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May 15, 2023

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



Company name: MIYAJI ENGINEERING GROUP, INC.
 Listing: Tokyo Stock Exchange
 Securities code: 3431
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 Scheduled date of annual general meeting of shareholders: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Scheduled date to file annual securities report: June 29, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	60,279	3.9	5,127	(11.8)	5,373	(10.3)	3,077	(9.7)
March 31, 2022	58,002	4.9	5,810	5.6	5,992	8.0	3,406	(10.6)

Note: Comprehensive income

For the fiscal year ended March 31, 2023: ¥4,253 million [(11.0)%]
 For the fiscal year ended March 31, 2022: ¥4,779 million [(10.5)%]

	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, 2023	452.22	-	8.9	8.6	8.5
March 31, 2022	500.51	-	10.7	9.8	10.0

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

For the fiscal year ended March 31, 2023: ¥—million
 For the fiscal year ended March 31, 2022: ¥—million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	63,051	41,568	56.3	5,217.96
March 31, 2022	61,815	39,091	54.0	4,904.97

Reference: Equity

As of March 31, 2023: ¥35,508 million
 As of March 31, 2022: ¥33,380 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, 2023	495	(711)	(2,147)	13,615
March 31, 2022	11,915	(1,185)	(3,267)	15,979

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2022	Yen -	Yen 0.00	Yen -	Yen 140.00	Yen 140.00	Millions of yen 952	% 28.0	% 3.0
Fiscal year ended March 31, 2023	-	60.00	-	80.00	140.00	952	31.0	2.8
Fiscal year ending March 31, 2024 (Forecast)	-	100.00	-	80.00	180.00		35.0	

Note: Breakdown of dividends at the end of the second quarter of the fiscal year ending March 31, 2024

Ordinary dividend: ¥80.00

Commemorative dividend: ¥20.00

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	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
First half	31,000	10.9	2,500	(21.5)	2,600	(21.3)	1,200	(37.2)	176.34
Full year	69,000	14.5	6,600	28.7	6,700	24.7	3,500	13.7	514.32

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: companies ()
 Excluded: companies ()

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2023	6,919,454 shares
As of March 31, 2022	6,919,454 shares

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

As of March 31, 2023	114,381 shares
As of March 31, 2022	114,039 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	6,805,218 shares
Fiscal year ended March 31, 2022	6,805,535 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	1,672	98.7	1,464	110.8	1,466	110.6	1,463	110.9
March 31, 2022	841	25.7	694	28.5	696	28.4	693	28.3

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	215.03	-
March 31, 2022	101.94	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	9,868	9,815	99.5	1,442.35
March 31, 2022	9,739	9,714	99.7	1,427.42

Reference: Equity

As of March 31, 2023: ¥9,815 million
 As of March 31, 2022: ¥9,714 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts and other special matters

The earnings forecasts and other forward-looking statements presented in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable and do not represent a commitment from the Company that they will be achieved. Actual results may differ significantly due to various factors. For preconditions for the earnings forecasts and notes on the use of the earnings forecasts, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 5 of the Attachment.

(Change in the unit for presenting amounts)

Previously, the amounts of accounts and other items presented in the Company’s consolidated financial statements were stated in thousands of yen. Effective from the fiscal year ended March 31, 2023, the Company has changed to present such amounts in millions of yen.

(How to obtain supplementary material on financial results)

The Company plans to hold a financial results briefing for institutional investors and analysts on Friday, May 26, 2023. The financial results briefing materials will be posted on the Company website on the same day.

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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 under review, the Japanese economy continued to recover gradually as socioeconomic activities normalized following the COVID-19 pandemic. Meanwhile, the environment surrounding the Japanese economy became increasingly severe, mainly due to concerns about a global economic recession caused by soaring global energy and food prices, monetary tightening in the United States and Europe, and other factors.

Even under such circumstances, public investment remained firm. In the Group's mainstay bridge business segment, which includes highway and railway bridges, orders for new construction-related projects as well as large-scale renovation and maintenance-related projects totaled nearly ¥300.0 billion each in the current fiscal year, on par with the volume of orders in the previous fiscal year.

In this environment, orders received amounted to ¥66,650 million (up 4.2% year on year) due to orders received for large, technically challenging new construction-related projects, large-scale renovation and maintenance-related projects, railroad-related projects, and coastal structures.

The specific details are as follows.

New construction-related: Orders received totaled ¥24,235 million, including orders for the Kamase Bridge upper section construction for disaster restoration on the National Route 219 (Ministry of Land, Infrastructure, Transport and Tourism), a project to restore the bridge that was washed away by the flooding of the Kuma River due to the heavy rain in July 2020.

Large-scale renovation and maintenance-related: Orders received totaled ¥14,489 million, including orders for the Sasebo Viaduct (widening) construction on the Sasebo Road in FY2020 (West Nippon Expressway Company Limited).

Railroad-related: Orders received totaled ¥16,475 million, including orders for the Hokkaido Shinkansen Shiribetsu River Bridge (Japan Railway Construction, Transport and Technology Agency).

Coastal structures: Orders received totaled ¥8,752 million, including orders for the main body construction of the seawall (wave protection) in the Shin-Honmoku area at the Port of Yokohama in FY2021 (Ministry of Land, Infrastructure, Transport and Tourism) and other orders received from the private sector for highly difficult projects.

Net sales were ¥60,279 million (up 3.9% year on year), significantly below the ¥65,000 million planned at the beginning of the fiscal year. This was mainly due to the impact of a delay in orders received for new projects that were expected to generate sales during the fiscal year, lower-than-expected plant operations, and the carry-over of sales of completed work at the end of the fiscal year for large projects into the next fiscal year, despite generally steady progress in existing projects.

The specific details are as follows.

New construction-related: Net sales were ¥20,322 million, mainly due to progress on the Goka Viaduct (steel superstructure) construction on the Ken-O Expressway (East Nippon Expressway Company Limited) and on the Ebie area steel girder and steel pier construction (Hanshin Expressway Company Limited).

Large-scale renovation and maintenance-related: Net sales were ¥21,837 million, mainly due to progress on the Chugoku Expressway (specific renewal) Bridge renovation project between Suita Junction and Chugoku Ikeda Interchange (West Nippon Expressway Company Limited) and on the Route 1 (Haneda Line) (pier section of Higashi Shinagawa/reclamation area of Samezu) renewal project (Metropolitan Expressway Co., Ltd.).

Railroad-related: Net sales were ¥12,876 million, mainly due to progress on the Yokohama Circular South Line erection (OBAYASHI CORPORATION and other JVs) and on the Keihan Yodogawa-Higashi Bridge Over Railway (BO) erection (KAJIMA CORPORATION).

Buildings with large interior spaces and special buildings: Net sales were ¥1,744 million, mainly due to progress on the Hokkaido Ballpark steel frame (OBAYASHI CORPORATION and other JVs).

Coastal structures: Net sales were ¥2,416 million, mainly due to progress on the main body construction

of the seawall (wave protection) in the Shin-Honmoku area at the Port of Yokohama in FY2021 (Ministry of Land, Infrastructure, Transport and Tourism) and the quay improvement construction in the Ujina area at the Hiroshima Port, an international hub port (Hiroshima Prefecture).

Despite the negative impact of soaring energy prices and other factors, profit was expected to be in line with the plan, mainly due to production efficiency improvements such as promotion of effective use of yards in plant premises, efforts to improve construction profitability, and operational efficiency improvements through work style reforms. However, due to the impact of lower sales caused by the carry-over and other factors, operating profit was ¥5,127 million (down 11.8% year on year), ordinary profit was ¥5,373 million (down 10.3% year on year), and profit attributable to owners of parent was ¥3,077 million (down 9.7% year on year).

Segment results are as follows.

(MIYAJI ENGINEERING)

Orders received remained unchanged from the previous fiscal year at ¥38,721 million (down 0.7% year on year).

Net sales were lower than planned at ¥34,455 million (up 3.5% year on year), mainly due to the impact of the carry-over of sales of completed work, despite generally steady progress in existing projects.

Operating profit was ¥3,097 million (down 5.1% year on year), which was also below the forecast, due to the impact of lower sales, despite efforts to improve production efficiency and construction profitability, among others.

(MM BRIDGE)

Orders received were ¥27,925 million (up 11.8% year on year) due to orders received for large-scale construction projects.

Net sales were lower than planned at ¥25,927 million (up 4.5% year on year), mainly due to the impact of the carry-over of sales of completed work, despite generally steady progress in existing projects.

Operating profit was ¥2,018 million (down 20.6% year on year), which was also below the forecast, due to the impact of lower sales, despite efforts to improve production efficiency and construction profitability, among others.

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

Total assets increased by ¥1,236 million from the end of the previous fiscal year to ¥63,051 million. This was mainly due to an increase in notes receivable, accounts receivable from completed construction contracts and other of ¥2,747 million and an increase in construction in progress of ¥789 million, despite a decrease in cash and deposits of ¥2,363 million.

Total liabilities decreased by ¥1,240 million from the end of the previous fiscal year to ¥21,483 million. This was mainly due to a decrease in notes payable, accounts payable for construction contracts and other of ¥2,302 million, which were partially offset by an increase in advances received on construction contracts in progress of ¥1,291 million.

Total net assets increased by ¥2,477 million from the end of the previous fiscal year to ¥41,568 million. This was mainly due to increases in retained earnings of ¥1,716 million, valuation difference on available-for-sale securities of ¥303 million, and non-controlling interests of ¥348 million.

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

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the current fiscal year decreased by ¥2,363 million from the end of the previous fiscal year to ¥13,615 million.

The status of cash flows and reasons for their changes are as follows.

(Cash Flows from Operating Activities)

Cash flows provided by operating activities totaled ¥495 million (an inflow of ¥11,915 million in the previous fiscal year). This was mainly due to the recording of profit before income taxes of ¥5,320 million, the recording of depreciation of ¥1,025 million, and an increase in advances received on construction contracts in progress of ¥1,291 million, which were partially offset by an increase in trade receivables of ¥2,747 million, a decrease in trade payables of ¥2,195 million, and income taxes paid of ¥1,883 million.

(Cash Flows from Investing Activities)

Cash flows used in investing activities totaled ¥711 million (an outflow of ¥1,185 million in the previous fiscal year). This was mainly due to purchase of property, plant and equipment of ¥1,100 million and purchase of intangible assets of ¥136 million, despite proceeds from sale and redemption of investment securities of ¥603 million.

(Cash Flows from Financing Activities)

Cash flows used in financial activities totaled ¥2,147 million (an outflow of ¥3,267 million in the previous fiscal year). This was mainly due to dividends paid of ¥1,355 million, dividends paid to non-controlling interests of ¥414 million, and repayments of long-term borrowings of ¥300 million.

(Reference) Trends in cash flow-related 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-to-asset ratio (%)	43.8	43.8	49.6	54.0	56.3
Equity-to-asset ratio based on market value (%)	22.9	18.5	26.5	38.1	40.4
Cash flow to interest-bearing debt ratio (years)	-	0.8	2.6	0.0	0.0
Interest coverage ratio (times)	-	123.8	34.2	714.3	87.0

Equity-to-asset ratio: Equity / Total assets

Equity-to-asset ratio based on market value: Market capitalization / Total assets

Cash flow to interest-bearing-debt ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flows / Interest payments

- (Notes)
- 1 All indicators are calculated based on consolidated financial figures.
 - 2 Market capitalization is calculated based on the number of issued shares excluding treasury shares.
 - 3 Cash flow from operating activities is used for cash flow.
 - 4 Interest-bearing debt covers all liabilities recorded on the Consolidated Balance Sheets for which interest is paid.
 - 5 Cash flow to interest-bearing-debt ratio” and “Interest coverage ratio” are not shown for the fiscal year ended March 31, 2019 due to negative operating cash flow.

(4) Future Outlook

With regard to the outlook for the Japanese economy in FY2023, it is expected that measures will be promoted to put the Japanese economy on a sustainable growth path led by private-sector demand under the banner of new capitalism, including the quick and firm implementation of comprehensive economic measures to overcome high prices while promoting planned and bold investments through public-private partnership. However, we need to pay close attention to the risk that a downturn in overseas economies could put downward pressure on the Japanese economy, and also to the effects of rising prices, supply-side constraints, volatility in financial and capital markets, and other factors.

Despite these circumstances, in the Group’s mainstay bridge business segment, the expected orders for FY2023 are ¥280.0 billion (based on our estimate) for new construction-related projects and ¥320.0 billion (based on our estimate) for large-scale renovation and maintenance-related projects. The volume of orders is therefore expected to be about the same as in the previous fiscal year. While competition for orders for ordinary new bridges continues to be severe, orders received for large-scale expressway renovation projects, which require high technical and construction capabilities both in terms of quality and quantity, are expected to remain steady at a project size of approximately ¥7 trillion. Furthermore, we also expect to see highly difficult, large-scale projects move forward, creating a business environment in which the Group can be expected to make major advances in the medium term. In railroad-related projects, although the business environment has been severe due to the COVID-19 pandemic, many projects are planned in the Tokyo area. These include terminal station redevelopment projects, continuous grade separation projects, large-scale bridge over railway projects, elevation and reconstruction projects for JR and private railway companies. We believe that highly difficult construction projects such as these will enable the Group to demonstrate its safe and secure technical capabilities.

In this business environment, we will further strengthen our management control system as a group to build a stronger revenue base. At the same time, we will work as one team with MIYAJI ENGINEERING CO., LTD. and MM BRIDGE, CO., LTD., which form the core of the Group, to “walk together” and “grow together” with our stakeholders as a company that is one step ahead of its competitors. To this end, we have formulated the Medium-Term Business Plan that begins in FY2022. In the first year of the plan, we achieved results that were almost in line with the plan. We will continue to optimize our management by appropriately allocating management resources to new construction-related, large-scale renovation and maintenance-related, and private-sector projects (including railroad-related, buildings with large interior spaces and special buildings, and coastal structures projects), aligning with shifts and trends in the domestic steel bridge market. In addition, we will strive to achieve the goals of our Medium-Term Business Plan by improving productivity through technology development and digital transformation (DX), securing and training human resources, promoting the career advancement of women, and carrying out work style reforms.

With regard to the consolidated financial results for the fiscal year ending March 31, 2024, we aim to achieve our targets for the second year of our Medium-Term Business Plan. We forecast net sales of ¥69.0 billion, operating profit of ¥6.6 billion, ordinary profit of ¥6.7 billion, and profit attributable to owners of parent of ¥3.5 billion.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

The Company's basic approach is to establish a highly sustainable corporate structure from a medium- to long-term perspective and to enhance corporate value, as well as to implement a well-balanced capital policy, including investment for sustainable growth, a concept shared with our shareholders and stakeholders. At the same time, we regard the return of profits to shareholders as an important management measure and will strive to maintain and expand shareholder returns with a target total payout ratio of 30%. In addition to achieving the goals of the Medium-Term Business Plan, which is to maintain the dividend per share to ¥140 on an ongoing basis while aiming to further increase dividends, we will flexibly return profits to shareholders when performance is favorable and will appropriately control the level of equity by paying close attention to capital efficiency.

Based on the above policy, we plan to pay a year-end dividend of ¥80 per share for the fiscal year ended March 31, 2023, which together with the interim dividend already paid will bring the total annual dividend to ¥140 per share. With regard to dividends for the fiscal year ending March 31, 2024, the Company plans to pay a dividend of ¥180 (a payout ratio of 35%), which consists of ¥160 calculated based on a payout ratio of 30% and a commemorative dividend of ¥20 for the 20th anniversary of the Company's establishment.

Interim dividend:	Ordinary dividend of ¥80 + Commemorative dividend of ¥20 = ¥100
Year-end dividend:	Ordinary dividend of ¥80

2. Basic Policy on Selection of Accounting Standards

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

Going forward, the Company's policy will be to take appropriate actions, taking into consideration the domestic and international situation.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	15,979	13,615
Notes receivable, accounts receivable from completed construction contracts and other	23,772	26,520
Costs on construction contracts in progress	191	369
Raw materials and supplies	35	82
Other	2,077	2,599
Total current assets	42,056	43,185
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,957	6,962
Accumulated depreciation and impairment	(4,773)	(4,916)
Buildings and structures, net	2,184	2,046
Machinery and vehicles	11,916	11,885
Accumulated depreciation and impairment	(9,465)	(9,774)
Machinery and vehicles, net	2,451	2,111
Tools, furniture and fixtures	1,177	1,147
Accumulated depreciation and impairment	(952)	(954)
Tools, furniture and fixtures, net	225	193
Land	7,671	7,660
Leased assets	672	675
Accumulated depreciation	(477)	(536)
Leased assets, net	194	138
Construction in progress	29	818
Total property, plant and equipment	12,756	12,968
Intangible assets	336	372
Investments and other assets		
Investment securities	5,358	5,156
Shares of subsidiaries and associates	52	52
Deferred tax assets	872	935
Other	412	409
Allowance for doubtful accounts	(29)	(29)
Total investments and other assets	6,666	6,524
Total non-current assets	19,759	19,866
Total assets	61,815	63,051

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	9,810	7,508
Current portion of long-term borrowings	300	-
Accounts payable - other	161	349
Income taxes payable	1,094	943
Advances received on construction contracts in progress	2,933	4,225
Provision for warranties for completed construction	598	543
Provision for loss on construction contracts	1,868	2,528
Provision for bonuses	791	792
Other	590	505
Total current liabilities	18,150	17,395
Non-current liabilities		
Lease liabilities	141	81
Deferred tax liabilities for land revaluation	1,639	1,639
Provision for retirement benefits for directors (and other officers)	212	117
Retirement benefit liability	2,579	2,247
Other	1	1
Total non-current liabilities	4,574	4,087
Total liabilities	22,724	21,483
Net assets		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	3,746	3,746
Retained earnings	21,582	23,298
Treasury shares	(231)	(232)
Total shareholders' equity	28,097	29,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,100	2,404
Revaluation reserve for land	3,240	3,240
Remeasurements of defined benefit plans	(57)	51
Total accumulated other comprehensive income	5,282	5,695
Non-controlling interests	5,710	6,059
Total net assets	39,091	41,568
Total liabilities and net assets	61,815	63,051

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

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales of completed construction contracts	58,002	60,279
Cost of sales of completed construction contracts	48,760	51,225
Gross profit on completed construction contracts	9,241	9,053
Selling, general and administrative expenses	3,431	3,925
Operating profit	5,810	5,127
Non-operating income		
Interest income	1	1
Dividend income	156	196
Rental income	22	23
Gain on sale of scraps	18	31
Other	22	27
Total non-operating income	221	280
Non-operating expenses		
Interest expenses	16	5
Guarantee commission for advances received	16	21
Other	6	7
Total non-operating expenses	39	34
Ordinary profit	5,992	5,373
Extraordinary income		
Gain on sale of investment securities	4	-
Gain on sale of golf club membership	-	2
Other	-	0
Total extraordinary income	4	2
Extraordinary losses		
Loss on sale of non-current assets	21	-
Loss on retirement of non-current assets	10	41
Loss on sale of investment securities	-	3
Impairment losses	-	10
Total extraordinary losses	32	55
Profit before income taxes	5,964	5,320
Income taxes - current	1,748	1,728
Income taxes - deferred	(192)	(223)
Total income taxes	1,556	1,504
Profit	4,407	3,815
Profit attributable to non-controlling interests	1,001	738
Profit attributable to owners of parent	3,406	3,077

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	4,407	3,815
Other comprehensive income		
Valuation difference on available-for-sale securities	269	303
Remeasurements of defined benefit plans, net of tax	102	134
Total other comprehensive income	371	438
Comprehensive income	4,779	4,253
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,778	3,490
Comprehensive income attributable to non-controlling interests	1,001	763

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	3,746	18,720	(230)	25,236
Changes during period					
Dividends of surplus			(544)		(544)
Profit attributable to owners of parent			3,406		3,406
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,861	(0)	2,861
Balance at end of period	3,000	3,746	21,582	(231)	28,097

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,831	3,240	(160)	4,910	4,859	35,006
Changes during period						
Dividends of surplus						(544)
Profit attributable to owners of parent						3,406
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	269	-	102	371	851	1,223
Total changes during period	269	-	102	371	851	4,084
Balance at end of period	2,100	3,240	(57)	5,282	5,710	39,091

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	3,746	21,582	(231)	28,097
Changes during period					
Dividends of surplus			(1,361)		(1,361)
Profit attributable to owners of parent			3,077		3,077
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,716	(1)	1,715
Balance at end of period	3,000	3,746	23,298	(232)	29,812

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,100	3,240	(57)	5,282	5,710	39,091
Changes during period						
Dividends of surplus						(1,361)
Profit attributable to owners of parent						3,077
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	303	-	109	413	348	761
Total changes during period	303	-	109	413	348	2,477
Balance at end of period	2,404	3,240	51	5,695	6,059	41,568

(4) Consolidated Statements of Cash Flows

(Millions of 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	5,964	5,320
Depreciation	1,098	1,025
Impairment losses	-	10
Increase (decrease) in provision for warranties for completed construction	13	(55)
Increase (decrease) in provision for loss on construction contracts	8	659
Increase (decrease) in provision for bonuses	42	0
Increase (decrease) in provision for retirement benefits for directors (and other officers)	71	(95)
Increase (decrease) in retirement benefit liability	(54)	(137)
Interest and dividend income	(158)	(198)
Interest expenses	16	5
Loss on retirement of non-current assets	10	41
Loss (gain) on sale of investment securities	(4)	3
Decrease (increase) in trade receivables	7,071	(2,747)
Decrease (increase) in costs on construction contracts in progress	560	(177)
Decrease (increase) in other inventories	3	(46)
Decrease (increase) in other current assets	(1,118)	(657)
Increase (decrease) in trade payables	1,314	(2,195)
Increase (decrease) in advances received on construction contracts in progress	(388)	1,291
Increase (decrease) in other current liabilities	(1,174)	(68)
Other	67	70
Subtotal	13,345	2,049
Interest and dividends received	158	198
Interest paid	(16)	(5)
Income taxes paid	(1,679)	(1,883)
Income taxes refund	108	136
Net cash provided by (used in) operating activities	11,915	495

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,030)	(1,100)
Proceeds from sale of property, plant and equipment	1	0
Payments for retirement of property, plant and equipment	(42)	(10)
Purchase of intangible assets	(116)	(136)
Proceeds from sale and redemption of investment securities	12	603
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	0	0
Payments of leasehold and guarantee deposits	(15)	(58)
Proceeds from refund of leasehold and guarantee deposits	9	11
Proceeds from sale of golf club membership	0	2
Other	(3)	(23)
Net cash provided by (used in) investing activities	(1,185)	(711)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,500)	-
Repayments of long-term borrowings	-	(300)
Repayments of lease liabilities	(75)	(76)
Purchase of treasury shares	(0)	(1)
Dividends paid	(542)	(1,355)
Dividends paid to non-controlling interests	(149)	(414)
Net cash provided by (used in) financing activities	(3,267)	(2,147)
Net increase (decrease) in cash and cash equivalents	7,462	(2,363)
Cash and cash equivalents at beginning of period	8,516	15,979
Cash and cash equivalents at end of period	15,979	13,615

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are those constituent units of the Group for which discrete financial information is available and which are regularly reviewed by the Board of Directors to decide on the allocation of management resources and assess business performance.

The Group primarily engages in surveys, diagnosis, inspections, design, manufacture, erection, repair, and reinforcement of bridges, steel frames, and other steel structures, as well as design, construction, and construction management of civil engineering works and prestressed concrete works. The Company is a holding company for the purpose of controlling and managing the business companies such as MIYAJI ENGINEERING CO., LTD. and MM BRIDGE CO., LTD.

Accordingly, the Group consists of segments based on business companies and has the following two reportable segments: "MEC" and "MMB."

"MEC" refers to MIYAJI ENGINEERING CO., LTD., which engages in design, manufacture, and engineering of new bridges; maintenance, repair, and reinforcement of existing bridges; design, manufacture, and engineering of steel structures around bridges and composite structures; manufacture and engineering of other steel structures; sale of FRP structures; and seismic and base-isolation works, etc. of prestressed concrete bridges, other civil engineering projects, buildings with large interior spaces/high-rise structures, steel towers, smokestacks, plant buildings, and existing structures.

"MMB" refers to MM BRIDGE CO., LTD., which engages in design, manufacture, installation, sale, and repair of bridges and coastal structures, etc., as well as contracting, design, and construction management of civil engineering construction works.

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

The accounting methods for the reportable segments are in accordance with the accounting policies adopted to prepare the consolidated financial statements.

Segment profit figures are based on operating profit.

Inter-segment revenues and transfers are based on prevailing 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 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment		Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	MEC	MMB				
Net sales						
Net sales to outside customers	33,294	24,821	2	58,119	(116)	58,002
Inter-segment net sales or transfers	825	-	838	1,663	(1,663)	-
Total	34,119	24,821	841	59,783	(1,780)	58,002
Segment profit	3,263	2,543	694	6,502	(691)	5,810
Segment assets	40,350	21,897	9,739	71,987	(10,171)	61,815
Segment liabilities	12,920	10,175	25	23,122	(397)	22,724
Other items						
Depreciation	967	130	0	1,098	-	1,098
Increase in property, plant and equipment and intangible assets	747	255	-	1,003	-	1,003

(Notes) 1. The “Other” category refers to the Company (a pure holding company), which is not attributable to any reportable segment.

2. The details of the adjustment are as follows:

- (1) The adjustment for net sales represents progress rate adjustments for inter-segment transactions and eliminations of inter-segment transactions.
- (2) The adjustment for segment profit represents effects from progress rate adjustments for inter-segment transactions of negative ¥12 million, eliminations of inter-segment transactions of negative ¥532 million, and corporate expenses of negative ¥146 million. Corporate expenses are mainly general and administrative expenses not attributable to any reportable segment.
- (3) The adjustment for segment assets and liabilities represents eliminations of inter-segment credits and debts.

3. Segment profit is adjusted to operating profit on the consolidated financial statements.

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

(Millions of yen)

	Reportable segment		Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	MEC	MMB				
Net sales						
Net sales to outside customers	34,455	25,927	3	60,386	(107)	60,279
Inter-segment net sales or transfers	1,647	-	1,668	3,316	(3,316)	-
Total	36,103	25,927	1,672	63,702	(3,423)	60,279
Segment profit	3,097	2,018	1,464	6,580	(1,453)	5,127
Segment assets	41,670	21,712	9,868	73,252	(10,200)	63,051
Segment liabilities	12,661	9,331	53	22,046	(562)	21,483
Other items						
Depreciation	865	158	1	1,025	-	1,025
Increase in property, plant and equipment and intangible assets	1,034	275	6	1,315	-	1,315

(Notes) 1. The “Other” category refers to the Company (a pure holding company), which is not attributable to any reportable segment.

2. The details of the adjustment are as follows:

- (1) The adjustment for net sales represents progress rate adjustments for inter-segment transactions and eliminations of inter-segment transactions.
- (2) The adjustment for segment profit represents effects from progress rate adjustments for inter-segment transactions of ¥1 million, eliminations of inter-segment transactions of negative ¥1,246 million, and corporate expenses of negative ¥207 million. Corporate expenses are mainly general and administrative expenses not attributable to any reportable segment.
- (3) The adjustment for segment assets and liabilities represents eliminations of inter-segment credits and debts.

3. Segment profit is adjusted to operating profit on the consolidated financial statements.

[Related information]

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

1. Information by product and service

The description is omitted since net sales to outside customers of a single product/service category account for more than 90% of net sales stated in the consolidated statements of income.

2. Information by geographical area

(1) Net sales

The description is omitted since net sales to outside customers in Japan account for more than 90% of net sales stated in the consolidated statements of income.

(2) Property, plant and equipment

Not applicable since there is no property, plant and equipment outside Japan.

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment name
West Nippon Expressway Company Limited	21,359	MEC MMB
Ministry of Land, Infrastructure, Transport and Tourism	7,029	MEC MMB

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

1. Information by product and service

The description is omitted since net sales to outside customers of a single product/service category account for more than 90% of net sales stated in the consolidated statements of income.

2. Information by geographical area

(1) Net sales

The description is omitted since net sales to outside customers in Japan account for more than 90% of net sales stated in the consolidated statements of income.

(2) Property, plant and equipment

Not applicable since there is no property, plant and equipment outside Japan.

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment name
West Nippon Expressway Company Limited	19,046	MEC MMB
Ministry of Land, Infrastructure, Transport and Tourism	9,462	MEC MMB

[Information on impairment losses of non-current assets by reportable segment]

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

Not applicable.

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

(Millions of yen)

	MEC	MMB	Total
Impairment losses	10	-	10

[Information on amortization of goodwill and unamortized balances by reportable segment]

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

Not applicable.

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

Not applicable.

[Information on gain on negative goodwill]

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

Not applicable.

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

Not applicable.

(Per share information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥4,904.97	¥5,217.96
Basic earnings per share	¥500.51	¥452.22

(Notes) 1. Diluted earnings per share are not presented since there are no latent shares.

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

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit attributable to owners of parent (Millions of yen)	3,406	3,077
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent relating to common shares (Millions of yen)	3,406	3,077
Average number of shares outstanding during period (Thousands of shares)	6,805	6,805

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

	As of March 31, 2022	As of March 31, 2023
Total net assets (Millions of yen)	39,091	41,568
Amount deducted from total net assets (Millions of yen)	5,710	6,059
(Out of the above: Amount attributable to non- controlling interests (Millions of yen))	(5,710)	(6,059)
Net assets relating to common shares at end of period (Millions of yen)	33,380	35,508
Number of common shares used for calculation of net assets per share at end of period (Thousands of shares)	6,805	6,805

(Significant subsequent events)

Not applicable.

4. Other Information

(1) Changes of Officers

Changes of officers were announced in the “Notice of Changes of Officers, etc. of the Company and its Subsidiaries and Organizational Revisions” on February 8, 2023.

(2) Status of Production, Orders Received, and Sales (Consolidated)

1) Status of production (Millions of yen)

Segment name	For the fiscal year ended March 31, 2022		For the fiscal year ended March 31, 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
MEC	33,186	57.8	34,471	57.0
MMB	24,321	42.4	26,146	43.2
Other	2	0.0	3	0.0
Adjustment	(116)	(0.2)	(107)	(0.2)
Total	57,394	100.0	60,514	100.0

2) Status of orders received

(Orders received) (Millions of yen)

Segment name	For the fiscal year ended March 31, 2022		For the fiscal year ended March 31, 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
MEC	38,986	60.9	38,721	58.1
MMB	24,984	39.1	27,925	41.9
Other	2	0.0	3	0.0
Total	63,974	100.0	66,650	100.0

(Order backlogs) (Millions of yen)

Segment name	As of March 31, 2022		As of March 31, 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
MEC	52,996	56.2	57,262	56.9
MMB	41,371	43.9	43,369	43.1
Other	-	-	-	-
Adjustment	(81)	(0.1)	25	0.0
Total	94,286	100.0	100,658	100.0

1) Status of sales (Millions of yen)

Segment name	For the fiscal year ended March 31, 2022		For the fiscal year ended March 31, 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
MEC	33,294	57.4	34,455	57.2
MMB	24,821	42.8	25,927	43.0
Other	2	0.0	3	0.0
Adjustment	(116)	(0.2)	(107)	(0.2)
Total	58,002	100.0	60,279	100.0