			
Cancellation of treasury shares			(1,962)	(1,962)			
Net changes in items other than shareholders' equity							
Total changes during period	—	—	(1,962)	(1,962)	—	(389)	(389)
Balance at end of period	30,108	7,000	8,170	15,170	559	80,868	81,428

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(499)	128,560	4,489	—	4,489	133,049
Changes during period						
Dividends of surplus		(5,698)				(5,698)
Profit		5,309				5,309
Purchase of treasury shares	(2,025)	(2,025)				(2,025)
Disposal of treasury shares	33	34				34
Cancellation of treasury shares	1,962	—				—
Net changes in items other than shareholders' equity			8,891	3	8,894	8,894
Total changes during period	(28)	(2,380)	8,891	3	8,894	6,514
Balance at end of period	(527)	126,179	13,381	3	13,384	139,563

5. Supplementary Information

(1) Orders received, net sales and carried-forward (Nonconsolidated)

(millions of yen)

	FY2022 Apr 1, 2022—Mar 31, 2023		FY2023 Apr 1, 2023—Mar 31, 2024		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	64,940	18.6	47,455	12.6	(17,485)	(26.9)
Private	36,333	10.4	44,750	11.9	8,416	23.2
Domestic	101,273	29.0	92,205	24.5	(9,068)	(9.0)
Overseas	—	—	14,220	3.8	14,220	—
Civil engineering	101,273	29.0	106,425	28.3	5,151	5.1
Public	34,674	10.0	27,400	7.3	(7,273)	(21.0)
Private	212,575	61.0	241,736	64.4	29,160	13.7
Domestic	247,249	71.0	269,136	71.7	21,887	8.9
Overseas	123	0.0	26	0.0	(96)	(78.4)
Building construction	247,373	71.0	269,163	71.7	21,790	8.8
Public	99,614	28.6	74,855	19.9	(24,758)	(24.9)
Private	248,908	71.4	286,486	76.3	37,577	15.1
Domestic	348,523	100.0	361,342	96.2	12,818	3.7
Overseas	123	0.0	14,246	3.8	14,123	—
Orders received—Total	348,647	100	375,589	100	26,942	7.7
Public	41,502	13.9	54,743	16.7	13,240	31.9
Private	48,434	16.2	44,702	13.6	(3,731)	(7.7)
Domestic	89,936	30.1	99,445	30.3	9,508	10.6
Overseas	—	—	683	0.2	683	—
Civil engineering	89,936	30.1	100,128	30.5	10,191	11.3
Public	19,004	6.3	28,133	8.6	9,129	48.0
Private	189,049	63.2	199,269	60.8	10,220	5.4
Domestic	208,053	69.5	227,403	69.4	19,349	9.3
Overseas	1,327	0.4	395	0.1	(931)	(70.2)
Building construction	209,381	69.9	227,799	69.5	18,418	8.8
Public	60,506	20.2	82,876	25.3	22,369	37.0
Private	237,483	79.4	243,972	74.4	6,488	2.7
Domestic	297,990	99.6	326,848	99.7	28,858	9.7
Overseas	1,327	0.4	1,078	0.3	(248)	(18.7)
Net sales—Total	299,317	100	327,927	100	28,609	9.6
Public	81,645	15.3	74,357	12.8	(7,287)	(8.9)
Private	113,463	21.2	113,511	19.5	47	0.0
Domestic	195,109	36.5	187,869	32.3	(7,239)	(3.7)
Overseas	—	—	13,401	2.3	13,401	—
Civil engineering	195,109	36.5	201,270	34.6	6,161	3.2
Public	56,658	10.6	55,925	9.6	(732)	(1.3)
Private	282,751	52.9	325,217	55.8	42,466	15.0
Domestic	339,409	63.5	381,142	65.4	41,733	12.3
Overseas	323	0.0	—	—	(323)	(100.0)
Building construction	339,733	63.5	381,142	65.4	41,409	12.2
Public	138,303	25.9	130,283	22.4	(8,020)	(5.8)
Private	396,214	74.1	438,729	75.3	42,514	10.7
Domestic	534,518	100.0	569,012	97.7	34,493	6.5
Overseas	323	0.0	13,401	2.3	13,077	—
Carried-forward—Total	534,842	100	582,413	100	47,571	8.9

(Note) The carried-forward amount of overseas work has been translated at the closing rate.

FY2022 : Increased by 55 million yen FY2023 : Decreased by 89 million yen

(2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2022	B FY2023	B - A		C FY2024 (Forecasts)	C - B	
				%			%
Net sales	4,035	4,432	397	9.8	4,622	190	4.3
Gross profit	332	361	29	8.6	395	34	9.5
(Ratio)	8.2%	8.1%	(0.1)%		8.5%	0.4%	
SG&A expenses	217	234	17		245	11	
Operating profit	115	126	12	10.2	150	24	18.6
(Ratio)	2.8%	2.9%	0.1%		3.2%	0.3%	
Non-operating income - net	8	4	(4)		4	0	
Ordinary profit	122	130	8	6.6	154	24	18.1
Extraordinary income - net	(2)	(4)	(2)		(1)	3	
Profit before income taxes	120	126	6	4.7	153	27	21.5
Income taxes and others	41	43	2		52	9	
Profit attributable to owners of parent	80	83	3	4.3	101	18	21.4

Nonconsolidated

(Operating Results)

	A FY2022	B FY2023	B - A		C FY2024 (Forecasts)	C - B	
				%			%
Orders received	Civil engineering	1,013	922	(91)	1,000	78	
	Building construction	2,472	2,691	219	2,400	(291)	
	Domestic	3,485	3,613	128	3,400	(213)	
	Overseas	1	142	141	80	(62)	
		3,486	3,756	269	3,480	(276)	(7.3)
Net sales	Civil engineering	899	994	95	1,000	6	
	Building construction	2,081	2,274	193	2,400	126	
	Domestic	2,980	3,268	289	3,400	132	
	Overseas	13	11	(2)	50	39	
		2,993	3,279	286	3,450	171	5.2
Gross profit	Civil engineering	85	123	38	110	(13)	
	(Ratio)	9.4%	12.4%	3.0%	11.0%	(1.4)%	
	Building construction	160	122	(38)	170	48	
	(Ratio)	7.7%	5.4%	(2.3)%	7.1%	1.7%	
	Domestic	244	245	1	280	35	
	(Ratio)	8.2%	7.5%	(0.7)%	8.2%	0.7%	
	Overseas	1	1	0	4	3	
(Ratio)	8.7%	11.4%	2.7%	8.0%	(3.4)%		
	246	246	1	284	38	15.3	
(Ratio)	8.2%	7.5%	(0.7)%	8.2%	0.7%		
SG&A expenses	165	180	15		188	8	
Operating profit	80	66	(14)	(17.7)	96	30	45.0
(Ratio)	2.7%	2.0%	(0.7)%		2.8%	0.8%	
Non-operating income - net	21	12	(9)		14	2	
Ordinary profit	102	79	(23)	(22.6)	110	31	39.9
Extraordinary income - net	(2)	(3)	(0)		0	3	
Profit before income taxes	99	76	(23)	(23.4)	110	34	44.7
Income taxes and others	29	23	(6)		34	11	
Profit	70	53	(17)	(24.1)	76	23	43.1