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



May 15, 2024

Company name: Tobishima Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1805
 URL: <https://www.tobishima.co.jp/>
 Representative: Masahiro Norikyo, President and Representative Director
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 Scheduled date of annual general meeting of shareholders: June 27, 2024
 Scheduled date of commencing dividend payments: June 28, 2024
 Scheduled date of filing annual securities report: June 28, 2024
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Not scheduled

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

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

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

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-----------------|-----|------------------|-------|-----------------|--------|---|-------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2024 | 132,049 | 4.8 | 5,252 | 26.7 | 4,775 | 29.9 | 3,403 | 12.0 |
| March 31, 2023 | 125,941 | 7.0 | 4,146 | (9.4) | 3,677 | (12.7) | 3,038 | (5.6) |

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥4,215 million [49.8%]

Fiscal year ended March 31, 2023: ¥2,814 million [(13.2)%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------------|--------------------------|----------------------------|------------------|--|--|
| Fiscal year ended | Yen | Yen | % | % | % |
| March 31, 2024 | 177.86 | — | 7.2 | 3.4 | 4.0 |
| March 31, 2023 | 158.81 | — | 6.8 | 3.0 | 3.3 |

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

Fiscal year ended March 31, 2024: ¥(120) million

Fiscal year ended March 31, 2023: ¥(96) million

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2024 | 150,869 | 48,803 | 32.3 | 2,549.14 |
| As of March 31, 2023 | 128,055 | 45,730 | 35.7 | 2,389.71 |

(Reference) Equity: As of March 31, 2024: ¥48,787million

As of March 31, 2023: ¥45,719 million

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| March 31, 2024 | (9,992) | (1,441) | 14,912 | 23,673 |
| March 31, 2023 | 6,332 | (508) | 1,446 | 20,088 |

2. Dividends

| | Annual dividends | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|--|------------------|-----------------|-----------------|----------|-------|------------------------------|-----------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended March 31, 2023 | — | — | — | 60.00 | 60.00 | 1,153 | 37.8 | 2.6 |
| Fiscal year ended March 31, 2024 | — | — | — | 70.00 | 70.00 | 1,345 | 39.4 | 2.8 |
| Fiscal year ending March 31, 2025 (Forecast) | — | — | — | 70.00 | 70.00 | | 43.2 | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% 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 | 135,000 | 2.2 | 5,500 | 4.7 | 4,900 | 2.6 | 3,100 (8.9) | 161.97 |

* Notes:

(1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: — (), Excluded: — ()

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2024: 19,310,436 shares

March 31, 2023: 19,310,436 shares

2) Total number of treasury shares at the end of the period:

March 31, 2024: 171,520 shares

March 31, 2023: 178,470 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2024: 19,136,861 shares

Fiscal year ended March 31, 2023: 19,131,538 shares

Note: The number of treasury shares at the end of the period and the number of treasury shares deducted in the calculation of the average number of shares during the period include the Company's shares held by the Board Benefit Trust (BBT).

Reference: Summary of Non-consolidated Financial Results

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

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

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

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-----------------|-----|------------------|--------|-----------------|--------|-----------------|-------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2024 | 115,780 | 2.2 | 4,237 | 28.6 | 3,989 | 30.4 | 2,982 | 10.8 |
| March 31, 2023 | 113,248 | 7.1 | 3,295 | (13.9) | 3,059 | (13.7) | 2,691 | (1.3) |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| March 31, 2024 | 155.87 | — |
| March 31, 2023 | 140.69 | — |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2024 | 133,161 | 45,538 | 34.2 | 2,379.36 |
| As of March 31, 2023 | 114,526 | 43,383 | 37.9 | 2,267.57 |

(Reference) Equity: As of March 31, 2024: ¥45,538 million

As of March 31, 2023: ¥43,383 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | | Basic earnings per share |
|-----------|-----------------|-----|------------------|-------|-----------------|-------|-----------------|--------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 116,000 | 0.2 | 4,200 | (0.9) | 3,900 | (2.2) | 2,500 | (16.2) | 130.62 |

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

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

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

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2024, the Japanese economy saw positive signs with further normalization of socioeconomic activities following the end of the prolonged impact of the COVID-19 pandemic, along with factors such as the Nikkei Stock Average surpassing its pre-Heisei (late 1980s) bubble peak; however, the economic recovery appeared to have stalled due to global circumstances including the prolonged situation in Ukraine and the Middle East and concerns over the Chinese economic outlook, as well as other factors such as a further depreciation of the yen.

The domestic construction market remained relatively firm as construction investment showed an upward trend compared to the previous year, despite continued increases in labor, materials and equipment prices.

Under these circumstances, for the fiscal year ended March 31, 2024, net sales were ¥132.0 billion (up 4.8% year on year), operating profit was ¥5.2 billion (up 26.7% year on year), ordinary profit was ¥4.7 billion (up 29.9% year on year), and profit attributable to owners of parent was ¥3.4 billion (up 12.0% year on year).

By reportable segment, in the Civil Engineering Business, owing mainly to steady progress made on construction projects, net sales of completed construction contracts were ¥68.0 billion (up 3.7% year on year), and segment income was ¥5.4 billion (up 10.5% year on year). In the Building Construction Business, owing mainly to steady progress made on construction projects, net sales of completed construction contracts were ¥53.1 billion (up 2.6 % year on year), and segment income was ¥2.6 billion (up 87.6 % year on year). In the Development Business, etc., net sales were ¥10.8 billion (up 27.3% year on year), and segment income was ¥0.6 billion (up 31.7% year on year).

In addition, the Company's non-consolidated business performance was as follows.

In terms of orders received, the Civil Engineering Business amounted to ¥54.7 billion (down 3.3% year on year), and the Building Construction Business stood at ¥55.4 billion (up 18.5 % year on year). In addition to this was ¥1.2 billion in the Development Business, etc., for total orders received of ¥111.3 billion.

Net sales of completed construction contracts amounted to ¥114.5 billion (up 2.1% year on year). In addition to this was net sales in development business and other of ¥1.2 billion, for total net sales of ¥115.7 billion.

(2) Overview of Financial Position for the Fiscal Year under Review

In the consolidated balance sheets for the current fiscal year, assets increased by ¥22.8 billion from the end of the previous fiscal year, mainly due to increases in cash and deposits, notes receivable, accounts receivable from completed construction contracts and other, other under current assets, and retirement benefit asset. Liabilities increased by ¥19.7 billion, mainly due to increases in notes payable, accounts payable for construction contracts and other, deposits received, and borrowings, as well as a decline in other under current liabilities. Net assets increased by ¥3.0 billion, mainly due to the posting of profit attributable to owners of parent. Accordingly, total assets amounted to ¥150.8 billion.

Equity ratio was 32.3%, down 3.4 percentage points from the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

Net cash used by operating activities was ¥9.9 billion (net cash of ¥6.3 billion provided in the previous fiscal year) mainly due to the posting of profit before income taxes, an increase in trade receivables, an increase in consumption taxes refund receivable, an increase in trade payables, and an increase in deposits received, as well as a decrease in real estate for sale and a decrease in accrued consumption taxes. Net cash used in investing activities was ¥1.4 billion (net cash of ¥0.5 billion used in the previous fiscal year) mainly due to purchase of property, plant and equipment. Net cash provided by financing activities amounted to ¥14.9 billion (net cash of ¥1.4 billion provided in the previous fiscal year) mainly due to net increase in short-term borrowings, proceeds from long-term borrowings, repayments of long-term borrowings, and dividends paid.

As a result, cash and cash equivalents at the end of the fiscal year under review increased by ¥3.5 billion to ¥23.6 billion (up 17.8% year on year).

(4) Future Outlook

In the outlook for the Japanese economy, concerns have arisen about the impact on the economy from factors such as the unstable international situation caused by geopolitical risk and persistently high energy costs. With regard to the domestic construction market, we anticipate continued strength supported by the promotion of measures for national resilience on the back of responses to earthquakes and other natural disasters. However, it is necessary to monitor the impact on companies' willingness to invest from factors such as the rise in construction costs and the end of negative interest rates. In addition, addressing challenges related to the shortage of skilled workers and regulations on overtime work limits is required.

Under these conditions, we have newly formulated the Medium- to Long-Term Management Vision consisting of "Brand Narrative," "Core Values," and "Goals" in order to achieve sustainable growth and enhance corporate value of the Group. With the vision as our flagship, we aim to evolve from our previous identity as a "Construction company that builds and maintains infrastructure with construction technology" to a "Construction company that creates and nurtures the construction industry through innovation."



In light of the above, in the next fiscal year we project operating results of net sales of ¥135.0 billion, operating profit of ¥5.5 billion, ordinary profit of ¥4.9 billion, and profit attributable to owners of parent of ¥3.1 billion.

2. Basic Policy on Selection of Accounting Standards

The Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP, for the time being, taking into consideration the comparability of the consolidated financial statements from period to period and the comparability among companies.

With regard to the adoption of International Financial Reporting Standards (IFRS), the Company will appropriately consider its policy in light of various conditions in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,323 | 24,074 |
| Notes receivable, accounts receivable from completed construction contracts and other | *1 60,240 | *1 76,324 |
| Real estate for sale | 2,321 | 615 |
| Costs on construction contracts in progress | *2 2,297 | *2 1,589 |
| Costs on development business and other in progress | *3 9,452 | *3 8,805 |
| Other | *4 5,980 | *4 9,827 |
| Total current assets | 100,615 | 121,237 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 18,436 | *5 19,293 |
| Machinery, vehicles, tools, furniture and fixtures | 3,863 | 3,843 |
| Land | 7,834 | 7,621 |
| Leased assets | 136 | 138 |
| Construction in progress | 104 | 181 |
| Accumulated depreciation | (12,237) | (12,785) |
| Total property, plant and equipment | 18,138 | 18,294 |
| Intangible assets | 949 | 1,465 |
| Investments and other assets | | |
| Investment securities | *6 4,442 | *6 4,762 |
| Retirement benefit asset | 2,179 | 3,382 |
| Other | *7 1,931 | *7 1,927 |
| Allowance for doubtful accounts | (200) | (200) |
| Total investments and other assets | 8,352 | 9,871 |
| Total non-current assets | 27,440 | 29,631 |
| Total assets | 128,055 | 150,869 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | *8 27,176 | *8 28,592 |
| Short-term borrowings | *9 11,270 | *9 18,359 |
| Advances received on construction contracts in progress | 8,797 | 8,476 |
| Deposits received | 21,427 | 25,097 |
| Provision for warranties for completed construction | 518 | 208 |
| Provision for loss on construction contracts | *10 598 | *10 191 |
| Other | 4,407 | 2,911 |
| Total current liabilities | 74,195 | 83,838 |
| Non-current liabilities | | |
| Long-term borrowings | *11 7,373 | *11 16,487 |
| Provision for share awards for directors (and other officers) | 60 | 67 |
| Provision for retirement benefits for directors (and other officers) | 7 | 194 |
| Retirement benefit liability | 50 | 57 |
| Other | 637 | 1,420 |
| Total non-current liabilities | 8,129 | 18,228 |
| Total liabilities | 82,325 | 102,066 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,519 | 5,519 |
| Capital surplus | 6,236 | 6,235 |
| Retained earnings | 33,698 | 35,948 |
| Treasury shares | (575) | (567) |
| Total shareholders' equity | 44,878 | 47,135 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 644 | 976 |
| Foreign currency translation adjustment | 20 | 28 |
| Remeasurements of defined benefit plans | 176 | 646 |
| Total accumulated other comprehensive income | 841 | 1,651 |
| Non-controlling interests | 10 | 15 |
| Total net assets | 45,730 | 48,803 |
| Total liabilities and net assets | 128,055 | 150,869 |

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

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Net sales | | |
| Net sales of completed construction contracts | 117,436 | 121,218 |
| Net sales in development business and other | 8,505 | 10,830 |
| Total net sales | *1 125,941 | *1 132,049 |
| Cost of sales | | |
| Cost of sales of completed construction contracts | *2 105,358 | *2 108,003 |
| Cost of sales in development business and other | 6,979 | 9,006 |
| Total cost of sales | 112,337 | 117,010 |
| Gross profit | | |
| Gross profit on completed construction contracts | 12,077 | 13,214 |
| Gross profit on development business and other | 1,526 | 1,824 |
| Total gross profit | 13,604 | 15,039 |
| Selling, general and administrative expenses | *3 9,457 | *3 9,786 |
| Operating profit | 4,146 | 5,252 |
| Non-operating income | | |
| Interest income | 1 | 2 |
| Dividend income | 26 | 38 |
| Foreign exchange gains | 115 | 122 |
| Other | 66 | 41 |
| Total non-operating income | 210 | 204 |
| Non-operating expenses | | |
| Interest expenses | 228 | 288 |
| Share of loss of entities accounted for using equity method | 96 | 120 |
| Commission for syndicated loans | 163 | 156 |
| Other | 191 | 116 |
| Total non-operating expenses | 679 | 681 |
| Ordinary profit | 3,677 | 4,775 |
| Extraordinary income | | |
| Gain on sale of non-current assets | *4 128 | *4 215 |
| Other | 0 | 10 |
| Total extraordinary income | 129 | 226 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | *5 53 | — |
| Loss on retirement of non-current assets | *6 75 | *6 20 |
| Loss on valuation of investment securities | — | 16 |
| Other | 6 | 0 |
| Total extraordinary losses | 135 | 37 |
| Profit before income taxes | 3,671 | 4,964 |
| Income taxes - current | 607 | 1,128 |
| Income taxes - deferred | 24 | 430 |
| Total income taxes | 632 | 1,559 |
| Profit | 3,038 | 3,404 |
| Profit attributable to non-controlling interests | 0 | 0 |
| Profit attributable to owners of parent | 3,038 | 3,403 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Profit | 3,038 | 3,404 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 13 | 332 |
| Foreign currency translation adjustment | 14 | 9 |
| Remeasurements of defined benefit plans, net of tax | (251) | 469 |
| Total other comprehensive income | (223) | 811 |
| Comprehensive income | 2,814 | 4,215 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,813 | 4,214 |
| Comprehensive income attributable to non-controlling interests | 1 | 1 |

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

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 5,519 | 6,237 | 31,621 | (580) | 42,797 |
| Changes during period | | | | | |
| Dividends of surplus | | | (961) | | (961) |
| Profit attributable to owners of parent | | | 3,038 | | 3,038 |
| Disposal of treasury shares | | (0) | | 8 | 7 |
| Purchase of treasury shares | | | | (3) | (3) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | — | (0) | 2,076 | 4 | 2,080 |
| Balance at end of period | 5,519 | 6,236 | 33,698 | (575) | 44,878 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | 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 | 630 | 7 | 428 | 1,066 | 8 | 43,872 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (961) |
| Profit attributable to owners of parent | | | | | | 3,038 |
| Disposal of treasury shares | | | | | | 7 |
| Purchase of treasury shares | | | | | | (3) |
| Net changes in items other than shareholders' equity | 13 | 12 | (251) | (225) | 1 | (223) |
| Total changes during period | 13 | 12 | (251) | (225) | 1 | 1,857 |
| Balance at end of period | 644 | 20 | 176 | 841 | 10 | 45,730 |

For the fiscal year ended March 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 5,519 | 6,236 | 33,698 | (575) | 44,878 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,153) | | (1,153) |
| Profit attributable to owners of parent | | | 3,403 | | 3,403 |
| Disposal of treasury shares | | (1) | | 11 | 10 |
| Purchase of treasury shares | | | | (3) | (3) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | — | (1) | 2,249 | 8 | 2,257 |
| Balance at end of period | 5,519 | 6,235 | 35,948 | (567) | 47,135 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | 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 | 644 | 20 | 176 | 841 | 10 | 45,730 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (1,153) |
| Profit attributable to owners of parent | | | | | | 3,403 |
| Disposal of treasury shares | | | | | | 10 |
| Purchase of treasury shares | | | | | | (3) |
| Net changes in items other than shareholders' equity | 332 | 8 | 469 | 810 | 5 | 815 |
| Total changes during period | 332 | 8 | 469 | 810 | 5 | 3,072 |
| Balance at end of period | 976 | 28 | 646 | 1,651 | 15 | 48,803 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,671 | 4,964 |
| Depreciation | 941 | 992 |
| Amortization of goodwill | 127 | 95 |
| Increase (decrease) in allowance for doubtful accounts | (6) | — |
| Increase (decrease) in provision for warranties for completed construction | 101 | (309) |
| Increase (decrease) in provision for loss on construction contracts | 432 | (407) |
| Increase (decrease) in retirement benefit liability | 7 | 7 |
| Decrease (increase) in retirement benefit asset | (599) | (525) |
| Interest and dividend income | (28) | (41) |
| Interest expenses | 228 | 288 |
| Foreign exchange losses (gains) | (54) | (97) |
| Compensation for pneumoconiosis damages | — | 2 |
| Loss (gain) on sale of investment securities | (0) | (0) |
| Loss (gain) on valuation of investment securities | — | 16 |
| Loss (gain) on investments in investment partnerships | (16) | 0 |
| Share of loss (profit) of entities accounted for using equity method | 96 | 120 |
| Loss (gain) on sale of property, plant and equipment | (34) | (214) |
| Decrease (increase) in trade receivables | (3,106) | (15,914) |
| Decrease (increase) in real estate for sale | (1,706) | 1,705 |
| Decrease (increase) in costs on construction contracts in progress | (119) | 767 |
| Decrease (increase) in costs on development business and other in progress | (2,745) | 646 |
| Decrease (increase) in consumption taxes refund receivable | 938 | (3,525) |
| Decrease (increase) in accounts receivable - other | 351 | (257) |
| Decrease (increase) in other assets | 32 | 65 |
| Increase (decrease) in trade payables | 884 | 1,261 |
| Increase (decrease) in advances received on construction contracts in progress | 3,370 | (320) |
| Increase (decrease) in advances received on development business and other in progress | 12 | (281) |
| Increase (decrease) in deposits received | 2,350 | 3,669 |
| Increase (decrease) in accrued consumption taxes | 1,955 | (1,857) |
| Increase (decrease) in other liabilities | (63) | 139 |
| Other, net | 64 | 31 |
| Subtotal | 7,084 | (8,979) |
| Interest and dividends received | 29 | 44 |
| Interest paid | (236) | (283) |
| Compensation for pneumoconiosis damages paid | — | (35) |
| Income taxes paid | (544) | (738) |
| Net cash provided by (used in) operating activities | 6,332 | (9,992) |

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Cash flows from investing activities | | |
| Proceeds from redemption of securities | 33 | — |
| Purchase of property, plant and equipment | (538) | (1,173) |
| Proceeds from sale of property, plant and equipment | 635 | 476 |
| Purchase of intangible assets | (158) | (713) |
| Purchase of investment securities | (538) | (5) |
| Proceeds from sale of investment securities | 9 | 28 |
| Proceeds from distributions from investment partnerships | 117 | 15 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | — | (79) |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | — | 6 |
| Loan advances | (1) | (11) |
| Proceeds from collection of loans receivable | 6 | 8 |
| Other, net | (75) | 5 |
| Net cash provided by (used in) investing activities | (508) | (1,441) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | — | 15,850 |
| Proceeds from long-term borrowings | 6,444 | 12,721 |
| Repayments of long-term borrowings | (3,996) | (12,483) |
| Dividends paid | (961) | (1,153) |
| Other, net | (40) | (21) |
| Net cash provided by (used in) financing activities | 1,446 | 14,912 |
| Effect of exchange rate change on cash and cash equivalents | 68 | 106 |
| Net increase (decrease) in cash and cash equivalents | 7,339 | 3,584 |
| Cash and cash equivalents at beginning of period | 12,749 | 20,088 |
| Cash and cash equivalents at end of period | 20,088 | 23,673 |

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Additional information)

(Summary of performance-linked share-based remuneration plan for directors)

1. Transaction summary

The Company introduced a performance-linked share-based remuneration plan, or BBT (“Board Benefit Trust”), for directors (excluding outside directors) from fiscal 2019. The plan further clarifies the link between remuneration of directors, the Company’s performance and prices of the Company’s shares for the purpose of heightening awareness about the improvement in medium to long-term business performance and contribution to increased corporate value from such performance by sharing not only the benefits of rising stock prices between directors and the shareholders but also the risk of falling stock prices.

The Plan is a performance-linked share-based remuneration plan in which the trust will acquire the Company’s shares using money contributed by the Company as the source of funds and directors are provided with the Company’s shares and cash equivalent to the market value of the Company’s shares through the Trust in accordance with the performance-linked share-based remuneration system established by the Company. As a general rule, directors shall be entitled to receive the Company’s shares at the time of retirement.

2. Shares of the Company remaining in the Trust

The Company’s shares remaining in the trust are included as treasury shares in net assets based on the book value of the trust (excluding the amount of incidental expenses). The book value of the concerned treasury shares is ¥108 million with the number of shares of 96 thousand for the previous fiscal year, and ¥98 million with the number of shares of 87 thousand for the current fiscal year.

(Notes to consolidated balance sheets)

- 1 *1: In notes receivable, accounts receivable from completed construction contracts and other, the amounts of receivables and contract assets arising from contracts with customers are as follows:

| | Previous fiscal year (As of March 31, 2023) | Current fiscal year (As of March 31, 2024) |
|---|--|---|
| Notes receivable, electronically recorded monetary claims | ¥1,096 million | ¥496 million |
| Accounts receivable from completed construction contracts and other | 18,698 | 20,262 |
| Contract assets | 39,782 | 55,511 |

- 2 *6: In this figure, the amounts pertaining to non-consolidated subsidiaries are as follows:

| | Previous fiscal year (As of March 31, 2023) | Current fiscal year (As of March 31, 2024) |
|--|--|---|
| Investment securities (stock) | ¥393 million | ¥273 million |
| (Amount of investments in jointly controlled entities) | (393) | (273) |

3 Assets pledged as collateral

(1) The assets pledged as collateral are as follows:

| | Previous fiscal year (As of March 31, 2023) | Current fiscal year (As of March 31, 2024) |
|--|--|---|
| *3 Costs on development business and other in progress | ¥7,039 million | ¥7,846 million |
| *5 Buildings and structures | — | 455 |
| Total | 7,039 | 8,302 |

The debts related to the above collateral are as follows:

| | Previous fiscal year (As of March 31, 2023) | Current fiscal year (As of March 31, 2024) |
|--------------------------|--|---|
| *9 Short-term borrowings | ¥471 million | ¥1,656 million |
| *11 Long-term borrowings | 5,960 | 5,329 |
| Total | 6,431 | 6,986 |

(2) The Company has pledged the following assets as collateral for guarantee money for operations:

| | Previous fiscal year (As of March 31, 2023) | Current fiscal year (As of March 31, 2024) |
|--|--|---|
| *4 Marketable securities | ¥3 million | ¥6 million |
| *6 Investment securities | 77 | 64 |
| *7 Investments and other assets “Other” (Long-term guarantee money) | 207 | 210 |
| Total | 288 | 281 |

- 4 *2, *10: With respect to construction contracts that are expected to result in losses, both the costs on construction contracts in progress and the provision for loss on construction contracts have been presented in full without being offset. Costs on construction contracts in progress related to provisions for loss on construction contracts are as follows:

| | Previous fiscal year (As of March 31, 2023) | Current fiscal year (As of March 31, 2024) |
|--|--|---|
| | ¥51 million | ¥42 million |

5 *9, *11: Syndicated term loan agreements

Previous fiscal year (as of March 31, 2023):

The Company has signed syndicated term loan agreements with financial institutions (total amount: ¥10,000 million), with the following restrictive financial covenants attached:

- The Company must maintain the amount of net assets in the consolidated balance sheet at the end of each fiscal year's closing date more than 75% of the amount of net assets on the consolidated balance sheet as of the end of the fiscal year ended March 2020, and more than 75% of the amount of net assets in the consolidated balance sheet as of the end of the previous fiscal year;
- The Company must maintain the amount of net assets in the non-consolidated balance sheet at the end of each fiscal year's closing date more than 75% of the amount of net assets on the non-consolidated balance sheet as of the end of the fiscal year ended March 2020, and more than 75% of the amount of net assets in the non-consolidated balance sheet as of the end of the previous fiscal year;
- The Company must avoid reporting ordinary loss in the consolidated statement of income presented at the end of each fiscal year for two consecutive years;
- The Company must avoid reporting ordinary loss in the non-consolidated statement of income presented at the end of each fiscal year for two consecutive years.

Current fiscal year (as of March 31, 2024):

The Company has signed syndicated term loan agreements with financial institutions (total amount: ¥10,000 million), with the following restrictive financial covenants attached:

- (a) The Company must maintain the amount of net assets in the consolidated balance sheet at the end of each fiscal year's closing date more than 75% of the amount of net assets on the consolidated balance sheet as of the end of the fiscal year ended March 2023, and more than 75% of the amount of net assets in the consolidated balance sheet as of the end of the previous fiscal year;
- (b) The Company must maintain the amount of net assets in the non-consolidated balance sheet at the end of each fiscal year's closing date more than 75% of the amount of net assets on the non-consolidated balance sheet as of the end of the fiscal year ended March 2023, and more than 75% of the amount of net assets in the non-consolidated balance sheet as of the end of the previous fiscal year;
- (c) The Company must avoid reporting ordinary loss in the consolidated statement of income presented at the end of each fiscal year for two consecutive years;
- (d) The Company must avoid reporting ordinary loss in the non-consolidated statement of income presented at the end of each fiscal year for two consecutive years.

- 6 The Company has entered into commitment line agreements to make flexible and stable procurement of working capital. Contract maximum amounts and borrowing execution balances at the end of consolidated fiscal years are as follows:

| | Previous fiscal year (As of March 31, 2023) | Current fiscal year (As of March 31, 2024) |
|-----------------------------|--|---|
| Contract maximum amount | ¥10,000 million | ¥10,000 million |
| Borrowing execution balance | — | — |
| Deducted amount | 10,000 | 10,000 |

- 7 *9: The Company has entered into syndicated revolving line of credit agreements with 10 correspondent banks for the purpose of flexible and stable procurement of working capital. The following table shows the maximum contract amount and the balance of executed loans at the end of the previous fiscal year and at the end of the current fiscal year.

| | Previous fiscal year (As of March 31, 2023) | Current fiscal year (As of March 31, 2024) |
|-----------------------------|--|---|
| Contract maximum amount | ¥15,000 million | ¥15,000 million |
| Borrowing execution balance | — | 15,000 |
| Deducted amount | 15,000 | — |

- 8 For the accounting method for bills and notes that mature on the last day of the fiscal year, those bills and notes are processed as settled on the clearing date or the settlement date. Since the last day of the current fiscal year was a bank holiday, the following bills and notes have been included in the balance at the end of the current fiscal year.

| | Previous fiscal year (As of March 31, 2023) | Current fiscal year (As of March 31, 2024) |
|---|--|---|
| *1 Electronically recorded monetary claims - operating | ¥— million | ¥2 million |
| *8 Notes payable - trade | — | 21 |
| *8 Electronically recorded obligations - operating | — | 37 |

(Notes to consolidated statements of income)

- 1 *1: Revenue from contracts with customers

Revenues are not separately presented for revenues arising from contracts with customers and other revenues. The amount of revenue arising from contracts with customers is presented in “Notes (Segment information, etc.)” to the consolidated financial statements.

- 2 *2: Liabilities for loss on construction contracts included in “Cost of sales of completed construction contracts” are as follows:

| Previous fiscal year (from April 1, 2022 to March 31, 2023) | Current fiscal year (from April 1, 2023 to March 31, 2024) |
|--|---|
| ¥480 million | ¥131 million |

- 3 *3: Major expense items and amounts are as follows:

| | Previous fiscal year (from April 1, 2022 to March 31, 2023) | Current fiscal year (from April 1, 2023 to March 31, 2024) |
|---|---|--|
| Provision for share-based remuneration for directors (and other officers) | ¥22 million | ¥22 million |
| Employee salaries | 3,799 | 3,859 |
| Retirement benefit costs | 58 | 61 |
| Provision for retirement benefits for directors (and other officers) | 5 | 4 |
| Research and development expenses | 994 | 900 |

- 4 *3: R&D expenses included in “Selling, general and administrative expenses” are as follows:

| Previous fiscal year (from April 1, 2022 to March 31, 2023) | Current fiscal year (from April 1, 2023 to March 31, 2024) |
|--|---|
| ¥994 million | ¥900 million |

- 5 *4: The breakdown of gain on sale of non-current assets is as follows:

| | Previous fiscal year (from April 1, 2022 to March 31, 2023) | Current fiscal year (from April 1, 2023 to March 31, 2024) |
|--------|--|---|
| Land | ¥73 million | ¥201 million |
| Others | 55 | 14 |
| Total | 128 | 215 |

- 6 *5: The breakdown of loss on sale of non-current assets is as follows:

| | Previous fiscal year (from April 1, 2022 to March 31, 2023) | Current fiscal year (from April 1, 2023 to March 31, 2024) |
|-----------|--|---|
| Buildings | ¥53 million | ¥– million |
| Total | 53 | – |

- 7 *6: The breakdown of loss on retirement of non-current assets is as follows:

| | Previous fiscal year (from April 1, 2022 to March 31, 2023) | Current fiscal year (from April 1, 2023 to March 31, 2024) |
|------------|--|---|
| Buildings | ¥74 million | ¥14 million |
| Structures | 0 | 3 |
| Others | 1 | 2 |
| Total | 75 | 20 |

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Group are constituent units of the Group for which separate financial information can be obtained and regularly examined by the Board of Directors to determine the allocation of management resources and evaluate business performance.

The Group is engaged in operations consisting primarily of businesses related to construction work in general centered on civil engineering and architecture, and additional general businesses related to real estate owned by the Group.

The Group is therefore composed of segments related to these businesses, and reports on the following segments: Civil Engineering Business, Building Construction Business and Development Business, etc.

The Civil Engineering Business involves performing civil engineering work and other contingent businesses and the Building Construction Business involves performing construction work and other contingent businesses. The Development Business, etc. involves real estate development, housing sales, real estate leasing, and other businesses that do not belong to either the Civil Engineering Business or the Building Construction Business.

2. Methods of measurement for the amounts of sales, income/loss, assets, and other items for each reportable segment

The accounting policies of each reportable segment are generally the same as those used in the preparation of the consolidated financial statements.

Income reported for the segments are figures based on operating profit.

Figures for intersegment sales and transactions are based on current market values.

3. Information relating to net sales, profit and loss, assets, and other items by reportable segment and information on disaggregation of revenue

Previous fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Civil Engineering Business | Building Construction Business | Development Business, etc. | Total | Adjusted amount (Note 1) | Consolidated (Note 2) |
|---|----------------------------|--------------------------------|----------------------------|---------|--------------------------|-----------------------|
| Net sales | | | | | | |
| Public sector | 46,175 | 12,167 | 39 | 58,382 | — | 58,382 |
| Private sector | 19,449 | 39,643 | 7,427 | 66,520 | — | 66,520 |
| Revenue from contracts with customers | 65,625 | 51,810 | 7,467 | 124,903 | — | 124,903 |
| Other revenue | — | — | 1,038 | 1,038 | — | 1,038 |
| Sales to third parties | 65,625 | 51,810 | 8,505 | 125,941 | — | 125,941 |
| Intersegment sales and transactions | 33 | 242 | 234 | 510 | (510) | — |
| Total | 65,658 | 52,053 | 8,740 | 126,452 | (510) | 125,941 |
| Segment income | 4,945 | 1,429 | 502 | 6,878 | (2,731) | 4,146 |
| Segment assets | 70,108 | 29,209 | 28,324 | 127,642 | 413 | 128,055 |
| Other items | | | | | | |
| Depreciation | 259 | 157 | 523 | 941 | — | 941 |
| Increase in property, plant and equipment and intangible assets | 341 | 282 | 170 | 794 | — | 794 |

Notes 1. Amounts have been adjusted as follows:

- (1) Adjusted amount of ¥(2,731) million under “Segment income” includes ¥(23) million in elimination of intersegment transactions and ¥(2,707) million in total corporate operating expenses that are not allocated to the reportable segments. Total corporate operating expenses are selling, general and administrative expenses not attributable to the reportable segments.
- (2) Adjusted amount of ¥413 million under “Segment assets” includes ¥982 million in total corporate assets that are not allocated to the reportable segments and ¥(569) million in inter-segment eliminations. Total corporate assets primarily comprise assets related to surplus operational funds (deposits) and assets related to the administrative departments of the Group.
2. Adjustments have been made between “Segment income” and “Operating profit” in the consolidated statements of income.

Current fiscal year (April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Civil Engineering Business | Building Construction Business | Development Business, etc. | Total | Adjusted amount (Note 1) | Consolidated (Note 2) |
|---|----------------------------------|--------------------------------------|-------------------------------|---------|--------------------------------|--------------------------|
| Net sales | | | | | | |
| Public sector | 48,176 | 11,427 | 35 | 59,639 | — | 59,639 |
| Private sector | 19,885 | 41,728 | 9,788 | 71,401 | — | 71,401 |
| Revenue from contracts with customers | 68,062 | 53,155 | 9,823 | 131,041 | — | 131,041 |
| Other revenue | — | — | 1,007 | 1,007 | — | 1,007 |
| Sales to third parties | 68,062 | 53,155 | 10,830 | 132,049 | — | 132,049 |
| Intersegment sales and transactions | 8 | — | 242 | 251 | (251) | — |
| Total | 68,070 | 53,155 | 11,073 | 132,300 | (251) | 132,049 |
| Segment income | 5,466 | 2,680 | 662 | 8,809 | (3,557) | 5,252 |
| Segment assets | 87,017 | 36,354 | 27,090 | 150,461 | 407 | 150,869 |
| Other items | | | | | | |
| Depreciation | 289 | 174 | 528 | 992 | — | 992 |
| Investments in equity- method affiliates | — | — | 273 | 273 | — | 273 |
| Increase in property, plant and equipment and intangible assets | 540 | 439 | 943 | 1,924 | — | 1,924 |

Notes 1. Amounts have been adjusted as follows:

- (1) Adjusted amount of ¥(3,557) million under “Segment income” includes ¥8 million in elimination of intersegment transactions and ¥(3,565) million in total corporate operating expenses that are not allocated to the reportable segments. Total corporate operating expenses are selling, general and administrative expenses not attributable to the reportable segments.
- (2) Adjusted amount of ¥407 million under “Segment assets” includes ¥498 million in total corporate assets that are not allocated to the reportable segments and ¥(91) million in inter-segment eliminations. Total corporate assets primarily comprise assets related to surplus operational funds (deposits) and assets related to the administrative departments of the Group.
2. Adjustments have been made between “Segment income” and “Operating profit” in the consolidated statements of income.

[Related Information]

Previous fiscal year (from April 1, 2022 to March 31, 2023)

1. Information by product and service

Omitted since similar information is presented in Segment information.

2. Information by geographical representation

(1) Net sales

Omitted since net sales in Japan account for more than 90% of net sales presented in the consolidated statements of income.

(2) Property, plant and equipment

Omitted since the monetary value of property, plant and equipment located in Japan accounts for more than 90% of the monetary value of property, plant and equipment presented in the consolidated balance sheets.

3. Information by major client

Omitted since there are no external clients that account for 10% or more of net sales in the consolidated statements of income.

Current fiscal year (from April 1, 2023 to March 31, 2024)

1. Information by product and service

Omitted since similar information is presented in Segment information.

2. Information by geographical representation

(1) Net sales

Omitted since net sales in Japan account for more than 90% of net sales presented in the consolidated statements of income.

(2) Property, plant and equipment

Omitted since the monetary value of property, plant and equipment located in Japan accounts for more than 90% of the monetary value of property, plant and equipment presented in the consolidated balance sheets.

3. Information by major client

Omitted since there are no external clients that account for 10% or more of net sales in the consolidated statements of income.

[Information on Impairment Losses on Fixed Assets by Reportable Segment]

Previous fiscal year (from April 1, 2022 to March 31, 2023)

Not applicable.

Current fiscal year (from April 1, 2023 to March 31, 2024)

Not applicable.

[Information on Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment]

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Civil Engineering Business | Building Construction Business | Development Business, etc. | Total | Eliminations | Total |
|--------------|----------------------------------|--------------------------------------|-------------------------------|-------|--------------|-------|
| Amortization | 44 | 0 | 82 | 127 | — | 127 |
| Balance | — | — | 190 | 190 | — | 190 |

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Civil Engineering Business | Building Construction Business | Development Business, etc. | Total | Eliminations | Total |
|--------------|----------------------------|--------------------------------|----------------------------|-------|--------------|-------|
| Amortization | 13 | — | 82 | 95 | — | 95 |
| Balance | 19 | — | 108 | 127 | — | 127 |

[Information on Gain on Negative Goodwill by Reportable Segment]

Previous fiscal year (from April 1, 2022 to March 31, 2023)

Not applicable.

Current fiscal year (from April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

| | Previous fiscal year (from April 1, 2022 to March 31, 2023) | Current fiscal year (from April 1, 2023 to March 31, 2024) |
|--------------------------|--|---|
| Net assets per share | ¥2,389.71 | ¥2,549.14 |
| Basic earnings per share | ¥158.81 | ¥177.86 |

Notes 1. Diluted earnings per share are not shown because there were no potentially dilutive shares outstanding

2. The basis for calculating basic earnings per share is as follows:

| | Previous fiscal year (from April 1, 2022 to March 31, 2023) | Current fiscal year (from April 1, 2023 to March 31, 2024) |
|---|--|---|
| Profit attributable to owners of parent (Millions of yen) | 3,038 | 3,403 |
| Amount not attributable to common shareholders (Millions of yen) | — | — |
| Profit attributable to owners of parent relating to common shares (Millions of yen) | 3,038 | 3,403 |
| Average number of common shares outstanding during the period (Shares) | 19,131 | 19,136 |

In order to calculate basic earnings per share for the period, the number of shares held by Board Benefit Trust (BBT) are included in treasury shares, which are subtracted in calculating the average number of common shares outstanding during the period.

The average number of treasury shares was 178 thousand during the previous fiscal year, and 173 thousand during the current fiscal year. In these, the average number held by BBT was 98 thousand during the previous fiscal year, and 90 thousand during the current fiscal year.

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

| | Previous fiscal year (As of March 31, 2023) | Current fiscal year (As of March 31, 2024) |
|--|--|---|
| Total net assets (Millions of yen) | 45,730 | 48,803 |
| Deduction from net assets (Millions of yen) | 10 | 15 |
| [Non-controlling interests (Millions of yen)] | [10] | [15] |
| Term-end amount allocated to common shares (Millions of yen) | 45,719 | 48,787 |
| Number of common shares used to calculate net assets per share (1,000 shares) | 19,131 | 19,138 |

In order to calculate net assets per share at the end of the period, the number of shares held by Board Benefit Trust (BBT) are included in treasury shares, which are subtracted from the number of outstanding common shares at the end of the period.

The number of treasury shares at the end of the period was 178 thousand for the previous fiscal year, and 171 thousand for the current fiscal year. In these, the number held by BBT at the end of the period was 96 thousand for the previous fiscal year, and 87 thousand for the current fiscal year.

(Significant subsequent events)

Not applicable.

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 18,625 | 19,666 |
| Electronically recorded monetary claims - operating | 1,052 | 258 |
| Accounts receivable from completed construction contracts | 57,789 | 73,407 |
| Securities | 3 | 6 |
| Real estate for sale | 160 | 185 |
| Costs on construction contracts in progress | 2,147 | 1,347 |
| Other | 7,660 | 10,115 |
| Total current assets | 87,439 | 104,987 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 15,320 | 15,702 |
| Accumulated depreciation | (7,843) | (8,273) |
| Buildings, net | 7,477 | 7,428 |
| Structures | 610 | 563 |
| Accumulated depreciation | (324) | (271) |
| Structures, net | 285 | 291 |
| Machinery and equipment | 1,542 | 1,306 |
| Accumulated depreciation | (983) | (818) |
| Machinery and equipment, net | 559 | 487 |
| Vehicles | 128 | 135 |
| Accumulated depreciation | (92) | (109) |
| Vehicles, net | 36 | 25 |
| Tools, furniture and fixtures | 846 | 873 |
| Accumulated depreciation | (737) | (734) |
| Tools, furniture and fixtures, net | 108 | 138 |
| Land | 6,293 | 6,039 |
| Leased assets | 59 | 50 |
| Accumulated depreciation | (38) | (29) |
| Leased assets, net | 20 | 20 |
| Total property, plant and equipment | 14,781 | 14,432 |
| Intangible assets | 470 | 960 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Investments and other assets | | |
| Investment securities | 4,018 | 4,440 |
| Shares of subsidiaries and associates | 4,423 | 4,423 |
| Investments in capital | 203 | 193 |
| Long-term loans receivable | 157 | 157 |
| Long-term loans receivable from employees | 9 | 9 |
| Distressed receivables | 0 | 0 |
| Long-term prepaid expenses | 115 | 129 |
| Prepaid pension costs | 1,925 | 2,451 |
| Other | 1,184 | 1,178 |
| Allowance for doubtful accounts | (200) | (200) |
| Total investments and other assets | 11,836 | 12,781 |
| Total non-current assets | 27,087 | 28,174 |
| Total assets | 114,526 | 133,161 |
| Liabilities | | |
| Current liabilities | | |
| Notes payable - trade | 349 | 243 |
| Electronically recorded obligations - operating | 7,559 | 6,418 |
| Accounts payable for construction contracts | 17,296 | 18,722 |
| Short-term borrowings | 10,202 | 15,203 |
| Lease liabilities | 11 | 9 |
| Income taxes payable | 266 | 563 |
| Advances received on construction contracts in progress | 8,545 | 7,949 |
| Deposits received | 21,407 | 25,061 |
| Provision for warranties for completed construction | 527 | 209 |
| Provision for loss on construction contracts | 598 | 191 |
| Other | 3,245 | 1,542 |
| Total current liabilities | 70,009 | 76,113 |
| Non-current liabilities | | |
| Long-term borrowings | 556 | 10,352 |
| Lease liabilities | 11 | 14 |
| Deferred tax liabilities | 178 | 755 |
| Provision for share awards for directors (and other officers) | 60 | 67 |
| Asset retirement obligations | 63 | 64 |
| Other | 263 | 255 |
| Total non-current liabilities | 1,133 | 11,510 |
| Total liabilities | 71,143 | 87,623 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,519 | 5,519 |
| Capital surplus | | |
| Legal capital surplus | 2,980 | 2,980 |
| Other capital surplus | 3,256 | 3,254 |
| Total capital surplus | 6,236 | 6,235 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | 31,563 | 33,392 |
| Total retained earnings | 31,563 | 33,392 |
| Treasury shares | (575) | (567) |
| Total shareholders' equity | 42,743 | 44,580 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 639 | 957 |
| Total valuation and translation adjustments | 639 | 957 |
| Total net assets | 43,383 | 45,538 |
| Total liabilities and net assets | 114,526 | 133,161 |

(2) Non-consolidated Statements of Income

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Net sales | | |
| Net sales of completed construction contracts | 112,194 | 114,557 |
| Net sales in development business and other | 1,053 | 1,223 |
| Total net sales | 113,248 | 115,780 |
| Cost of sales | | |
| Cost of sales of completed construction contracts | 101,394 | 102,710 |
| Cost of sales in development business and other | 927 | 1,066 |
| Total cost of sales | 102,322 | 103,777 |
| Gross profit | | |
| Gross profit on completed construction contracts | 10,799 | 11,846 |
| Gross profit on development business and other | 125 | 156 |
| Total gross profit | 10,925 | 12,003 |
| Selling, general and administrative expenses | | |
| Remuneration for directors (and other officers) | 191 | 187 |
| Provision for share awards for directors (and other officers) | 22 | 22 |
| Employees' salaries and allowances | 3,322 | 3,251 |
| Retirement benefit expenses | 20 | 24 |
| Legal welfare expenses | 513 | 490 |
| Welfare expenses | 66 | 76 |
| Repair and maintenance expenses | 15 | 15 |
| Stationery expenses | 121 | 69 |
| Communication and transportation expenses | 251 | 238 |
| Power utilities expenses | 51 | 53 |
| Research study expenses | 126 | 130 |
| Research and development expenses | 1,046 | 938 |
| Advertising expenses | 57 | 81 |
| Entertainment expenses | 177 | 202 |
| Donations | 7 | 9 |
| Rent expenses on land and buildings | 465 | 526 |
| Depreciation | 55 | 52 |
| Taxes and dues | 315 | 316 |
| Insurance expenses | 21 | 26 |
| Miscellaneous expenses | 780 | 1,050 |
| Total selling, general and administrative expenses | 7,629 | 7,765 |
| Operating profit | 3,295 | 4,237 |
| Non-operating income | | |
| Interest income | 15 | 11 |
| Interest on securities | 0 | 0 |
| Dividend income | 25 | 36 |
| Foreign exchange gains | 115 | 122 |
| Other | 46 | 23 |
| Total non-operating income | 202 | 194 |

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Non-operating expenses | | |
| Interest expenses | 179 | 182 |
| Commission for syndicated loans | 163 | 156 |
| Compensation for damage | — | 64 |
| Other | 95 | 38 |
| Total non-operating expenses | 438 | 442 |
| Ordinary profit | 3,059 | 3,989 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 122 | 203 |
| Other | 0 | 10 |
| Total extraordinary income | 122 | 214 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 53 | — |
| Loss on retirement of non-current assets | 88 | 20 |
| Loss on valuation of investment securities | — | 16 |
| Other | 6 | 0 |
| Total extraordinary losses | 147 | 36 |
| Profit before income taxes | 3,034 | 4,167 |
| Income taxes - current | 317 | 747 |
| Income taxes - deferred | 25 | 436 |
| Total income taxes | 343 | 1,184 |
| Profit | 2,691 | 2,982 |

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

(Millions of yen)

| | Shareholders' equity | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|--|-------------------------|
| | Share capital | Capital surplus | | | Retained earnings | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings Retained earnings brought forward | Total retained earnings |
| Balance at beginning of period | 5,519 | 2,980 | 3,257 | 6,237 | 29,833 | 29,833 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | (961) | (961) |
| Profit | | | | | 2,691 | 2,691 |
| Disposal of treasury shares | | | (0) | (0) | | |
| Purchase of treasury shares | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | |
| Total changes during period | — | — | (0) | (0) | 1,730 | 1,730 |
| Balance at end of period | 5,519 | 2,980 | 3,256 | 6,236 | 31,563 | 31,563 |

| | 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 | (580) | 41,009 | 631 | 631 | 41,641 |
| Changes during period | | | | | |
| Dividends of surplus | | (961) | | | (961) |
| Profit | | 2,691 | | | 2,691 |
| Disposal of treasury shares | 8 | 7 | | | 7 |
| Purchase of treasury shares | (3) | (3) | | | (3) |
| Net changes in items other than shareholders' equity | | | 8 | 8 | 8 |
| Total changes during period | 4 | 1,734 | 8 | 8 | 1,742 |
| Balance at end of period | (575) | 42,743 | 639 | 639 | 43,383 |

For the fiscal year ended March 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|--|-------------------------|
| | Share capital | Capital surplus | | | Retained earnings | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings Retained earnings brought forward | Total retained earnings |
| Balance at beginning of period | 5,519 | 2,980 | 3,256 | 6,236 | 31,563 | 31,563 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | (1,153) | (1,153) |
| Profit | | | | | 2,982 | 2,982 |
| Disposal of treasury shares | | | (1) | (1) | | |
| Purchase of treasury shares | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | |
| Total changes during period | — | — | (1) | (1) | 1,829 | 1,829 |
| Balance at end of period | 5,519 | 2,980 | 3,254 | 6,235 | 33,392 | 33,392 |

| | 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 | (575) | 42,743 | 639 | 639 | 43,383 |
| Changes during period | | | | | |
| Dividends of surplus | | (1,153) | | | (1,153) |
| Profit | | 2,982 | | | 2,982 |
| Disposal of treasury shares | 11 | 10 | | | 10 |
| Purchase of treasury shares | (3) | (3) | | | (3) |
| Net changes in items other than shareholders' equity | | | 318 | 318 | 318 |
| Total changes during period | 8 | 1,836 | 318 | 318 | 2,155 |
| Balance at end of period | (567) | 44,580 | 957 | 957 | 45,538 |

5. Orders, Sales and Balance Brought Forward (Non-consolidated)

(1) Orders Received, Net Sales, and Balance Brought Forward

(a) Orders

(Millions of yen)

| Category | | | For the fiscal year ended March 31, 2023 | | For the fiscal year ended March 31, 2024 | | Changes | |
|----------------------------|--------------------------|----------------------------|---|------------|---|------------|---------|-----------------------|
| | | | Amount | Percentage | Amount | Percentage | Amount | Percentage changes |
| Construction Business | Civil Engineering | Domestic public sector | 35,126 | 33.6% | 39,678 | 35.6% | 4,552 | 13.0% |
| | | Domestic private sector | 16,494 | 15.8% | 14,128 | 12.7% | (2,366) | (14.3)% |
| | | Overseas | 4,978 | 4.8% | 920 | 0.8% | (4,057) | (81.5)% |
| | | Total | 56,599 | 54.2% | 54,727 | 49.1% | (1,872) | (3.3)% |
| | Building Construction | Domestic public sector | 14,805 | 14.2% | 11,670 | 10.5% | (3,135) | (21.2)% |
| | | Domestic private sector | 31,224 | 29.9% | 39,389 | 35.4% | 8,164 | 26.1% |
| | | Overseas | 730 | 0.7% | 4,345 | 3.9% | 3,614 | 494.6% |
| | | Total | 46,760 | 44.8% | 55,405 | 49.8% | 8,644 | 18.5% |
| | Total | Domestic public sector | 49,932 | 47.8% | 51,349 | 46.1% | 1,417 | 2.8% |
| | | Domestic private sector | 47,719 | 45.7% | 53,517 | 48.1% | 5,798 | 12.2% |
| | | Overseas | 5,709 | 5.5% | 5,265 | 4.7% | (443) | (7.8)% |
| | | Total | 103,360 | 99.0% | 110,132 | 98.9% | 6,771 | 6.6% |
| Development Business, etc. | | | 1,053 | 1.0% | 1,223 | 1.1% | 169 | 16.1% |
| Total | | | 104,414 | 100.0% | 111,355 | 100.0% | 6,941 | 6.6% |

(b) Net sales

(Millions of yen)

| Category | | | For the fiscal year ended March 31, 2023 | | For the fiscal year ended March 31, 2024 | | Changes | |
|----------------------------|--------------------------|----------------------------|---|------------|---|------------|---------|-----------------------|
| | | | Amount | Percentage | Amount | Percentage | Amount | Percentage changes |
| Construction Business | Civil Engineering | Domestic public sector | 43,456 | 38.4% | 42,091 | 36.3% | (1,364) | (3.1)% |
| | | Domestic private sector | 18,263 | 16.1% | 18,241 | 15.8% | (21) | (0.1)% |
| | | Overseas | 1,114 | 1.0% | 3,847 | 3.3% | 2,732 | 245.2% |
| | | Total | 62,834 | 55.5% | 64,180 | 55.4% | 1,346 | 2.1% |
| | Building Construction | Domestic public sector | 8,183 | 7.2% | 8,307 | 7.2% | 123 | 1.5% |
| | | Domestic private sector | 38,313 | 33.9% | 39,826 | 34.4% | 1,512 | 3.9% |
| | | Overseas | 2,863 | 2.5% | 2,242 | 1.9% | (620) | (21.7)% |
| | | Total | 49,360 | 43.6% | 50,376 | 43.5% | 1,015 | 2.1% |
| | Total | Domestic public sector | 51,640 | 45.6% | 50,399 | 43.5% | (1,240) | (2.4)% |
| | | Domestic private sector | 56,576 | 50.0% | 58,067 | 50.2% | 1,491 | 2.6% |
| | | Overseas | 3,977 | 3.5% | 6,090 | 5.2% | 2,112 | 53.1% |
| | | Total | 112,194 | 99.1% | 114,557 | 98.9% | 2,362 | 2.1% |
| Development Business, etc. | | | 1,053 | 0.9% | 1,223 | 1.1% | 169 | 16.1% |
| Total | | | 113,248 | 100.0% | 115,780 | 100.0% | 2,532 | 2.2% |

(c) Balance Brought Forward

(Millions of yen)

| Category | | | For the fiscal year ended March 31, 2023 | | For the fiscal year ended March 31, 2024 | | Changes | |
|----------------------------|--------------------------|----------------------------|---|------------|---|------------|---------|-----------------------|
| | | | Amount | Percentage | Amount | Percentage | Amount | Percentage changes |
| Construction Business | Civil Engineering | Domestic public sector | 63,899 | 31.6% | 61,486 | 31.1% | (2,413) | (3.8)% |
| | | Domestic private sector | 51,355 | 25.4% | 47,241 | 23.9% | (4,113) | (8.0)% |
| | | Overseas | 21,310 | 10.5% | 18,383 | 9.3% | (2,926) | (13.7)% |
| | | Total | 136,564 | 67.5% | 127,111 | 64.3% | (9,453) | (6.9)% |
| | Building Construction | Domestic public sector | 21,977 | 10.9% | 25,340 | 12.8% | 3,363 | 15.3% |
| | | Domestic private sector | 41,524 | 20.5% | 41,087 | 20.8% | (437) | (1.1)% |
| | | Overseas | 2,110 | 1.1% | 4,213 | 2.1% | 2,102 | 99.6% |
| | | Total | 65,612 | 32.5% | 70,641 | 35.7% | 5,029 | 7.7% |
| | Total | Domestic public sector | 85,876 | 42.5% | 86,826 | 43.9% | 950 | 1.1% |
| | | Domestic private sector | 92,879 | 45.9% | 88,329 | 44.7% | (4,550) | (4.9)% |
| | | Overseas | 23,420 | 11.6% | 22,596 | 11.4% | (824) | (3.5)% |
| | | Total | 202,177 | 100.0% | 197,752 | 100.0% | (4,424) | (2.2)% |
| Development Business, etc. | | | — | —% | — | —% | — | —% |
| Total | | | 202,177 | 100.0% | 197,752 | 100.0% | (4,424) | (2.2)% |

(2) Orders Received, Completed Construction, and Work Carried Over

(Main orders received)

| Client Name (Title Omitted) | Project Name |
|---|--|
| East Nippon Expressway Company Limited | Tohoku Expressway, Isawa River Bridge Deck Replacement Construction |
| Japan Railway Construction, Transport and Technology Agency | Shin-Yakumo (tentative name) Station Viaduct, Hokkaido Shinkansen |
| Tokyo Urban Planning and Development Corporation | R5 Kitano Pumping Plant Development Construction |
| Tokushima City | New Construction of Tokushima City Crisis Management Center (tentative name) |
| Chuo-Nittochi Co., Ltd. | (Tentative name) Kojimachi Kyodo Building Reconstruction Plan |

(Main completed construction)

| Client Name (Title Omitted) | Project Name |
|-----------------------------|--|
| MLIT | R2 Hokusei BP Sakabe Tunnel Construction |
| Yachiyo City | Murakami Water Supply Facility Improvement (civil engineering and construction work) Project |
| Hyogo Prefecture | Prefectural Comprehensive Shooting Range (tentative name) Development Project, Site Preparation and Development Work |
| TOBISHIMA BRUNEI SDN.BHD. | New Construction of Financial Service Agency Building |
| Aki City | Construction of a New Government Building in Aki City |

(Main work carried over)

| Client Name (Title Omitted) | Project Name |
|---|---|
| Japan Railway Construction, Transport and Technology Agency | Sasson Tunnel (Tomioka), Hokkaido Shinkansen |
| The Kansai Electric Power Company, Incorporated | Major Civil Engineering Work for Waterproofing at Kasagi Power Station with Shin-Maruyama Dam Project |
| Tagawa District Water Supply Corporation Team | (Tentative name) Construction of the Shiratori Water Treatment Plant and Oura Adjustment Pond (civil engineering and construction work) |
| Finese Co., Ltd. | Finese Co., Ltd., Head Office Logistics Center Construction Plan |
| Daiwa House Industry Co., Ltd. | (Tentative name) New Construction of Roygent Yokokawa 5-Chome PJ |

(3) Orders Forecast

(Millions of yen)

| Category | | Fiscal year ended March 31, 2024 Full-year Results | Fiscal year ending March 31, 2025 Full-year Forecasts | Changes | Percentage changes |
|----------------------------|-----------------------|--|---|---------|-----------------------|
| Construction Business | Civil Engineering | 54,727 | 58,000 | 3,272 | 6.0% |
| | Building Construction | 55,405 | 50,000 | (5,405) | (9.8)% |
| | Total | 110,132 | 108,000 | (2,132) | (1.9)% |
| Development Business, etc. | | 1,223 | 1,000 | (223) | (18.2)% |
| Total | | 111,355 | 109,000 | (2,355) | (2.1)% |

6. Changes in Directors

(1) Retiring Director (Planned) (as of June 27, 2024, planned)

| Name | New Position | Current Position |
|-------------|--------------|--|
| Takuji Arao | Advisor | Representative Director and Senior Managing Executive Officer (in charge of quality) |

(2) Candidate for Substitute Audit & Supervisory Board Member (as of June 27, 2024, planned)

| Name | New Position | Current Position |
|---------------------|----------------------------------|------------------|
| Hiroataka Kobayashi | Audit & Supervisory Board Member | — |

Note: Candidate for Substitute Audit & Supervisory Board Member, Hiroataka Kobayashi (attorney at law, Hikari Sogoh Law Offices), is an Outside Audit & Supervisory Board Member.