

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 10, 2023

Company name: Nichireki Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 5011

URL: <https://www.nichireki.co.jp/english/>

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Scheduled date of Annual General Meeting of Shareholders: June 29, 2023

Scheduled date of commencing dividend payments: June 30, 2023

Scheduled date of filing annual securities report: June 30, 2023

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	78,397	0.5	7,566	(11.7)	8,104	(13.0)	6,284	(7.7)
March 31, 2022	78,001	9.1	8,566	(6.3)	9,311	(2.8)	6,811	7.1

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥6,144 million [(9.7)%]

Fiscal year ended March 31, 2022: ¥6,800 million [(12.7)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	205.73	-	8.9	9.0	9.7
March 31, 2022	222.91	-	10.5	10.9	11.0

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

Fiscal year ended March 31, 2023: ¥45 million

Fiscal year ended March 31, 2022: ¥(18) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	91,474	72,470	79.2	2,394.76
As of March 31, 2022	88,425	68,075	77.0	2,226.97

(Reference) Equity: As of March 31, 2023: ¥72,470 million

As of March 31, 2022: ¥68,075 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 fiscal year
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	6,556	(5,834)	(3,115)	24,709
March 31, 2022	7,737	(2,361)	(1,430)	27,091

2. Dividends

	Annual dividends					Total dividends	Dividends payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	-	-	-	42.00	42.00	1,283	18.8	2.0
March 31, 2023	-	-	-	50.00	50.00	1,513	24.3	2.2
Fiscal year ending March 31, 2024 (Forecast)	-	35.00	-	35.00	70.00		38.9	

Notes:

- The year-end dividend for the fiscal year end March 31, 2023 includes a commemorative dividend of ¥5.00.
- At the Board of Directors held on March 24, 2023, the Company resolved to submit a proposal for the partial amendment to the Articles of Incorporation to the 79th Ordinary General Meeting of Shareholders to be held on June 29, 2023. The Company will pay interim dividends with the resolution at the Board of Directors subject to the approval at the General Meeting of Shareholders. As a result, the interim dividend will be ¥35 per share and the year-end dividend will be ¥35 per share for the fiscal year ending March 31, 2024 (Forecast).

3. Forecasts of Consolidated Financial Results in the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	34,000	1.0	2,500	14.8	2,600	6.5	1,700	(35.8)	55.65
Full year	80,000	2.0	8,200	8.4	8,400	3.6	5,500	(12.5)	180.04

* Notes:

- Changes in significant subsidiaries during the fiscal year ended March 31, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- Changes in accounting policies, changes in accounting estimates, and restatement
 - Changes in accounting policies due to the revision of accounting standards: No
 - Changes in accounting policies other than 1) above: No
 - Changes in accounting estimates: No
 - Restatement: No
- Total number of issued shares (common shares)
 - Total number of issued shares at the end of the fiscal year (including treasury shares):
 - As of March 31, 2023: 31,685,955 shares
 - As of March 31, 2022: 31,685,955 shares
 - Total number of treasury shares at the end of the fiscal year:
 - As of March 31, 2023: 1,423,907 shares
 - As of March 31, 2022: 1,117,337 shares
 - Average number of shares during the fiscal year:
 - Fiscal year ended March 31, 2023: 30,549,424 shares
 - Fiscal year ended March 31, 2022: 30,558,439 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	38,880	1.5	3,058	(23.1)	5,845	(15.2)	5,165	(13.2)
March 31, 2022	38,291	9.7	3,976	(5.0)	6,889	9.1	5,948	24.2

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	169.10	-
March 31, 2022	194.65	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	75,216	52,525	69.8	1,735.70
As of March 31, 2022	72,995	49,140	67.3	1,607.55

(Reference) Equity: As of March 31, 2023: ¥52,525 million

As of March 31, 2022: ¥49,140 million

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

* 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 and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

For assumptions of the forecasts of the financial results and precautions in using the forecasts, please refer to “(4) Future Outlook” in “1. Overview of Business Results, etc.” on page 5 of these consolidated financial results (Appendix).

(How to obtain the supplementary briefing material on annual financial results)

The Company will hold the annual financial results briefing session for institutional investors and analysts on Tuesday, May 30, 2023. Materials for the briefing session will be posted on the Company’s website after the briefing session.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for FY2022

Category	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Change	
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Growth rate (%)
Net sales	78,001	100.0	78,397	100.0	395	0.5
Applied and Processed Asphalt Products Business	25,796	33.1	27,175	34.7	1,379	5.3
Road Paving Business	51,901	66.5	50,913	64.9	(988)	(1.9)
Other Business	303	0.4	308	0.4	4	1.5
Gross profit	18,320	23.5	17,462	22.3	(858)	(4.7)
Operating profit	8,566	11.0	7,566	9.7	(999)	(11.7)
Ordinary profit	9,311	11.9	8,104	10.3	(1,206)	(13.0)
Profit attributable to owners of the parent company	6,811	8.7	6,284	8.0	(526)	(7.7)

In the fiscal year ended March 31, 2023, the Japanese economy experienced notable downward pressure on the economy due to factors such as soaring energy costs, some weak production activity from raw material shortage, and supply chain disruptions from the lockdown in some cities in China, despite an upswing with the waning impact of the novel coronavirus disease (COVID-19). With growing concerns over global inflation, central banks shifted towards tighter monetary policy. This has raised concerns over the outlook, such as ongoing banking crisis in the U.S. and Europe triggered by falling bond prices and a shift in money flow, and fluctuations in the exchange rate due to the widening gap between domestic and overseas interest rates.

The business environment surrounding the Nichireki Group (hereinafter referred to as “Group”) saw the prices of raw materials fluctuate in the high range, and the level of budget allocation, construction volume, and project execution widely varied by areas, despite steady levels of public investment overall, against the backdrop of growing construction demand for preventing and mitigating disasters, national resilience measures, etc. As a result, the Group could not achieve its sales and profit targets. Even at the end of the fiscal year under review, a close watch is continuously required on trends in crude oil prices and the exchange rate, etc., which have a significant impact on business performance.

In such a business environment, the Group has implemented various measures aimed at growing into a sustainable corporate group with the entire organization working as one under quick and accurate decision-making, in the second year of its Medium-term Management Plan “Resilience 2025 (Shinayaka 2025).”

In the fiscal year ended March 31, 2023, the Group posted net sales of ¥78,397 million (up 0.5% year on year), operating profit of ¥7,566 million (down 11.7% year on year), and ordinary profit of ¥8,104 million (down 13.0% year on year). Profit attributable to owners of the parent company was ¥6,284 million (down 7.7% year on year) due to gain on revision of retirement benefit plan of ¥1,202 million recorded as extraordinary income.

Results by business segment were as follows.

Applied and Processed Asphalt Products Business

In the Applied and Processed Asphalt Products Business, in addition to coping with wild ups and downs in the prices of raw materials, we worked on increasing sales by further strengthening design and marketing activities for high value-added products contributing to “longer life and higher performance of paved roads” and “reduction of environmental load.”

Net sales for the segment were ¥27,175 million (up 5.3% year on year), and segment profit (operating profit) was ¥6,014 million (down 8.8% year on year).

Road Paving Business

In the Road Paving Business, the cost of sales ratio was inevitably increased primarily by soaring prices of materials used, and public works were postponed in some areas, despite a steady progress of construction works including those for preventing and mitigating disasters and national resilience measures.

Net sales for the segment were ¥50,913 million (down 1.9% year on year), and segment profit (operating profit) was ¥4,630 million (down 7.3% year on year).

Other Business

In the Other Business, net sales for the segment were ¥308 million (up 1.5% year on year), and segment profit (operating profit) was ¥224 million (down 1.6% year on year) mainly due to real estate lease revenue.

(2) Overview of Financial Position for FY2022

Category	As of March 31, 2022		As of March 31, 2023		Change	
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Growth rate (%)
Current assets	56,561	64.0	54,867	60.0	(1,693)	(3.0)
Non-current assets	31,864	36.0	36,606	40.0	4,742	14.9
Current liabilities	19,441	22.0	17,650	19.3	(1,791)	(9.2)
Non-current liabilities	908	1.0	1,353	1.5	444	49.0
Net assets	68,075	77.0	72,470	79.2	4,395	6.5
Total assets	88,425	100.0	91,474	100.0	3,049	3.4

(i) Status of assets, liabilities and net assets

Current assets

Current assets decreased by ¥1,693 million from the end of the previous fiscal year to ¥54,867 million. This is mainly attributable to decreases in cash and deposits by ¥1,682 million, notes and accounts receivable - trade, and contract assets by ¥578 million.

Non-current assets

Non-current assets increased by ¥4,742 million from the end of the previous fiscal year to ¥36,606 million. This is mainly attributable to increases in construction in progress by ¥649 million, long-term time deposits by ¥1,100 million, investment securities by ¥1,513 million, and retirement benefit asset by ¥1,492 million.

Current liabilities

Current liabilities decreased by ¥1,791 million from the end of the previous fiscal year to ¥17,650 million. This is mainly attributable to decreases in accounts payable - trade by ¥616 million, income taxes payable by ¥735 million, and provision for bonuses by ¥122 million.

Non-current liabilities

Non-current liabilities increased by ¥444 million from the end of the previous fiscal year to ¥1,353 million. This is mainly attributable to an increase in deferred tax liabilities by ¥521 million.

Net assets

Net assets increased by ¥4,395 million from the end of the previous fiscal year to ¥72,470 million. This is mainly attributable to increases in retained earnings by ¥5,001 million and treasury shares by ¥465 million.

(3) Overview of Cash Flows for FY2022

Cash and cash equivalents (hereinafter referred to as “cash”) for the fiscal year under review decreased by ¥2,382 million from the end of the previous fiscal year to ¥24,709 million. Status of cash flows and contributing factors were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥6,556 million (down 15.3% year on year). This is mainly attributable to profit before income taxes of ¥9,238 million and a decrease in trade payables of ¥1,046 million.

Cash flows from investing activities

Net cash used in investing activities was ¥5,834 million (up 147.1% year on year). This is mainly attributable to purchase of property, plant and equipment of ¥2,567 million.

Cash flows from financing activities

Net cash used in financing activities was ¥3,115 million (up 117.8% year on year). This is mainly attributable to deposits for purchase of treasury shares of ¥1,331 million and payments of dividends of ¥1,207 million.

(Reference) Changes in cash flow indicators

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	75.2	73.9	74.9	77.0	79.2
Equity ratio based on market value (%)	44.7	52.1	57.8	42.7	49.2
Ratio of interest-bearing debt to cash flows (%)	19.3	32.1	24.4	20.7	23.4
Interest coverage ratio (times)	930.96	589.41	523.17	732.43	579.25

Equity ratio = Equity / Total assets

Equity ratio based on market value = Total market value of shares / Total assets

Ratio of interest-bearing debt to cash flows = Interest-bearing debts / Cash flows

Interest coverage ratio = Cash flows / Interest paid

(Note 1) The indicators were calculated using consolidated financial figures.

(Note 2) The total market value of shares was calculated using the total number of shares outstanding, less treasury shares.

(Note 3) Cash flows from operating activities are used as cash flows.

(Note 4) Interest-bearing debt includes all debt recorded on the consolidated balance sheet for which interest is paid.

(4) Future Outlook

Category	Forecast of consolidated financial results in the fiscal year ending March 31, 2024			
	First half		Full-year	
	Amount (Million yen)	Year-on-year change (%)	Amount (Million yen)	Year-on-year change (%)
Net sales	34,000	1.0	80,000	2.0
Operating profit	2,500	14.8	8,200	8.4
Ordinary profit	2,600	6.5	8,400	3.6
Profit attributable to owners of the parent company	1,700	(35.8)	5,500	(12.5)

In the fiscal year ending March 31, 2024, the Japanese economy is expected to enter into full-on recovery mode with economic and social activities returning to normal, following the downgrading of COVID-19 from Class 2 to 5, a less severe category. Amid rising prices of food and raw materials, there is a high expectation that the negative impact of inflation could be offset considerably as many companies, mainly large businesses, are offering a high pay increase. However, the prolonged situation in Ukraine remains unpredictable and uncertainty prevails such as concerns over global recession and financial crisis, with concerns for ongoing banking crisis still lingering in the U.S. and Europe.

The business environment surrounding the Group will see a strong demand for public works according to the budget allocation of the national and local governments, retaining their policy for preventing and mitigating disasters, national resilience measures, etc. Meanwhile, the Group still requires a close watch on major management risks such as the price trend of crude oil and materials.

In this business environment, the Group considers it as a top priority to take strict cost management and flexible sales strategy responsive to cost fluctuations in the fiscal year ending March 31, 2024. With continued focus on R&D, the Group will keep inventing high value-added products and construction methods. Furthermore, a framework to apply such R&D results is needed to replicate the Group's business activities to ensure its steady offering of new products and construction methods to clients. In this respect, the "Tsukuba Big Ship project", which was postponed from the original schedule due to rising material prices and shortage of semiconductors, will resume from the next fiscal year. The project aims to build a new base for sales, logistics and production in Tsukubamirai City, Ibaraki Prefecture, and driving its progress forward is on top of the Group's priority list.

The Group remains committed to the Medium-term Management Plan "Resilience 2025 (Shinayaka 2025)," which will enter its halfway point in the fiscal year ending March 31, 2024. The Plan aims to build a sustainable corporate group with a focus on ESG, which will be achieved by exhibiting resilient responses to an ever-changing business environment under quick and accurate decision making.

(Note) The earnings forecast and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from the forecast due to a wide range of factors.

2. Basic Approach to the Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group prepares its consolidated financial statements using Japanese GAAP for the time being.

With regard to the application of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately based on consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	29,001	27,319
Notes and accounts receivable - trade, and contract assets	20,797	20,218
Electronically recorded monetary claims - operating	2,225	2,696
Merchandise and finished goods	1,420	1,139
Costs on construction contracts in progress	256	238
Raw materials and supplies	1,198	1,335
Current portion of long-term loans receivable from subsidiaries and associates	167	-
Derivatives	956	175
Other	595	1,803
Allowance for doubtful accounts	(59)	(58)
Total current assets	56,561	54,867
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,281	15,869
Accumulated depreciation	(8,549)	(8,887)
Buildings and structures, net	6,732	6,981
Machinery, equipment and vehicles	25,012	25,305
Accumulated depreciation	(21,674)	(22,146)
Machinery, equipment and vehicles, net	3,338	3,159
Land	10,846	10,859
Leased assets	670	707
Accumulated depreciation	(396)	(491)
Leased assets, net	274	215
Construction in progress	601	1,250
Other	2,963	3,071
Accumulated depreciation	(2,372)	(2,461)
Other, net	591	610
Total property, plant and equipment	22,384	23,077
Intangible assets		
Other	685	704
Total intangible assets	685	704
Investments and other assets		
Investment securities	4,476	5,990
Investments in capital of subsidiaries and associates	715	794
Long-term loans receivable from subsidiaries and associates	390	-
Retirement benefit asset	-	1,492
Deferred tax assets	335	128
Long-term time deposits	2,620	3,720
Other	700	752
Allowance for doubtful accounts	(444)	(54)
Total investments and other assets	8,794	12,823
Total non-current assets	31,864	36,606
Total assets	88,425	91,474

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	10,077	9,460
Electronically recorded obligations - operating	1,787	1,501
Short-term borrowings	1,300	1,300
Lease liabilities	105	102
Accounts payable - other	1,469	1,278
Income taxes payable	1,985	1,250
Contract liabilities	211	305
Provision for bonuses	1,081	959
Provision for bonuses for directors (and other officers)	142	117
Other provisions	63	62
Other	1,216	1,311
Total current liabilities	19,441	17,650
Non-current liabilities		
Long-term accounts payable - other	5	0
Lease liabilities	193	130
Long-term deposits received	48	48
Deferred tax liabilities	517	1,039
Retirement benefit liability	4	-
Asset retirement obligations	138	134
Total non-current liabilities	908	1,353
Total liabilities	20,349	19,003
Net assets		
Shareholders' equity		
Share capital	2,919	2,919
Capital surplus	3,681	3,681
Retained earnings	59,235	64,236
Treasury shares	(659)	(1,124)
Total shareholders' equity	65,177	69,713
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,889	2,127
Deferred gains or losses on hedges	332	66
Foreign currency translation adjustment	109	152
Remeasurements of defined benefit plans	566	409
Total accumulated other comprehensive income	2,897	2,756
Total net assets	68,075	72,470
Total liabilities and net assets	88,425	91,474

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

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	78,001	78,397
Cost of sales	59,681	60,935
Gross profit	18,320	17,462
Selling, general and administrative expenses	9,754	9,896
Operating profit	8,566	7,566
Non-operating income		
Interest income	11	9
Dividend income	152	124
Share of profit of entities accounted for using equity method	-	45
Derivative income	45	625
Gain on valuation of derivatives	477	-
Other	100	158
Total non-operating income	786	962
Non-operating expenses		
Interest expenses	10	11
Share of loss of entities accounted for using equity method	18	-
Loss on valuation of derivatives	-	397
Other	13	15
Total non-operating expenses	41	424
Ordinary profit	9,311	8,104
Extraordinary income		
Gain on sale of non-current assets	14	26
Gain on sale of investment securities	407	-
Gain on sale of investment in affiliated companies	-	27
Insurance claim income	135	19
Compensation income	119	18
Gain on revision of retirement benefit plan	-	1,202
Other	47	89
Total extraordinary income	724	1,383
Extraordinary losses		
Loss on retirement of non-current assets	17	218
Special repairs expenses	119	-
Other	32	30
Total extraordinary losses	168	249
Profit before income taxes	9,867	9,238
Income taxes - current	2,964	2,137
Income taxes - deferred	90	816
Total income taxes	3,055	2,954
Profit	6,811	6,284
Profit attributable to owners of the parent company	6,811	6,284

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	6,811	6,284
Other comprehensive income		
Valuation difference on available-for-sale securities	(204)	238
Deferred gains or losses on hedges	14	(266)
Foreign currency translation adjustment	19	8
Remeasurements of defined benefit plans, net of tax	76	(157)
Share of other comprehensive income of entities accounted for using equity method	83	34
Total other comprehensive income	(10)	(140)
Comprehensive income	6,800	6,144
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent company	6,800	6,144

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,919	3,430	53,574	(835)	59,088
Changes during period					
Dividends of surplus			(1,150)		(1,150)
Profit attributable to owners of the parent company			6,811		6,811
Purchase of treasury shares				(0)	(0)
Exercise of share acquisition rights		251		175	427
Net changes in items other than shareholders' equity					
Total changes during period	-	251	5,661	175	6,088
Balance at end of period	2,919	3,681	59,235	(659)	65,177

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,093	318	6	490	2,908	12	62,010
Changes during period							
Dividends of surplus							(1,150)
Profit attributable to owners of the parent company							6,811
Purchase of treasury shares							(0)
Exercise of share acquisition rights							427
Net changes in items other than shareholders' equity	(204)	14	103	76	(10)	(12)	(23)
Total changes during period	(204)	14	103	76	(10)	(12)	6,065
Balance at end of period	1,889	332	109	566	2,897	-	68,075

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,919	3,681	59,235	(659)	65,177
Changes during period					
Dividends of surplus			(1,283)		(1,283)
Profit attributable to owners of the parent company			6,284		6,284
Purchase of treasury shares				(465)	(465)
Exercise of share acquisition rights					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	5,001	(465)	4,536
Balance at end of period	2,919	3,681	64,236	(1,124)	69,713

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,889	332	109	566	2,897	-	68,075
Changes during period							
Dividends of surplus							(1,283)
Profit attributable to owners of the parent company							6,284
Purchase of treasury shares							(465)
Exercise of share acquisition rights							-
Net changes in items other than shareholders' equity	238	(266)	43	(157)	(140)	-	(140)
Total changes during period	238	(266)	43	(157)	(140)	-	4,395
Balance at end of period	2,127	66	152	409	2,756	-	72,470

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	9,867	9,238
Depreciation	2,070	2,157
Increase (decrease) in allowance for doubtful accounts	(13)	(390)
Increase (decrease) in retirement benefit liability	(439)	(1,455)
Increase (decrease) in other provisions	(158)	(148)
Interest and dividend income	(164)	(134)
Loss (gain) on valuation of derivatives	(477)	397
Interest expenses	10	11
Insurance claim income	(135)	(19)
Loss (gain) on sale of non-current assets	(11)	(26)
Loss (gain) on sale of investment securities	(407)	0
Compensation income	(119)	(18)
Special repairs expenses	119	-
Loss on retirement of non-current assets	17	218
Subsidy income	(6)	(4)
Decrease (increase) in trade receivables	41	125
Decrease (increase) in other current assets	(640)	(657)
Decrease (increase) in inventories	(714)	164
Increase (decrease) in trade payables	1,756	(1,046)
Increase (decrease) in other current liabilities	80	(74)
Increase (decrease) in accrued consumption taxes	(395)	62
Share of loss (profit) of entities accounted for using equity method	18	(45)
Loss on disaster	15	25
Other, net	270	1,069
Subtotal	10,582	9,451
Interest and dividends received	159	134
Subsidies received	6	4
Proceeds from insurance income	135	19
Proceeds from compensation	137	18
Interest paid	(10)	(11)
Income taxes paid	(3,134)	(3,034)
Payments provision for special repairs	(125)	-
Payments associated with disaster loss	(13)	(24)
Net cash provided by (used in) operating activities	7,737	6,556

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(2,610)	(3,710)
Proceeds from withdrawal of time deposits	2,810	1,910
Purchase of property, plant and equipment	(3,226)	(2,567)
Proceeds from sale of property, plant and equipment	11	25
Payments for retirement of property, plant and equipment	(15)	(203)
Purchase of intangible assets	(134)	(401)
Purchase of investment securities	(3)	(1,307)
Proceeds from sale of investment securities	772	137
Loan advances	(6)	(3)
Proceeds from collection of loans receivable	8	266
Other, net	32	18
Net cash provided by (used in) investing activities	(2,361)	(5,834)
Cash flows from financing activities		
Proceeds from short-term borrowings	3,500	3,000
Repayments of short-term borrowings	(4,100)	(3,000)
Repayments of lease liabilities	(97)	(112)
Purchase of treasury shares	(0)	(465)
Decrease (increase) in deposits for purchase of treasury shares	-	(1,331)
Proceeds from disposal of treasury shares from exercise of share acquisition rights	424	-
Dividends paid	(1,147)	(1,207)
Other, net	(10)	-
Net cash provided by (used in) financing activities	(1,430)	(3,115)
Effect of exchange rate change on cash and cash equivalents	35	11
Net increase (decrease) in cash and cash equivalents	3,980	(2,382)
Cash and cash equivalents at beginning of period	23,110	27,091
Cash and cash equivalents at end of period	27,091	24,709

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Additional Information)

(Revision of the retirement benefit plan)

As of April 1, 2022, the Company and some of its consolidated subsidiaries have transitioned part of the retirement benefit plans to a defined contribution pension plan.

Regarding the accounting treatment associated with the transition to this plan, the Company has applied “Accounting for Transfer between Retirement Benefit Plans” (ASBJ Implementation Guidance No. 1, December 16, 2016) and “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ PITF No. 2, February 7, 2007). As a result of this transition, gain on revision of retirement benefit plan of ¥1,202 million was recorded as extraordinary income for the fiscal year ended March 31, 2023.

(Segment Information, etc.)

1. Overview of reportable segments

Reportable segments of the Group are determined as segments whose separate financial information is accessible from among the constituent units of the Company and are regularly used by the Board of Directors to determine the allocation of management resources and to evaluate achievements.

The Group formulates comprehensive strategies by product and service and develops business activities that offer a wide variety of products and works related to road paving. Therefore, the Group has two reportable segments: “Applied and Processed Asphalt Products Business” and “Road Paving Business.” The “Applied and Processed Asphalt Products Business” is engaged in manufacture and sale of asphalt emulsions, modified asphalt and other road paving materials, etc., and the “Road Paving Business” is engaged in paving, civil engineering, bridge waterproofing and other construction works.

2. Method of measurement for net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method used for reporting business segments is the same as the accounting method that forms the basis for preparing consolidated financial statements.

Reportable segment profit figures are based on operating profit. Inter-segment sales and transfers are based on market prices.

3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2022

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Applied and Processed Asphalt Products Business	Road Paving Business	Total				
Net sales							
Net sales to outside customers	25,796	51,901	77,698	303	78,001	-	78,001
Inter-segment net sales or transfers	11,066	-	11,066	72	11,139	(11,139)	-
Total	36,863	51,901	88,765	376	89,141	(11,139)	78,001
Segment profit	6,598	4,996	11,594	227	11,822	(3,256)	8,566
Segment assets	31,029	32,281	63,310	2,205	65,515	22,909	88,425
Other items							
Depreciation	828	760	1,589	90	1,680	389	2,070
Investments in entities accounted for using equity method	681	-	681	-	681	-	681
Increases in property, plant and equipment and intangible assets	1,954	1,099	3,054	-	3,054	297	3,352

(Notes) 1. The “Other” category incorporates business segments not included in reportable segments, such as the real estate leasing business and the non-life insurance agency business.

2. (1) Segment profit adjustment of ¥(3,256) million includes elimination of inter-segment transactions of ¥(198) million and corporate expenses of ¥(3,058) million that are not allocated to reportable segments. Corporate expenses are comprised primarily of expenses related to the administrative divisions not allocated to reportable segments, such as expenses related to the general affairs division of the Company’s head office.
- (2) Segment assets adjustment of ¥22,909 million includes the Company’s surplus funds (cash and deposits, securities), long-term investments (investment securities) and assets related to the administrative divisions.
- (3) Adjustments to depreciation and increases in property, plant and equipment and intangible assets under other items are those related to the Company’s head office that are not allocated to reportable segments.
3. Segment profit is adjusted to the operating profit in the consolidated statements of income.

For the fiscal year ended March 31, 2023

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Applied and Processed Asphalt Products Business	Road Paving Business	Total				
Net sales							
Net sales to outside customers	27,175	50,913	78,089	308	78,397	-	78,397
Inter-segment net sales or transfers	10,033	-	10,033	80	10,114	(10,114)	-
Total	37,209	50,913	88,122	389	88,511	(10,114)	78,397
Segment profit	6,014	4,630	10,645	224	10,869	(3,303)	7,566
Segment assets	30,121	32,528	62,649	2,164	64,814	26,659	91,474
Other items							
Depreciation	891	744	1,635	100	1,736	421	2,157
Investments in entities accounted for using equity method	761	-	761	-	761	-	761
Increases in property, plant and equipment and intangible assets	1,932	472	2,404	-	2,404	539	2,944

- (Notes)
- The "Other" category incorporates business segments not included in reportable segments, such as the real estate lease business and the non-life insurance agency business.
 - Segment profit adjustment of ¥(3,303) million includes elimination of inter-segment transactions of ¥(98) million and corporate expenses of ¥(3,204) million that are not allocated to reportable segments. Corporate expenses are comprised primarily of expenses related to the administrative divisions not allocated to reportable segments, such as expenses related to the general affairs division of the Company's head office.
 - Segment assets adjustment of ¥26,659 million includes the Company's surplus funds (cash and deposits, securities), long-term investments (investment securities) and assets related to the administrative divisions.
 - Adjustments to depreciation and increases in property, plant and equipment and intangible assets under other items are those related to the Company's head office that are not allocated to reportable segments.
 - Segment profit is adjusted to the operating profit in the consolidated statements of income.

(Revenue Recognition)

Information on analyses of revenue that occurs from contracts with customers

For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment			Other (Note)	Total
	Applied and Processed Asphalt Products Business	Road Paving Business	Total		
Goods to be transferred at one point of time	25,796	-	25,796	21	25,818
Goods to be transferred over a certain period	-	51,901	51,901	-	51,901
Revenue from contracts with customers	25,796	51,901	77,698	21	77,719
Other revenue	-	-	-	282	282
Net sales to outside customers	25,796	51,901	77,698	303	78,001

(Note) The “Other” category incorporates business segments not included in reportable segments, such as the real estate lease business and the non-life insurance agency business.

For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment			Other (Note)	Total
	Applied and Processed Asphalt Products Business	Road Paving Business	Total		
Goods to be transferred at one point of time	27,175	-	27,175	21	27,197
Goods to be transferred over a certain period	-	50,913	50,913	-	50,913
Revenue from contracts with customers	27,175	50,913	78,089	21	78,110
Other revenue	-	-	-	287	287
Net sales to outside customers	27,175	50,913	78,089	308	78,397

(Note) The “Other” category incorporates business segments not included in reportable segments, such as the real estate lease business and the non-life insurance agency business.

(Per Share Information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥2,226.97	¥2,394.76
Basic earnings per share	¥222.91	¥205.73
Diluted earnings per share	¥-	¥-

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

2. The basis for the calculation of basic earnings per share is as follows.

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of the parent company (Million yen)	6,811	6,284
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of the parent company relating to common shares (Million yen)	6,811	6,284
Average number of shares of common shares outstanding during each fiscal year (Thousand shares)	30,558	30,549

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

	As of March 31, 2022	As of March 31, 2023
Total net assets (Million yen)	68,075	72,470
Amount to be deducted from total net assets (Million yen)	-	-
Net assets relating to common shares at end of period (Million yen)	68,075	72,470
Number of common shares at end of period used in calculating net assets per share (Thousand shares)	30,568	30,262

(Significant Subsequent Events)

There is no relevant information.

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	25,496	24,779
Notes receivable - trade	2,573	1,782
Electronically recorded monetary claims - operating	1,524	2,251
Accounts receivable - trade	9,208	8,063
Contract assets	42	116
Accounts receivable from completed construction contracts	781	868
Merchandise and finished goods	1,252	992
Costs on construction contracts in progress	65	69
Raw materials and supplies	1,036	1,198
Short-term loans receivable	1	0
Current portion of long-term loans receivable from subsidiaries and associates	167	-
Derivatives	956	175
Other	463	1,745
Allowance for doubtful accounts	(2)	(2)
Total current assets	43,568	42,041
Non-current assets		
Property, plant and equipment		
Buildings	4,739	5,061
Structures	1,340	1,313
Machinery and equipment	1,727	1,750
Vehicles	102	143
Tools, furniture and fixtures	497	524
Land	9,440	9,454
Leased assets	267	213
Construction in progress	601	1,250
Total property, plant and equipment	18,716	19,712
Intangible assets		
Software	527	357
Other	83	276
Total intangible assets	610	634
Investments and other assets		
Investment securities	4,325	5,637
Shares of subsidiaries and associates	1,907	1,917
Investments in capital	137	138
Investments in capital of subsidiaries and associates	735	735
Long-term loans receivable	2	0
Long-term loans receivable from subsidiaries and associates	390	-
Long-term prepaid expenses	97	140
Prepaid pension costs	-	467
Long-term time deposits	2,615	3,515
Other	317	316
Allowance for doubtful accounts	(430)	(40)
Total investments and other assets	10,098	12,827
Total non-current assets	29,426	33,174
Total assets	72,995	75,216

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	4,600	4,060
Accounts payable for construction contracts	186	215
Electronically recorded obligations - operating	1,787	1,501
Short-term borrowings	1,300	1,300
Lease liabilities	100	100
Accounts payable - other	1,415	1,254
Accrued expenses	357	396
Income taxes payable	921	191
Deposits received	11,365	11,760
Contract liabilities	61	61
Provision for bonuses	517	456
Provision for bonuses for directors (and other officers)	108	94
Provision for loss on construction contracts	3	4
Other	28	91
Total current liabilities	22,753	21,488
Non-current liabilities		
Lease liabilities	190	130
Deferred tax liabilities	389	904
Provision for retirement benefits	364	-
Asset retirement obligations	109	124
Other	47	42
Total non-current liabilities	1,101	1,201
Total liabilities	23,854	22,690
Net assets		
Shareholders' equity		
Share capital	2,919	2,919
Capital surplus		
Legal capital surplus	2,017	2,017
Other capital surplus	1,982	1,982
Total capital surplus	3,999	3,999
Retained earnings		
Legal retained earnings	729	729
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	268	266
Reserve for special account for tax purpose reduction entry of non-current assets	9	8
General reserve	17,100	17,100
Retained earnings brought forward	22,368	26,252
Total retained earnings	40,476	44,358
Treasury shares	(471)	(936)
Total shareholders' equity	46,923	50,340
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,884	2,118
Deferred gains or losses on hedges	332	66
Total valuation and translation adjustments	2,216	2,185
Total net assets	49,140	52,525
Total liabilities and net assets	72,995	75,216

(2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales		
Net sales of finished goods	26,809	28,605
Net sales of goods	6,226	4,887
Net sales of completed construction contracts	2,233	2,230
Sales in leasing business	3,021	3,157
Total net sales	38,291	38,880
Cost of sales		
Cost of finished goods sold	18,328	21,142
Cost of goods sold	5,281	3,898
Cost of sales of completed construction contracts	1,463	1,423
Cost of sales in leasing business	2,531	2,493
Total cost of sales	27,605	28,956
Gross profit	10,686	9,923
Selling, general and administrative expenses	6,710	6,865
Operating profit	3,976	3,058
Non-operating income		
Interest income	9	5
Dividend income	2,338	2,518
Derivative income	45	625
Gain on valuation of derivatives	477	-
Other	69	65
Total non-operating income	2,941	3,214
Non-operating expenses		
Interest expenses	16	14
Loss on valuation of derivatives	-	397
Other	11	15
Total non-operating expenses	28	427
Ordinary profit	6,889	5,845
Extraordinary income		
Gain on sale of non-current assets	2	3
Gain on sale of investment securities	393	-
Gain on sale of shares of subsidiaries and associates	-	27
Insurance claim income	104	12
Gain on revision of retirement benefit plan	-	569
Compensation income	119	18
Other	34	89
Total extraordinary income	654	721
Extraordinary losses		
Loss on retirement of non-current assets	7	173
Special repairs expenses	119	-
Loss on valuation of investment securities	9	-
Loss on disaster	13	25
Other	0	4
Total extraordinary losses	150	203
Profit before income taxes	7,393	6,363
Income taxes - current	1,404	668
Income taxes - deferred	41	529
Total income taxes	1,445	1,197
Profit	5,948	5,165

(3) Non-consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	
						Reserve for tax purpose reduction entry of non-current assets	Reserve for special account for tax purpose reduction entry of non-current assets
Balance at beginning of period	2,919	2,017	1,680	3,698	729	270	9
Changes during period							
Dividends of surplus							
Profit							
Reversal of reserve for tax purpose reduction entry of non-current assets						(2)	
Purchase of treasury shares							
Exercise of share acquisition rights			301	301			
Net changes in items other than shareholders' equity							
Total changes during period	-	-	301	301	-	(2)	-
Balance at end of period	2,919	2,017	1,982	3,999	729	268	9

	Shareholders' equity					Valuation and translation adjustments			Share acquisition rights	Total net assets
	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
	Other retained earnings		Total retained earnings							
	General reserve	Retained earnings brought forward								
Balance at beginning of period	17,100	17,568	35,678	(597)	41,698	2,082	318	2,400	12	44,111
Changes during period										
Dividends of surplus		(1,150)	(1,150)		(1,150)					(1,150)
Profit		5,948	5,948		5,948					5,948
Reversal of reserve for tax purpose reduction entry of non-current assets		2	-		-					-
Purchase of treasury shares				(0)	(0)					(0)
Exercise of share acquisition rights				125	427					427
Net changes in items other than shareholders' equity						(197)	14	(183)	(12)	(196)
Total changes during period	-	4,799	4,797	125	5,225	(197)	14	(183)	(12)	5,028
Balance at end of period	17,100	22,368	40,476	(471)	46,923	1,884	332	2,216	-	49,140

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	
						Reserve for tax purpose reduction entry of non-current assets	Reserve for special account for tax purpose reduction entry of non-current assets
Balance at beginning of period	2,919	2,017	1,982	3,999	729	268	9
Changes during period							
Dividends of surplus							
Profit							
Reversal of reserve for tax purpose reduction entry of non-current assets						(1)	(0)
Purchase of treasury shares							
Exercise of share acquisition rights			-	-			
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	(1)	(0)
Balance at end of period	2,919	2,017	1,982	3,999	729	266	8

	Shareholders' equity					Valuation and translation adjustments			Share acquisition rights	Total net assets
	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
	Other retained earnings		Total retained earnings							
	General reserve	Retained earnings brought forward								
Balance at beginning of period	17,100	22,368	40,476	(471)	46,923	1,884	332	2,216	-	49,140
Changes during period										
Dividends of surplus		(1,283)	(1,283)		(1,283)					(1,283)
Profit		5,165	5,165		5,165					5,165
Reversal of reserve for tax purpose reduction entry of non-current assets		2	-		-					-
Purchase of treasury shares				(465)	(465)					(465)
Exercise of share acquisition rights				-	-					-
Net changes in items other than shareholders' equity						234	(266)	(31)	-	(31)
Total changes during period	-	3,884	3,881	(465)	3,416	234	(266)	(31)	-	3,385
Balance at end of period	17,100	26,252	44,358	(936)	50,340	2,118	66	2,185	-	52,525

5. Other Information

(1) Newly appointed Directors (Scheduled for June 29, 2023)

a. Candidate for Newly appointed Director

Managing Director: Hiroyuki Totsuka (Current position: Senior Executive Officer and Vice General Manager, Business Division)

b. Retiring Directors

Senior Managing Director: Katsumi Eri

Managing Director: Seiichi Nemoto

Director: Isamu Nagasawa