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November 6, 2024



Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange Prime Market
 Securities code: 1884
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 Scheduled date to file semi-annual securities report: November 6, 2024
 Scheduled date of commencing dividend payments: –
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	73,063	(1.7)	2,612	(7.3)	2,812	(3.4)	1,705	15.0
September 30, 2023	74,295	3.6	2,817	157.9	2,910	130.2	1,483	(35.0)

Note: Comprehensive income For the six months ended September 30, 2024: ¥1,822 million [10.4%]
 For the six months ended September 30, 2023: ¥1,650 million [97.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	38.82	–
September 30, 2023	33.76	–

Note: The Company conducted a share split at a rate of five shares per share of common shares on October 1, 2023. Basic earnings per share has been calculated assuming this stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	145,128	99,394	68.4
March 31, 2024	149,926	100,214	66.7

Reference: Equity
 As of September 30, 2024: ¥99,217 million
 As of March 31, 2024: ¥100,051 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	—	—	60.00	60.00
Fiscal year ending March 31, 2025	—	—			
Fiscal year ending March 31, 2025 (Forecast)			—	60.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial results forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		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	165,000	2.8	8,500	8.5	8,600	7.6	5,200	2.9	118.33

Note: Revisions to the financial results forecast most recently announced: None

*** Notes**

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

Newly included: – companies (–)

Excluded: – companies (–)

(2) Adoption of accounting treatment specific to the preparation of interim consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to reasons other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to “2. Interim Consolidated Financial Statements and Major Notes (4) Notes to interim consolidated financial statements (Note on changes in accounting policies)” on page 9 of the attached materials.

(4) Number of issued shares (common shares)

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

As of September 30, 2024	43,946,340 shares
As of March 31, 2024	43,946,340 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	3,636 shares
As of March 31, 2024	3,105 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	43,943,114 shares
Six months ended September 30, 2023	43,944,079 shares

Note: The Company conducted a share split at a rate of five shares per share of common shares on October 1, 2023. Total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period have been calculated assuming this stock split was conducted at the beginning of the previous consolidated fiscal year.

* Financial results reports for the six months under review (interim) are exempt from review by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements, etc.)

Financial results forecasts and other forward-looking statements provided in these materials are based on information available to the Company and certain other assumptions deemed reasonable as of the date of publication of this document, and do not represent any guarantee that the Company will achieve these results. Actual financial results and other aspects of business performance may differ significantly from these forecasts owing to various factors. Please refer to “1. Overview of Operating Results, etc. (3) Explanation of future forecast information such as consolidated financial results forecast” on page 3 of the attached materials for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the six months under review

The Japanese economy in the six months under review showed a moderate recovery trend, supported by improvement in the employment and income environment due to steady corporate revenue and robust capital investment.

In the construction industry, the main business of the Group (the Company and its consolidated subsidiaries; the same applies hereinafter), government construction investment was expected to remain strong at a level exceeding ¥20 trillion, and private sector construction investment remained firm as capital investment for corporations remained strong against a backdrop of high corporate revenue.

Under such circumstances, the Group conducted strategic sales that were compatible with area environments in order to acquire orders in new domains by collaborating with the Shimizu Group, secure orders by enhancing integration accuracy and proposals of technology for government projects, and increase the number of high-quality orders for private sector projects. As a result, the amount of construction orders received was ¥74,306 million (up 6.9% year-on-year), the amount of construction sales was ¥59,321 million (down 2.5% year-on-year), and total net sales including products were ¥73,063 million (down 1.7% year-on-year).

Concerning profits, although there was increased profitability with thorough construction management in the Construction Business, due to the depreciation burden of large-scale capital investment, operating income was ¥2,612 million (down 7.3% year-on-year), ordinary income was ¥2,812 million (down 3.4% year-on-year), and profit attributable to owners of parent amounted to ¥1,705 million (up 15.0% year-on-year) due to a reactionary decline from recording impairment loss in the previous year.

Business performance by segment is as follows. (Business performance by segment includes inter-segment net sales and transfers.)

Starting from the beginning of the six months under review, the Company has changed the classification of its reportable segments. The following year-on-year comparisons have been analyzed using figures for the same consolidated six-month period of the previous fiscal year that were reclassified according to the new segment classification.

(Construction Business)

As the Group's key division, net sales amounted to ¥59,324 million (down 2.5% year-on-year) and operating income was ¥3,625 million (up 6.8% year-on-year) in the Construction Business.

(Manufacturing & Sales Business)

Net sales amounted to ¥14,997 million (up 3.9% year-on-year) and operating income was ¥615 million (down 25.1% year-on-year).

(Co-creation Business)

Net sales amounted to ¥4,038 million (down 1.3% year-on-year) and operating income was ¥478 million (up 5.7% year-on-year).

(2) Overview of financial position for the six months under review

(Assets)

Total assets as of the end of the six months under review amounted to ¥145,128 million (down ¥4,797 million year-on-year). The main factors were decreases of ¥3,746 million in notes receivable, accounts receivable from completed construction contracts and other as well as ¥1,668 million in electronically recorded monetary claims.

(Liabilities)

Total liabilities as of the end of the six months under review amounted to ¥45,734 million (down ¥3,977 million year-on-year). The main factors were an increase of ¥2,013 million in advances received on uncompleted construction contracts and decreases of ¥4,051 million in notes payable, accounts payable for construction contracts and other as well as ¥1,218 million in income taxes payable included in "Other" under current liabilities.

(Net assets)

Total net assets as of the end of the six months under review totaled ¥99,394 million (down ¥819 million year-on-year). The main factors were a recording of ¥1,705 million to profit attributable to owners of parent and a payment of ¥2,636 million in shareholder dividends.

Consolidated cash flows for the six months under review amounted to ¥4,768 million in net cash provided by operating activities, ¥2,290 million in net cash used in investing activities, and ¥2,440 million in net cash used in

financing activities.

As a result, cash and cash equivalents at the end of the six months under review increased by ¥100 million from the end of the previous fiscal year to ¥33,685 million (¥40,081 million at the end of the same consolidated six-month period of the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥4,768 million (net cash provided during the same consolidated six-month period of the previous fiscal year was ¥3,745 million) due to recording ¥2,771 million in profit before income taxes, an increase of ¥5,491 million due to a decrease in trade receivables and a decrease of ¥3,689 million due to a decrease in trade payables.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥2,290 million (net cash provided during the same consolidated six-month period of the previous fiscal year was ¥2,700 million) due to a decrease of ¥1,849 million owing to acquisition of tangible fixed assets.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥2,440 million (net cash provided during the same consolidated six-month period of the previous fiscal year was ¥875 million) due to a decrease of ¥2,636 million owing to dividends paid.

(3) Explanation of future forecast information such as consolidated financial results forecast

The full year financial results forecast for the fiscal year ending March 31, 2025 has not been changed from the financial results forecast announced on May 13, 2024.

In the future, if the financial results forecast requires revisions, they will be promptly disclosed.

2. Interim Consolidated Financial Statements and Major Notes

(1) Interim consolidated balance sheets

	(Unit: millions of yen)	
	Previous consolidated fiscal year (March 31, 2024)	Consolidated six months under review (September 30, 2024)
Assets		
Current assets		
Cash and deposits	33,601	33,703
Notes receivable, accounts receivable from completed construction contracts and other	56,613	52,867
Electronically recorded monetary claims	6,100	4,431
Merchandise	160	160
Costs of uncompleted construction contracts	63	205
Raw materials	1,158	981
Other	11,382	11,995
Less: allowance for doubtful accounts	(37)	(32)
Total current assets	109,042	104,312
Non-current assets		
Tangible fixed assets		
Land	17,035	17,222
Other	18,622	18,659
Total tangible fixed assets	35,657	35,881
Intangible assets	2,180	2,036
Investments and other assets		
Investment securities	1,624	1,671
Other	1,503	1,310
Less: allowance for doubtful accounts	(83)	(82)
Total investments and other assets	3,044	2,898
Total non-current assets	40,883	40,816
Total assets	149,926	145,128

(Unit: millions of yen)

	Previous consolidated fiscal year (March 31, 2024)	Consolidated six months under review (September 30, 2024)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	27,663	23,611
Electronically recorded obligations	2,275	2,674
Short-term loans payable	1,000	200
Advances received on uncompleted construction contracts	1,373	3,386
Warranty provision for completed construction contracts	90	79
Provision for loss on construction contracts	36	136
Other	7,990	5,391
Total current liabilities	40,430	35,480
Non-current liabilities		
Long-term loans payable	8,700	9,700
Net defined benefit liability	251	216
Other	330	337
Total non-current liabilities	9,281	10,253
Total liabilities	49,711	45,734
Net assets		
Shareholders' equity		
Capital stock	12,290	12,290
Capital surplus	14,523	14,523
Retained earnings	72,884	71,951
Less: treasury stock	(4)	(5)
Total shareholders' equity	99,693	98,758
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	442	465
Foreign currency translation adjustments	(403)	(313)
Retirement benefits liability adjustments	320	307
Total accumulated other comprehensive income	358	458
Non-controlling interests	162	176
Total net assets	100,214	99,394
Total liabilities and net assets	149,926	145,128

(2) Interim consolidated statements of income and comprehensive income
(Interim consolidated statements of income)
(Six months ended September 30)

	(Unit: millions of yen)	
	Previous consolidated six-month period (from April 1, 2023 to September 30, 2023)	Consolidated six months under review (from April 1, 2024 to September 30, 2024)
Net sales	74,295	73,063
Cost of sales	66,705	65,317
Gross profit	7,590	7,745
Selling, general and administrative expenses	4,772	5,133
Operating income	2,817	2,612
Non-operating income		
Interest income	12	10
Dividend income	24	18
Dividend income of group term insurance	19	30
Foreign currency transaction gain	27	42
Reversal of allowance for doubtful accounts	13	9
Subsidy income	—	100
Other	23	30
Total non-operating income	120	242
Non-operating expenses		
Interest expenses	12	27
Other	14	14
Total non-operating expenses	27	41
Ordinary income	2,910	2,812
Extraordinary income		
Gain on sale of tangible fixed assets	15	7
Gain on sale of investment securities	2	13
Total extraordinary income	18	21
Extraordinary losses		
Loss on disposal of tangible fixed assets	29	62
Impairment losses on tangible fixed assets	481	—
Other	3	—
Total extraordinary losses	514	62
Profit before income taxes	2,414	2,771
Current	909	707
Deferred	13	342
Total income taxes	922	1,049
Profit	1,492	1,722
Profit attributable to non-controlling interests	8	16
Profit attributable to owners of parent	1,483	1,705

(Interim consolidated statements of comprehensive income)
(Six months ended September 30)

(Unit: millions of yen)

	Previous consolidated six-month period (from April 1, 2023 to September 30, 2023)	Consolidated six months under review (from April 1, 2024 to September 30, 2024)
Profit	1,492	1,722
Other comprehensive income		
Valuation difference on available-for-sale securities	112	23
Foreign currency translation adjustments	33	90
Retirement benefits liability adjustments	12	(13)
Total other comprehensive income	157	100
Comprehensive income	1,650	1,822
Comprehensive income attributable to:		
Owners of parent	1,641	1,805
Non-controlling interests	8	16

(3) Interim consolidated statements of cash flows

(Unit: millions of yen)

	Previous consolidated six-month period (from April 1, 2023 to September 30, 2023)	Consolidated six months under review (from April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	2,414	2,771
Depreciation	1,757	1,886
Impairment loss	481	–
Increase (decrease) in allowance for doubtful accounts	(10)	(5)
Increase (decrease) in retirement benefit liability	(19)	(34)
Interest and dividend income	(37)	(29)
Interest expenses	42	57
Loss on retirement of non-current assets	29	62
Loss (gain) on sale of investment securities	(2)	(13)
Loss on retirement of assets for lease	22	12
Purchase of assets for lease	(230)	(266)
Decrease (increase) in trade receivables	4,240	5,491
Decrease (increase) in costs on construction contracts in progress	(123)	(141)
Increase (decrease) in trade payables	(3,078)	(3,689)
Increase (decrease) in advances received on construction contracts in progress	426	2,011
Increase (decrease) in accounts payable - other	540	(24)
Other, net	(882)	(1,410)
Subtotal	5,571	6,677
Interest and dividends received	37	29
Interest paid	(42)	(57)
Income taxes paid	(1,820)	(1,881)
Net cash provided by (used in) operating activities	3,745	4,768
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,253)	(1,849)
Proceeds from sale of investment securities	3	15
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(33)
Other, net	(450)	(423)
Net cash provided by (used in) investing activities	(2,700)	(2,290)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	200	200
Proceeds from long-term borrowings	3,140	1,000
Repayment of long-term loans payable	–	(1,000)
Dividends paid	(2,460)	(2,636)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	875	(2,440)
Effect of exchange rate change on cash and cash equivalents	30	62
Net increase (decrease) in cash and cash equivalents	1,952	100
Opening balance of cash and cash equivalents	38,129	33,585
Ending balance of cash and cash equivalents	40,081	33,685

(4) Notes to interim consolidated financial statements

(Note on changes in accounting policies)

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

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the “2022 Revised Accounting Standard”) and other regulations from the beginning of the six months under review.

Regarding the amendments on the classification of income taxes, etc. (taxation on other comprehensive income), the Company complies with the transitional treatments specified in the proviso to paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to paragraph 65-2, (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the “2022 Revised Guidance”). This change in accounting policy has no impact on the interim consolidated financial statements.

Furthermore, regarding the amendments related to the review of the treatment in the consolidated financial statements for the deferral of tax on gains and losses arising from the sale of shares of subsidiaries within the group, the Company has applied the 2022 Revised Guidance from the beginning of the six months under review. This change in accounting policy has been applied retrospectively, and the interim consolidated financial statements for the same consolidated six-month period of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been restated accordingly. This change in accounting policy has no impact on the interim consolidated financial statements for the same consolidated six-month period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Note on segment information)

I. Previous consolidated six-month period (from April 1, 2023 to September 30, 2023)

1. Disclosure of net sales and profit (loss) for each reportable segment

(Unit: millions of yen)

	Reportable segment			
	Construction Business	Manufacturing & Sales Business	Co-creation Business	Total
Net sales				
Net sales to external customers	60,852	9,902	3,541	74,295
Inter-segment net sales and transfers	3	4,527	551	5,082
Total	60,855	14,429	4,092	79,378
Segment profit	3,396	821	452	4,669

	Adjustments (Note) 1	Per interim consolidated statements of income (Note) 2
Net sales		
Net sales to external customers	—	74,295
Inter-segment net sales and transfers	(5,082)	—
Total	(5,082)	74,295
Segment profit	(1,851)	2,817

Notes: 1. The ¥(1,851) million adjustment in segment profit includes ¥4 million in elimination of inter-segment transactions and ¥(1,856) million in corporate expenses not allocated to each reportable segment. Corporate expenses are mainly expenses that do not belong to any reportable segment concerning the head office administration of the submitting company.
2. Segment profit is adjusted with the operating income in the interim consolidated statements of income.

2. Disclosure of impairment loss on non-current assets and goodwill, etc., by reportable segment

(Significant impairment loss on non-current assets)

Concerning business assets in the reportable segment of the Construction Business, the book value of assets held for sale was reduced to a recoverable amount and this reduced amount was recorded as impairment loss (¥479 million) under extraordinary losses.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

II. Consolidated six months under review (from April 1, 2024 to September 30, 2024)

1. Disclosure of net sales and profit (loss) for each reportable segment

(Unit: millions of yen)

	Reportable segment			
	Construction Business	Manufacturing & Sales Business	Co-creation Business	Total
Net sales				
Net sales to external customers	59,321	10,291	3,450	73,063
Inter-segment net sales and transfers	3	4,705	587	5,297
Total	59,324	14,997	4,038	78,360
Segment profit	3,625	615	478	4,718

	Adjustments (Note) 1	Per interim consolidated statements of income (Note) 2
Net sales		
Net sales to external customers	—	73,063
Inter-segment net sales and transfers	(5,297)	—
Total	(5,297)	73,063
Segment profit	(2,106)	2,612

Notes: 1. The ¥(2,106) million adjustment in segment profit includes ¥(46) million in elimination of inter-segment transactions and ¥(2,060) million in corporate expenses not allocated to each reportable segment. Corporate expenses are mainly expenses that do not belong to any reportable segment concerning the head office administration of the submitting company.
2. Segment profit is adjusted with the operating income in the interim consolidated statements of income.

2. Matters related to changes in reportable segments

Starting from the six months under review, the Company has unified some reportable segments from the previous “Leasing Business” and “Other” to “Co-creation Business” to promote new business development with multi-stakeholders. Accordingly, the Company’s reportable segments have been changed into three categories: “Construction Business,” “Manufacturing & Sales Business,” and “Co-creation Business.”

The disclosed segment information for the previous consolidated six-month period has been prepared based on the revised reportable segment classification.

3. Disclosure of impairment loss on non-current assets and goodwill, etc., by reportable segment

Not applicable.

(Note on significant changes in the amounts of net assets)

Not applicable.

(Note on entity’s ability to continue as going concern)

Not applicable.

(Note on interim consolidated statements of income)

Previous consolidated six-month period (from April 1, 2023 to September 30, 2023) and consolidated six months under review (from April 1, 2024 to September 30, 2024)

The Group experiences seasonal fluctuations, with a higher proportion of net sales occurring in the second half of the consolidated fiscal year.

3. Supplementary Information

Amount of orders received, net sales, and amount carried forward to next period by business (non-consolidated)
(Unit: millions of yen)

Segment			Previous six-month period (from April 1, 2023 to September 30, 2023)		Six months under review (from April 1, 2024 to September 30, 2024)		Increase or decrease	
			Amount	Percentage change	Amount	Percentage change	Amount	Percentage change
Orders received	Construction Business	Pavement construction	39,997	55.3	41,424	56.2	1,427	3.6
		Civil works construction	21,675	29.9	18,976	25.8	(2,698)	(12.5)
		Construction	0	0.0	2,226	3.0	2,225	—
		Total	61,673	85.2	62,627	85.0	954	1.5
	Manufacturing & Sales Business		10,706	14.8	11,011	14.9	304	2.8
	Co-creation Business		36	0.0	38	0.1	2	6.0
	Total		72,416	100	73,677	100	1,261	1.7
Net sales	Construction Business	Pavement construction	36,227	56.2	34,342	54.0	(1,884)	(5.2)
		Civil works construction	17,154	26.6	18,088	28.5	933	5.4
		Construction	334	0.5	73	0.1	(260)	(78.0)
		Total	53,716	83.3	52,504	82.6	(1,211)	(2.3)
	Manufacturing & Sales Business		10,706	16.6	11,011	17.3	304	2.8
	Co-creation Business		36	0.1	38	0.1	2	6.0
Amount carried forward to next period	Total		64,459	100	63,554	100	(904)	(1.4)
	Construction Business	Pavement construction	45,113	62.6	54,942	63.0	9,829	21.8
		Civil works construction	26,873	37.3	30,136	34.5	3,263	12.1
		Construction	35	0.1	2,157	2.5	2,121	—
		Total	72,022	100	87,236	100	15,214	21.1
	Manufacturing & Sales Business		—	—	—	—	—	—
	Co-creation Business		—	—	—	—	—	—
	Total		72,022	100	87,236	100	15,214	21.1