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

November 12, 2024

Company name : Kumagai Gumi Co., Ltd.
 Listing : Tokyo Stock Exchange, Prime Market
 Securities code : 1861 URL : <https://www.kumagaigumi.co.jp/>
 Representative : Shin Ueda, President
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 Tel. 03-3235-8606
 Scheduled date to file semi-annual securities report : November 12, 2024
 Scheduled date to commence dividend payments : —
 Preparation of supplementary material on financial results : Yes
 Holding of financial results briefing : Yes

(Rounded down to the nearest million yen)

1. Consolidated Results for the Six Months Ended September 30, 2024 (April 1, 2024 – September 30, 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 | % |
| Six months ended September 30, 2024 | 219,492 | 11.8 | 1,239 | (67.1) | 1,249 | (68.7) | 526 | (78.4) |
| September 30, 2023 | 196,257 | 5.6 | 3,768 | 33.1 | 3,996 | 13.8 | 2,431 | 8.5 |

(Note) Comprehensive income For the six months ended September 30, 2024 : 8,646 million yen [10.4%]
 For the six months ended September 30, 2023 : 7,832 million yen [120.7%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| Six months ended September 30, 2024 | Yen 12.24 | Yen — |
| September 30, 2023 | 55.98 | — |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|--------------------------|---------------------|---------------------|------------------------|----------------------|
| As of September 30, 2024 | Million yen 430,910 | Million yen 182,726 | % 42.4 | Yen 4,256.83 |
| March 31, 2024 | 467,232 | 180,014 | 38.5 | 4,185.54 |

(Reference) Equity As of September 30, 2024 : 182,726 million yen
 As of March 31, 2024 : 180,014 million yen

2. Dividends

| | Annual cash dividends per share | | | | |
|--|---------------------------------|--------------------|--------------------|------------|------------|
| | End of 1st quarter | End of 2nd quarter | End of 3rd quarter | Year-end | Total |
| Fiscal year ended March 31, 2024 | Yen — | Yen — | Yen — | Yen 130.00 | Yen 130.00 |
| Fiscal year ending March 31, 2025 | — | — | — | — | — |
| Fiscal year ending March 31, 2025 (Forecast) | — | — | — | 130.00 | 130.00 |

(Note) Revision to the latest forecasts of cash dividends announced : None

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 |
| Full year | 462,200 | 4.3 | 15,000 | 18.6 | 15,400 | 18.1 | 10,100 | 21.4 | 235.08 |

(Note) Revision to the latest forecasts of consolidated operating results announced : None

※ Notes

(1) Significant changes in the scope of consolidation during the period : None

(2) Application of specific accounting for consolidated financial statements : None

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

① Changes in accounting policies due to the revision of the accounting standards : Yes

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Retrospective restatements : None

(Note) For details, please refer to “2. Semi-annual Consolidated Financial Statements; (4) Notes to Semi-annual Consolidated Financial Statements (Notes on changes in accounting policies)” on page 9 of the Attachments.

(4) Number of shares issued (common stock)

① Number of shares issued at the end of the period (including own shares)

| | | | |
|--------------------------|-------------------|----------------------|-------------------|
| As of September 30, 2024 | 43,285,560 shares | As of March 31, 2024 | 43,285,560 shares |
|--------------------------|-------------------|----------------------|-------------------|

② Number of treasury stocks at the end of the period

| | | | |
|--------------------------|----------------|----------------------|----------------|
| As of September 30, 2024 | 360,112 shares | As of March 31, 2024 | 276,992 shares |
|--------------------------|----------------|----------------------|----------------|

③ Average number of shares outstanding during the period

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Six months ended September 30, 2024 | 43,004,033 shares | Six months ended September 30, 2023 | 43,441,237 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

※ Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

※ 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.

; (3) Explanation of information on future forecasts, including the consolidated earnings forecasts” on page 3 of the Attachments for matters related to earnings forecasts.

(Reference) Summary of Nonconsolidated Financial Results

(Rounded down to the nearest million yen)

1. Nonconsolidated Results for the Six Months Ended September 30, 2024 (April 1, 2024 – September 30, 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 | % |
| Six months ended | | | | | | | | |
| September 30, 2024 | 160,959 | 8.8 | (647) | (126.1) | 762 | (79.6) | 640 | (75.7) |
| September 30, 2023 | 147,946 | 5.1 | 2,482 | 0.4 | 3,739 | (18.1) | 2,638 | (23.0) |

| | Basic earnings per share | | Diluted earnings per share | |
|--------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Six months ended | | | | |
| September 30, 2024 | 14.85 | | — | |
| September 30, 2023 | 60.59 | | — | |

(2) Nonconsolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|--------------------|--------------|-------------|------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of | | | | |
| September 30, 2024 | 353,163 | 141,700 | 40.1 | 3,292.96 |
| March 31, 2024 | 382,906 | 139,563 | 36.4 | 3,237.08 |

(Reference) Equity As of September 30, 2024 : 141,700 million yen

As of March 31, 2024 : 139,563 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 |
| Full year | 345,000 | 5.2 | 11,000 | 39.9 | 7,600 | 43.1 | 176.45 |

(Note) Revision to the latest forecasts of nonconsolidated operating results announced : None

Contents

| | |
|--|----|
| 1. Overview of Operating Results, etc. | 2 |
| (1) Overview of operating results | 2 |
| (2) Overview of financial condition | 2 |
| (3) Explanation of information on future forecasts, including the consolidated earnings forecasts | 3 |
| 2. Semi-annual Consolidated Financial Statements | 4 |
| (1) Semi-annual consolidated balance sheet | 4 |
| (2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income .. | 6 |
| (3) Semi-annual consolidated statements of cash flows | 8 |
| (4) Notes to Semi-annual Consolidated Financial Statements | 9 |
| (Notes on changes in accounting policies) | 9 |
| (Notes on Segment Information) | 9 |
| (Notes in the case of significant changes in shareholders' equity) | 10 |
| (Notes related to the going concern assumption) | 10 |
| 3. Semi-annual Nonconsolidated Financial Statements | 11 |
| (1) Semi-annual nonconsolidated balance sheet | 11 |
| (2) Semi-annual nonconsolidated statement of income | 13 |
| 4. Supplementary Information | 14 |
| (1) Orders received, net sales and carried-forward (Nonconsolidated) | 14 |
| (2) Financial Highlights | 15 |

1. Overview of Operating Results, etc.

(1) Overview of operating results

During the first six months of the fiscal year under review, the Japanese economy was trending moderately upward. Although there is still some stagnation due partly to the rise of the price of goods, there were signs of a recovery of investments in plant and equipment and consumer spending amid the improvement of the employment and income environments.

In the construction industry, housing construction investment remained flat while private sector construction investment was trending mildly upward amid the improvement of corporate revenue. Public investment was solid following the implementation of related budgets. The favorable environment for receiving orders continued. In terms of profitability, however, conditions remained difficult in part, mainly due to the cost of materials and labor staying high.

Under these operating conditions, the Kumagai Gumi Group is pursuing initiatives for sustainable growth by moving forward as a team with The Kumagai Gumi Group Medium-Term Management Plan (FY2024-FY2026) – A New Path toward Sustainable Growth – which was adopted in May 2024. The plan highlights the basic policies of (i) strengthening the construction business, (ii) accelerating peripheral businesses, and (iii) enhancing management base.

For the first six months of the fiscal year under review, net sales (completed contracts) rose 23.2 billion yen (11.8%) year on year to 219.4 billion yen, mainly attributable to steady execution of order backlog.

Operating profit decreased 2.5 billion yen (67.1%) year on year to 1.2 billion yen as a result of a fall in the gross profit margin (gross profit margin on completed contracts). Ordinary profit slid 2.7 billion yen (68.7%) year on year to 1.2 billion yen. Profit attributable to owners of parent was 0.5 billion yen, down 1.9 billion yen (78.4%) due to income taxes of 0.6 billion yen and other adjustments.

The fall in gross profit margin resulted chiefly from delays in the acquisition of additional design changes in some projects mainly due to extension of the construction period in the building construction business.

(2) Overview of financial condition

Total assets at the end of the first six months of the fiscal year under review were 430.9 billion yen, down 36.3 billion yen (7.8%) from the end of the previous fiscal year. This was attributed mainly to a decrease in cash and deposits for the repayment of commercial paper, payment of dividends and other reasons and a decline in notes receivable, accounts receivable from completed construction contracts and other after collection.

Total liabilities fell 39.0 billion yen (13.6%) from the end of the previous fiscal year, to 248.1 billion yen, chiefly owing to the payment of payables such as notes payable, accounts payable for construction contracts and other, as well as the redemption of commercial papers.

Net assets stood at 182.7 billion yen, up 2.7 billion yen (1.5%) from the end of the previous fiscal year, mainly reflecting a rise in valuation difference on available-for-sale securities resulting from increases in market value of listed shares owned, which was partly offset by a decline in retained earnings due to dividend payment. The shareholders' equity ratio was 42.4%, improving 3.9 pt from 38.5% at the end of the previous fiscal year.

(3) Explanation of information on future forecasts, including the consolidated earnings forecasts

Looking ahead, the Japanese economy is expected to continue to recover moderately due to the effects of a range of measures implemented by the government amid improvements in the employment and income environments. Nonetheless, there are risks that may cause a downturn in overseas economies, such as the impact of persistently high interest rates in Europe and the United States and the continued stagnation of the real estate market in China. In addition, careful attention should be paid to geopolitical issues such as the situation in the Middle East, as well as the effects of price increases and fluctuations in financial and capital markets.

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 that may cause profitability to deteriorate and demand to contract, including high crude oil prices, rising prices of construction materials, a tight labor supply-demand situation and regulations regarding overtime working hours coming into force.

Under these conditions, the Group developed The Kumagai Gumi Group Medium-Term Management Plan (FY2024-FY2026) – A New Path toward Sustainable Growth– in May 2024. As a leader in the construction service industry that is sought by society, the Group will follow the long-term vision it set out in the previous plan while also setting FY2026 financial targets of consolidated net sales of 500 billion yen, consolidated ordinary profit of 30 billion yen and the ROE of 10% or higher, as it seeks to realize a society in which limited resources are recycled and people, society, and nature continue to prosper. The Group will continue striving for sustainable growth by working as a team on this plan.

In view of the conditions described above and business results for the first six months ended September 30, 2024, there are currently no changes to the consolidated earnings forecasts and the non-consolidated earnings forecasts for the fiscal year ending March 31, 2025 announced on May 14, 2024.

In the non-consolidated earnings forecast, the gross profit forecasts by business have been partly revised. Gross profit forecast in the domestic civil engineering business has been increased by 2.0 billion yen to 13.0 billion yen, and in the domestic building construction business it was decreased by 2.0 billion yen to 15.0 billion yen.

2. Semi-annual Consolidated Financial Statements

(1) Semi-annual consolidated balance sheet

(millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 70,073 | 46,617 |
| Notes receivable, accounts receivable from completed construction contracts and other | 266,541 | 236,536 |
| Costs on construction contracts in progress | 8,460 | 9,896 |
| Accounts receivable – other | 22,117 | 23,555 |
| Other | 2,331 | 3,848 |
| Allowance for doubtful accounts | (64) | (58) |
| Total current assets | 369,460 | 320,397 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 9,760 | 9,564 |
| Land | 17,897 | 17,900 |
| Other, net | 2,144 | 2,408 |
| Total property, plant and equipment | 29,803 | 29,873 |
| Intangible assets | 1,592 | 1,572 |
| Investments and other assets | | |
| Investment securities | 48,586 | 62,100 |
| Deferred tax assets | 3,547 | 1,005 |
| Other | 14,439 | 16,179 |
| Allowance for doubtful accounts | (196) | (218) |
| Total investments and other assets | 66,376 | 79,066 |
| Total non-current assets | 97,771 | 110,512 |
| Total assets | 467,232 | 430,910 |

(millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | 100,457 | 82,260 |
| Electronically recorded obligations – operating | 29,158 | 29,821 |
| Short-term borrowings | 10,906 | 11,842 |
| Commercial papers | 14,999 | — |
| Income taxes payable | 3,439 | 550 |
| Advances received on construction contracts in progress | 23,130 | 23,763 |
| Deposits received | 36,669 | 39,637 |
| Provision for warranties for completed construction | 522 | 543 |
| Provision for loss on construction contracts | 3,820 | 4,082 |
| Provision for bonuses | 4,097 | 3,798 |
| Other | 16,260 | 6,275 |
| Total current liabilities | 243,460 | 202,575 |
| Non-current liabilities | | |
| Long-term borrowings | 26,474 | 27,277 |
| Provision for share awards | 292 | 228 |
| Retirement benefit liability | 16,433 | 16,493 |
| Deferred tax liabilities | — | 965 |
| Other | 556 | 643 |
| Total non-current liabilities | 43,757 | 45,609 |
| Total liabilities | 287,218 | 248,184 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 30,108 | 30,108 |
| Capital surplus | 15,170 | 15,170 |
| Retained earnings | 120,115 | 115,023 |
| Treasury shares | (657) | (973) |
| Total shareholders' equity | 164,737 | 159,329 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 13,437 | 20,832 |
| Deferred gains or losses on hedges | 3 | 32 |
| Foreign currency translation adjustment | 1,887 | 2,578 |
| Remeasurements of defined benefit plans | (50) | (46) |
| Total accumulated other comprehensive income | 15,276 | 23,396 |
| Total net assets | 180,014 | 182,726 |
| Total liabilities and net assets | 467,232 | 430,910 |

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income
Semi-annual consolidated statement of income

(millions of yen)

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|---|--|--|
| Net sales of completed construction contracts | 196,257 | 219,492 |
| Cost of sales of completed construction contracts | 181,306 | 206,641 |
| Gross profit on completed construction contracts | 14,950 | 12,851 |
| Selling, general and administrative expenses | 11,182 | 11,611 |
| Operating profit | 3,768 | 1,239 |
| Non-operating income | | |
| Interest income | 41 | 111 |
| Dividend income | 430 | 468 |
| Share of profit of entities accounted for using equity method | 11 | — |
| Foreign exchange gains | 154 | — |
| Other | 116 | 45 |
| Total non-operating income | 753 | 625 |
| Non-operating expenses | | |
| Interest expenses | 142 | 250 |
| Share of loss of entities accounted for using equity method | — | 14 |
| Foreign exchange losses | — | 21 |
| Commission for syndicated loans | 257 | 83 |
| Loss on investments in investment partnerships | 59 | 181 |
| Other | 65 | 64 |
| Total non-operating expenses | 525 | 616 |
| Ordinary profit | 3,996 | 1,249 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1 | 2 |
| Gain on sale of investment securities | 0 | — |
| Gain on sales of memberships | — | 1 |
| Total extraordinary income | 1 | 4 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 2 | 8 |
| Compensation for damage | 131 | 84 |
| Provision of allowance for doubtful accounts | 0 | 13 |
| Other | 36 | 0 |
| Total extraordinary losses | 171 | 106 |
| Profit before income taxes | 3,826 | 1,146 |
| Income taxes – current | 1,072 | 388 |
| Income taxes – deferred | 321 | 232 |
| Total income taxes | 1,394 | 620 |
| Profit | 2,431 | 526 |
| Profit attributable to owners of parent | 2,431 | 526 |

Semi-annual consolidated statement of comprehensive income (Cumulative total)

(millions of yen)

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|---|--|--|
| Profit | 2,431 | 526 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,801 | 7,393 |
| Deferred gains or losses on hedges | — | 29 |
| Foreign currency translation adjustment | 585 | 691 |
| Remeasurements of defined benefit plans, net of tax | 11 | 3 |
| Share of other comprehensive income of entities accounted for using equity method | 0 | 1 |
| Total other comprehensive income | 5,400 | 8,119 |
| Comprehensive income | 7,832 | 8,646 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 7,832 | 8,646 |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Semi-annual consolidated statements of cash flows

(millions of yen)

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,826 | 1,146 |
| Depreciation | 1,002 | 993 |
| Increase (decrease) in allowance for doubtful accounts | (3) | 6 |
| Increase (decrease) in provision for loss on construction contracts | (426) | 262 |
| Increase (decrease) in retirement benefit liability | 20 | 65 |
| Interest and dividend income | (471) | (580) |
| Interest expenses | 142 | 250 |
| Foreign exchange losses (gains) | (53) | 32 |
| Share of loss (profit) of entities accounted for using equity method | (11) | 14 |
| Loss (gain) on investments in investment partnerships | 59 | 181 |
| Loss (gain) on sale of non-current assets | (1) | (2) |
| Loss on retirement of non-current assets | 2 | 8 |
| Decrease (increase) in trade receivables | 44 | 30,860 |
| Decrease (increase) in costs on construction contracts in progress | 859 | (1,407) |
| Increase (decrease) in trade payables | (7,403) | (18,603) |
| Increase (decrease) in advances received on construction contracts in progress | 3,308 | 584 |
| Decrease (increase) in accounts receivable – other | (2,458) | (1,373) |
| Increase (decrease) in deposits received | 7,516 | 2,968 |
| Other, net | (6,124) | (11,532) |
| Subtotal | (170) | 3,876 |
| Interest and dividends received | 476 | 532 |
| Interest paid | (143) | (250) |
| Income taxes refund (paid) | 10 | (3,246) |
| Net cash provided by (used in) operating activities | 172 | 911 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (587) | (942) |
| Proceeds from sale of property, plant and equipment | 1 | 2 |
| Purchase of investment securities | (16) | (11) |
| Purchase of shares of subsidiaries and associates | (65) | (4) |
| Purchase of Investments in other securities of subsidiaries and associates | (998) | (3,053) |
| Loan advances | (1,303) | (1,468) |
| Proceeds from collection of loans receivable | 32 | 25 |
| Other, net | (200) | (189) |
| Net cash provided by (used in) investing activities | (3,137) | (5,640) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 6,000 | 6,000 |
| Proceeds from long-term borrowings | 13,271 | 1,000 |
| Repayments of long-term borrowings | (255) | (5,260) |
| Proceeds from issuance of commercial papers | — | 89,982 |
| Redemption of commercial papers | — | (105,000) |
| Purchase of treasury shares | (1,509) | (415) |
| Dividends paid | (5,692) | (5,610) |
| Other, net | (59) | (28) |
| Net cash provided by (used in) financing activities | 11,753 | (19,332) |
| Effect of exchange rate change on cash and cash equivalents | 679 | 604 |
| Net increase (decrease) in cash and cash equivalents | 9,467 | (23,457) |
| Cash and cash equivalents at beginning of period | 40,974 | 70,073 |
| Cash and cash equivalents at end of period | 50,441 | 46,615 |

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from beginning of the first six months of the fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred or tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first six months of the fiscal year under review. This change in accounting policies is applied retroactively, and the change is reflected in the semi-annual consolidated financial statements and consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the semi-annual consolidated financial statements and consolidated financial statements for the previous fiscal year.

(Notes on Segment Information)

Six months ended September 30, 2023 (Apr 1, 2023—Sep 30, 2023)

Reportable segment sales, profit or loss and revenue breakdown information

(millions of yen)

| | Reportable segments | | | | Adjustments (Note1) | Amounts on Semi-annual consolidated statement of income (Note2) |
|---------------------------------------|----------------------|--------------------------|--------------|---------|------------------------|--|
| | Civil engineering | Building construction | Subsidiaries | Total | | |
| Net Sales | | | | | | |
| Revenue from contracts with customers | 44,882 | 102,911 | 47,593 | 195,387 | — | 195,387 |
| Other revenue | — | 152 | 716 | 869 | — | 869 |
| Sales to customers | 44,882 | 103,064 | 48,310 | 196,257 | — | 196,257 |
| Intersegment sales and transfers | — | 0 | 4,541 | 4,541 | (4,541) | — |
| Total | 44,882 | 103,064 | 52,851 | 200,798 | (4,541) | 196,257 |
| Segment profit (loss) | (71) | 2,553 | 1,266 | 3,748 | 19 | 3,768 |

(Note1) The segment profit (loss) adjustment is for the elimination of intersegment transactions.

(Note2) Segment profit (loss) is adjusted with operating profit recorded under the semi-annual consolidated statement of income.

(Note3) Other revenue is a rental income based on the Accounting Standard for Lease Transactions (ASBJ statement No. 13 issued on March 30, 2007).

Six months ended September 30, 2024 (Apr 1, 2024—Sep 30, 2024)

Reportable segment sales, profit or loss and revenue breakdown information

(millions of yen)

| | Reportable segments | | | | Adjustments (Note1) | Amounts on Semi-annual consolidated statement of income (Note2) |
|---------------------------------------|----------------------|--------------------------|--------------|---------|------------------------|--|
| | Civil engineering | Building construction | Subsidiaries | Total | | |
| Net Sales | | | | | | |
| Revenue from contracts with customers | 49,448 | 111,321 | 57,885 | 218,656 | — | 218,656 |
| Other revenue | — | 188 | 647 | 836 | — | 836 |
| Sales to customers | 49,448 | 111,510 | 58,532 | 219,492 | — | 219,492 |
| Intersegment sales and transfers | — | 0 | 4,118 | 4,118 | (4,118) | — |
| Total | 49,448 | 111,511 | 62,650 | 223,610 | (4,118) | 219,492 |
| Segment profit (loss) | 2,720 | (3,368) | 1,871 | 1,223 | 16 | 1,239 |

(Note1) The segment profit (loss) adjustment is for the elimination of intersegment transactions.

(Note2) Segment profit (loss) is adjusted with operating profit recorded under the semi-annual consolidated statement of income.

(Note3) Other revenue is a rental income based on the Accounting Standard for Lease Transactions (ASBJ statement No. 13 issued on March 30, 2007).

(Notes in the case of significant changes in shareholders' equity)
Not applicable

(Notes related to the going concern assumption)
Not applicable

3. Semi-annual Nonconsolidated Financial Statements

(1) Semi-annual nonconsolidated balance sheet

(millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 39,226 | 22,138 |
| Notes receivable, accounts receivable from completed construction contracts and other | 228,758 | 202,911 |
| Costs on construction contracts in progress | 7,389 | 8,213 |
| Other | 22,935 | 21,626 |
| Allowance for doubtful accounts | (25) | (21) |
| Total current assets | 298,284 | 254,869 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 5,848 | 5,712 |
| Land | 14,939 | 14,941 |
| Other, net | 947 | 1,100 |
| Total property, plant and equipment | 21,736 | 21,754 |
| Intangible assets | 1,409 | 1,404 |
| Investments and other assets | | |
| Investment securities | 10,853 | 10,189 |
| Shares of subsidiaries and associates | 36,289 | 48,609 |
| Deferred tax assets | 2,274 | — |
| Other | 12,060 | 16,337 |
| Allowance for doubtful accounts | (1) | (1) |
| Total investments and other assets | 61,476 | 75,135 |
| Total non-current assets | 84,622 | 98,294 |
| Total assets | 382,906 | 353,163 |

(millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | 69,287 | 55,878 |
| Electronically recorded obligations – operating | 28,203 | 27,735 |
| Short-term borrowings | 10,706 | 14,642 |
| Commercial papers | 14,999 | — |
| Lease obligations | 3 | 17 |
| Advances received on construction contracts in progress | 21,816 | 21,454 |
| Deposits received | 34,896 | 36,756 |
| Provision for warranties for completed construction | 465 | 482 |
| Provision for loss on construction contracts | 3,787 | 3,971 |
| Provision for bonuses | 2,718 | 2,647 |
| Other | 15,397 | 4,958 |
| Total current liabilities | 202,280 | 168,545 |
| Non-current liabilities | | |
| Long-term borrowings | 26,474 | 27,277 |
| Lease obligations | 4 | 73 |
| Deferred tax liabilities | — | 976 |
| Provision for stock payments | 292 | 228 |
| Provision for retirement benefits | 13,966 | 13,988 |
| Other | 324 | 372 |
| Total non-current liabilities | 41,062 | 42,917 |
| Total liabilities | 243,342 | 211,463 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 30,108 | 30,108 |
| Capital surplus | 15,170 | 15,170 |
| Retained earnings | 81,428 | 76,450 |
| Treasury shares | (527) | (843) |
| Total shareholders' equity | 126,179 | 120,886 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 13,381 | 20,781 |
| Deferred gains or losses on hedges | 3 | 32 |
| Total valuation and translation adjustments | 13,384 | 20,813 |
| Total net assets | 139,563 | 141,700 |
| Total liabilities and net assets | 382,906 | 353,163 |

(2) Semi-annual nonconsolidated statement of income

(millions of yen)

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|---|--|--|
| Net sales of completed construction contracts | 147,946 | 160,959 |
| Cost of sales of completed construction contracts | 136,911 | 152,733 |
| Gross profit on completed construction contracts | 11,035 | 8,226 |
| Selling, general and administrative expenses | 8,553 | 8,874 |
| Operating profit (loss) | 2,482 | (647) |
| Non-operating income | | |
| Interest income | 15 | 72 |
| Dividend income | 1,554 | 1,889 |
| Foreign exchange gains | 140 | — |
| Other | 85 | 39 |
| Total non-operating income | 1,796 | 2,001 |
| Non-operating expenses | | |
| Interest expenses | 160 | 261 |
| Foreign exchange losses | — | 5 |
| Commission for syndicated loans | 257 | 83 |
| Loss on investments in investment partnerships | 59 | 181 |
| Other | 60 | 58 |
| Total non-operating expenses | 538 | 590 |
| Ordinary profit | 3,739 | 762 |
| Extraordinary income | | |
| Gain on sales of non-current assets | — | 0 |
| Gain on sale of investment securities | 0 | — |
| Gain on sales of memberships | — | 1 |
| Total extraordinary income | 0 | 2 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 2 |
| Compensation for damage | 131 | 27 |
| Other | 0 | — |
| Total extraordinary losses | 132 | 30 |
| Profit before income taxes | 3,607 | 734 |
| Income taxes – current | 718 | 121 |
| Income taxes – deferred | 250 | (27) |
| Total income taxes | 969 | 94 |
| Profit | 2,638 | 640 |

4. Supplementary Information

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

(millions of yen)

| | Six months ended September 30, 2023 | | Six months ended September 30, 2024 | | Change | |
|------------------------------|--|------------------------|--|------------------------|---------------|-------------|
| | Amount | Composition ratio % | Amount | Composition ratio % | Amount | % |
| Public | 20,558 | 15.8 | 30,534 | 17.3 | 9,975 | 48.5 |
| Private | 13,467 | 10.4 | 23,150 | 13.1 | 9,682 | 71.9 |
| Domestic | 34,026 | 26.2 | 53,684 | 30.4 | 19,657 | 57.8 |
| Overseas | 14,220 | 10.9 | — | — | (14,220) | (100.0) |
| Civil engineering | 48,246 | 37.1 | 53,684 | 30.4 | 5,437 | 11.3 |
| Public | 1,324 | 1.0 | 8,430 | 4.8 | 7,106 | 536.6 |
| Private | 80,331 | 61.8 | 110,124 | 62.5 | 29,792 | 37.1 |
| Domestic | 81,655 | 62.8 | 118,554 | 67.3 | 36,898 | 45.2 |
| Overseas | 11 | 0.1 | 4,098 | 2.3 | 4,087 | — |
| Building construction | 81,667 | 62.9 | 122,653 | 69.6 | 40,986 | 50.2 |
| Public | 21,882 | 16.8 | 38,964 | 22.1 | 17,081 | 78.1 |
| Private | 93,799 | 72.2 | 133,274 | 75.6 | 39,475 | 42.1 |
| Domestic | 115,682 | 89.0 | 172,239 | 97.7 | 56,556 | 48.9 |
| Overseas | 14,231 | 11.0 | 4,098 | 2.3 | (10,132) | (71.2) |
| Orders received—Total | 129,914 | 100 | 176,338 | 100 | 46,423 | 35.7 |
| Public | 22,809 | 15.4 | 26,776 | 16.6 | 3,966 | 17.4 |
| Private | 22,072 | 14.9 | 21,741 | 13.5 | (330) | (1.5) |
| Domestic | 44,882 | 30.3 | 48,518 | 30.1 | 3,636 | 8.1 |
| Overseas | — | — | 929 | 0.6 | 929 | — |
| Civil engineering | 44,882 | 30.3 | 49,448 | 30.7 | 4,566 | 10.2 |
| Public | 9,731 | 6.6 | 11,705 | 7.3 | 1,974 | 20.3 |
| Private | 92,961 | 62.8 | 99,792 | 62.0 | 6,830 | 7.3 |
| Domestic | 102,692 | 69.4 | 111,498 | 69.3 | 8,805 | 8.6 |
| Overseas | 371 | 0.3 | 13 | 0.0 | (358) | (96.5) |
| Building construction | 103,064 | 69.7 | 111,511 | 69.3 | 8,446 | 8.2 |
| Public | 32,540 | 22.0 | 38,482 | 23.9 | 5,941 | 18.3 |
| Private | 115,033 | 77.7 | 121,534 | 75.5 | 6,500 | 5.7 |
| Domestic | 147,574 | 99.7 | 160,016 | 99.4 | 12,442 | 8.4 |
| Overseas | 371 | 0.3 | 942 | 0.6 | 571 | 153.6 |
| Net sales—Total | 147,946 | 100 | 160,959 | 100 | 13,013 | 8.8 |
| Public | 79,394 | 15.4 | 78,115 | 13.1 | (1,279) | (1.6) |
| Private | 104,859 | 20.3 | 114,919 | 19.2 | 10,060 | 9.6 |
| Domestic | 184,253 | 35.7 | 193,034 | 32.3 | 8,781 | 4.8 |
| Overseas | 14,185 | 2.7 | 12,386 | 2.1 | (1,799) | (12.7) |
| Civil engineering | 198,438 | 38.4 | 205,420 | 34.4 | 6,982 | 3.5 |
| Public | 48,251 | 9.3 | 52,649 | 8.8 | 4,398 | 9.1 |
| Private | 270,121 | 52.3 | 335,484 | 56.2 | 65,363 | 24.2 |
| Domestic | 318,372 | 61.6 | 388,134 | 65.0 | 69,761 | 21.9 |
| Overseas | 9 | 0.0 | 3,699 | 0.6 | 3,690 | — |
| Building construction | 318,381 | 61.6 | 391,833 | 65.6 | 73,452 | 23.1 |
| Public | 127,645 | 24.7 | 130,765 | 21.9 | 3,119 | 2.4 |
| Private | 374,980 | 72.6 | 450,403 | 75.4 | 75,423 | 20.1 |
| Domestic | 502,626 | 97.3 | 581,169 | 97.3 | 78,543 | 15.6 |
| Overseas | 14,194 | 2.7 | 16,085 | 2.7 | 1,891 | 13.3 |
| Carried-forward—Total | 516,820 | 100 | 597,254 | 100 | 80,434 | 15.6 |

(Note) The carried-forward amount of foreign currency denominated project has been translated at the closing rate.

Six months ended September 30, 2023: Increased by 10 million yen

Six months ended September 30, 2024: Decreased by 537 million yen

(2) Financial Highlights

(100 millions of yen)

Consolidated

(Operating Results)

(Forecasts of Operating Results for Full year)

| | A Six months ended September 30, 2023 | B Six months ended September 30, 2024 | B - A | | C Fiscal year ended March 31, 2024 | D Fiscal year ending March 31, 2025 (Initial Forecast) | E Fiscal year ending March 31, 2025 (Current Forecast) | E - C | | E - D | |
|---|---|---|--------|--------|--|---|---|-------|------|-------|---|
| | | | | % | | | | | % | | % |
| Net sales | 1,963 | 2,195 | 232 | 11.8 | 4,432 | 4,622 | 4,622 | 190 | 4.3 | — | — |
| Gross profit | 150 | 129 | (21) | (14.0) | 361 | 395 | 395 | 34 | 9.5 | — | — |
| (Ratio) | 7.6% | 5.9% | (1.7)% | | 8.1% | 8.5% | 8.5% | 0.4% | | — | — |
| SG&A expenses | 112 | 116 | 4 | | 234 | 245 | 245 | 11 | | — | — |
| Operating profit | 38 | 12 | (25) | (67.1) | 126 | 150 | 150 | 24 | 18.6 | — | — |
| (Ratio) | 1.9% | 0.6% | (1.3)% | | 2.9% | 3.2% | 3.2% | 0.3% | | — | — |
| Non-operating income - net | 2 | 0 | (2) | | 4 | 4 | 4 | 0 | | — | — |
| Ordinary profit | 40 | 12 | (27) | (68.7) | 130 | 154 | 154 | 24 | 18.1 | — | — |
| Extraordinary income - net | (2) | (1) | 1 | | (4) | (1) | (1) | 3 | | — | — |
| Profit before income taxes | 38 | 11 | (27) | (70.0) | 126 | 153 | 153 | 27 | 21.5 | — | — |
| Income taxes and others | 14 | 6 | (8) | | 43 | 52 | 52 | 9 | | — | — |
| Profit attributable to owners of parent | 24 | 5 | (19) | (78.4) | 83 | 101 | 101 | 18 | 21.4 | — | — |

Nonconsolidated

(Operating Results)

(Forecasts of Operating Results for Full year)

| | A Six months ended September 30, 2023 | B Six months ended September 30, 2024 | B - A | | C Fiscal year ended March 31, 2024 | D Fiscal year ending March 31, 2025 (Initial Forecast) | E Fiscal year ending March 31, 2025 (Current Forecast) | E - C | | E - D | |
|----------------------------|---|---|--------|---------|--|---|---|--------|-------|--------|---|
| | | | | % | | | | | % | | |
| Civil engineering | 340 | 537 | 197 | | 922 | 1,000 | 1,000 | 78 | | — | — |
| Building construction | 817 | 1,186 | 369 | | 2,691 | 2,400 | 2,400 | (291) | | — | — |
| Domestic | 1,157 | 1,722 | 566 | | 3,613 | 3,400 | 3,400 | (213) | | — | — |
| Overseas | 142 | 41 | (101) | | 142 | 80 | 80 | (62) | | — | — |
| Orders received | 1,299 | 1,763 | 464 | 35.7 | 3,756 | 3,480 | 3,480 | (276) | (7.3) | — | — |
| Civil engineering | 449 | 485 | 36 | | 994 | 1,000 | 1,000 | 6 | | — | — |
| Building construction | 1,027 | 1,115 | 88 | | 2,274 | 2,400 | 2,400 | 126 | | — | — |
| Domestic | 1,476 | 1,600 | 124 | | 3,268 | 3,400 | 3,400 | 132 | | — | — |
| Overseas | 4 | 9 | 6 | | 11 | 50 | 50 | 39 | | — | — |
| Net sales | 1,479 | 1,610 | 130 | 8.8 | 3,279 | 3,450 | 3,450 | 171 | 5.2 | — | — |
| Civil engineering | 35 | 67 | 32 | | 123 | 110 | 130 | 7 | | 20 | |
| (Ratio) | 7.7% | 13.8% | 6.1% | | 12.4% | 11.0% | 13.0% | 0.6% | | 2.0% | |
| Building construction | 76 | 15 | (61) | | 122 | 170 | 150 | 28 | | (20) | |
| (Ratio) | 7.4% | 1.3% | (6.1)% | | 5.4% | 7.1% | 6.3% | 0.9% | | (0.8)% | |
| Domestic | 110 | 82 | (28) | | 245 | 280 | 280 | 35 | | — | — |
| (Ratio) | 7.5% | 5.1% | (2.4)% | | 7.5% | 8.2% | 8.2% | 0.7% | | — | — |
| Overseas | 0 | 1 | 0 | | 1 | 4 | 4 | 3 | | — | — |
| (Ratio) | 7.3% | 6.7% | (0.6)% | | 11.4% | 8.0% | 8.0% | (3.4)% | | — | — |
| Gross profit | 110 | 82 | (28) | (25.5) | 246 | 284 | 284 | 38 | 15.3 | — | — |
| (Ratio) | 7.5% | 5.1% | (2.4)% | | 7.5% | 8.2% | 8.2% | 0.7% | | — | — |
| SG&A expenses | 86 | 89 | 3 | | 180 | 188 | 188 | 8 | | — | — |
| Operating profit (loss) | 25 | (6) | (31) | (126.1) | 66 | 96 | 96 | 30 | 45.0 | — | — |
| (Ratio) | 1.7% | (0.4)% | (2.1)% | | 2.0% | 2.8% | 2.8% | 0.8% | | — | — |
| Non-operating income - net | 13 | 14 | 2 | | 12 | 14 | 14 | 2 | | — | — |
| Ordinary profit | 37 | 8 | (30) | (79.6) | 79 | 110 | 110 | 31 | 39.9 | — | — |
| Extraordinary income - net | (1) | (0) | 1 | | (3) | 0 | 0 | 3 | | — | — |
| Profit before income taxes | 36 | 7 | (29) | (79.6) | 76 | 110 | 110 | 34 | 44.7 | — | — |
| Income taxes and others | 10 | 1 | (9) | | 23 | 34 | 34 | 11 | | — | — |
| Profit | 26 | 6 | (20) | (75.7) | 53 | 76 | 76 | 23 | 43.1 | — | — |