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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



November 13, 2023

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1805
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 Scheduled date of filing quarterly securities report: November 14, 2023
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	61,276	4.3	1,424	(2.8)	1,209	(11.8)	935	13.4
September 30, 2022	58,732	6.1	1,465	(10.0)	1,371	(9.6)	824	(27.5)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥1,180 million [33.8%]
 Six months ended September 30, 2022: ¥882 million [(26.4)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2023	48.87	–
September 30, 2022	43.11	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	128,289	45,768	35.7
As of March 31, 2023	128,055	45,730	35.7

(Reference) Equity: As of September 30, 2023: ¥45,752 million
 As of March 31, 2023: ¥45,719 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	—	—	60.00	60.00
Fiscal year ending March 31, 2024	—	—			
Fiscal year ending March 31, 2024 (Forecast)			—	60.00	60.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	136,000	8.0	5,100	23.0	4,300	16.9	2,700	(11.1)	141.09

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

Reference: Summary of Non-consolidated Financial Results

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

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2023	53,736	0.4	1,202	(5.1)	1,093	(12.1)	925	22.3
September 30, 2022	53,504	7.7	1,267	(9.6)	1,243	(6.7)	756	(16.9)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	48.37	—
September 30, 2022	39.56	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	113,948	43,402	38.1
As of March 31, 2023	114,526	43,383	37.9

(Reference) Equity: As of September 30, 2023: ¥43,402 million

As of March 31, 2023: ¥43,383 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	119,000	5.1	4,100	24.4	3,700	20.9	2,400	(10.8)	125.41

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

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended September 30, 2023, the Japanese economy saw positive signs with further normalization of socioeconomic activities following the reclassification of COVID-19 to Class 5, along with factors such as a recovery in inbound demand; however, conditions remained uncertain due to global circumstances including the prolonged situation in Ukraine and concerns over the Chinese economic outlook, as well as other factors such as a further depreciation of the yen. The domestic construction market continued to face difficult conditions due to persistently high prices of materials and equipment, although there were signs of a recovery in capital investment.

Under these circumstances, for the six months ended September 30, 2023, net sales were ¥61.2 billion (up 4.3% year on year), operating profit was ¥1.4 billion (down 2.8% year on year), ordinary profit was ¥1.2 billion (down 11.8% year on year), and profit attributable to owners of parent was ¥0.9 billion (up 13.4% year on year).

The Group's net sales tend to be concentrated in the second half of the fiscal year, especially in the fourth quarter, and thus there are seasonal fluctuations in its business performance.

(2) Explanation of Financial Position

As for the financial position as of September 30, 2023, assets increased by ¥0.2 billion from the end of the previous fiscal year, mainly due to an increase in notes receivable, accounts receivable from completed construction contracts and other, as well as a decline in cash and deposits. Liabilities increased by ¥0.1 billion, mainly due to an increase in borrowings, as well as decreases in notes payable, accounts payable for construction contracts and other, advances received on construction contracts in progress, deposits received, and other under current liabilities. Net assets increased by ¥37 million, mainly due to the posting of profit attributable to owners of parent and the payment of cash dividends for the fiscal year ended March 31, 2023. Accordingly, total assets amounted to ¥128.2 billion.

Equity ratio was 35.7%, the same level as the end of the previous fiscal year.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There is no change to the full-year financial results forecasts for the fiscal year ending March 31, 2024 as the Company believes that they are within the range of the forecasts announced on May 15, 2023.

If the need for revision arises in the future, we will disclose it in a timely and appropriate manner.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	20,323	15,699
Notes receivable, accounts receivable from completed construction contracts and other	60,240	65,016
Costs on construction contracts in progress	2,297	2,627
Costs on development business and other in progress	9,452	9,200
Other	8,302	7,935
Total current assets	100,615	100,479
Non-current assets		
Property, plant and equipment	18,138	17,897
Intangible assets	949	1,072
Investments and other assets		
Other	8,553	9,040
Allowance for doubtful accounts	(200)	(200)
Total investments and other assets	8,352	8,839
Total non-current assets	27,440	27,809
Total assets	128,055	128,289

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	27,176	24,107
Short-term borrowings	11,270	15,825
Advances received on construction contracts in progress	8,797	4,568
Deposits received	21,427	16,576
Provision for warranties for completed construction	518	522
Provision for loss on construction contracts	598	342
Other	4,407	2,382
Total current liabilities	74,195	64,324
Non-current liabilities		
Long-term borrowings	7,373	16,928
Provision for share awards for directors (and other officers)	60	56
Provision for retirement benefits for directors (and other officers)	7	194
Retirement benefit liability	50	54
Other	637	962
Total non-current liabilities	8,129	18,196
Total liabilities	82,325	82,521
Net assets		
Shareholders' equity		
Share capital	5,519	5,519
Capital surplus	6,236	6,235
Retained earnings	33,698	33,479
Treasury shares	(575)	(567)
Total shareholders' equity	44,878	44,667
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	644	894
Foreign currency translation adjustment	20	28
Remeasurements of defined benefit plans	176	162
Total accumulated other comprehensive income	841	1,085
Non-controlling interests	10	15
Total net assets	45,730	45,768
Total liabilities and net assets	128,055	128,289

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales		
Net sales of completed construction contracts	55,602	55,614
Net sales in development business and other	3,130	5,662
Total net sales	58,732	61,276
Cost of sales		
Cost of sales of completed construction contracts	50,169	50,271
Cost of sales in development business and other	2,590	4,794
Total cost of sales	52,759	55,066
Gross profit		
Gross profit on completed construction contracts	5,432	5,342
Gross profit on development business and other	539	867
Total gross profit	5,972	6,210
Selling, general and administrative expenses	4,507	4,786
Operating profit	1,465	1,424
Non-operating income		
Foreign exchange gains	161	110
Other	64	46
Total non-operating income	226	156
Non-operating expenses		
Interest expenses	79	111
Commission for syndicated loans	138	130
Other	102	128
Total non-operating expenses	319	370
Ordinary profit	1,371	1,209
Extraordinary income		
Gain on sale of non-current assets	6	204
Other	0	–
Total extraordinary income	6	204
Extraordinary losses		
Loss on retirement of non-current assets	0	11
Loss on valuation of investment securities	–	14
Total extraordinary losses	0	26
Profit before income taxes	1,377	1,388
Income taxes - current	533	225
Income taxes - deferred	19	227
Total income taxes	552	452
Profit	825	935
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	824	935

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	825	935
Other comprehensive income		
Valuation difference on available-for-sale securities	80	250
Foreign currency translation adjustment	13	8
Remeasurements of defined benefit plans, net of tax	(36)	(14)
Total other comprehensive income	56	244
Comprehensive income	882	1,180
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	880	1,178
Comprehensive income attributable to non-controlling interests	1	1

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

3. Supplementary Information

(1) Non-consolidated Orders Received

(Millions of yen)

Category			For the six months ended September 30, 2022	For the six months ended September 30, 2023	Changes	Percentage changes
Construction Business	Civil Engineering	Domestic public sector	15,802 [28.4%]	23,331 [41.8%]	7,528	47.6%
		Domestic private sector	8,094 [14.6%]	4,408 [7.9%]	(3,685)	(45.5)%
		Overseas	4,097 [7.3%]	606 [1.1%]	(3,491)	(85.2)%
		Total	27,995 [50.3%]	28,347 [50.8%]	351	1.3%
	Building Construction	Domestic public sector	9,604 [17.3%]	9,844 [17.6%]	240	2.5%
		Domestic private sector	16,707 [30.0%]	14,503 [26.0%]	(2,203)	(13.2)%
		Overseas	755 [1.4%]	2,552 [4.6%]	1,797	237.9%
		Total	27,067 [48.7%]	26,901 [48.2%]	(166)	(0.6)%
	Total	Domestic public sector	25,407 [45.7%]	33,176 [59.4%]	7,769	30.6%
		Domestic private sector	24,802 [44.6%]	18,912 [33.9%]	(5,889)	(23.7)%
		Overseas	4,853 [8.7%]	3,159 [5.7%]	(1,693)	(34.9)%
		Total	55,063 [99.0%]	55,248 [99.0%]	185	0.3%
Development Business, etc.			543 [1.0%]	568 [1.0%]	24	4.5%
Total			55,606 [100.0%]	55,816 [100.0%]	210	0.4%

(Note) Percentages in square brackets indicate composition ratios.

(2) Non-consolidated Orders Forecast

(Millions of yen)

Category		Fiscal year ended March 31, 2023 Full-year Results	Fiscal year ending March 31, 2024 Full-year Forecasts	Changes	Percentage changes
Construction Business	Civil Engineering	56,599	60,000	3,400	6.0%
	Building Construction	46,760	50,000	3,239	6.9%
	Total	103,360	110,000	6,639	6.4%
Development Business, etc.		1,053	1,000	(53)	(5.1)%
Total		104,414	111,000	6,585	6.3%

[Qualitative Information on Non-consolidated Orders Received and Non-consolidated Orders Forecast]

As for the non-consolidated orders received for the six months ended September 30, 2023, the Civil Engineering Business was ¥28.3 billion, up 1.3% year on year, and the Building Construction Business was ¥26.9 billion, down 0.6% year on year.

The full-year non-consolidated orders forecast remains unchanged from the beginning of the fiscal year, after careful consideration of the actual results for the six months ended September 30, 2023 and the future project situation.