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August 9, 2023

## Consolidated Financial Results for the Three Months Ended June 30, 2023 [J-GAAP]



Company name: MIYAJI ENGINEERING GROUP, INC.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3431  
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 Scheduled date to file quarterly securities report: August 10, 2023  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

#### (1) Consolidated operating results (cumulative)

(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	%
Three months ended June 30, 2023	15,684	26.8	1,230	47.3	1,314	42.9	687	15.8
June 30, 2022	12,370	(2.8)	835	(37.6)	919	(34.6)	593	(12.3)

Note: Comprehensive income

For the three months ended June 30, 2023: ¥1,330 million [72.2 %]  
 For the three months ended June 30, 2022: ¥772 million [(7.9)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	101.07	-
June 30, 2022	87.27	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	65,976	42,207	54.7
March 31, 2023	63,051	41,568	56.3

Reference: Equity

As of June 30, 2023: ¥36,056 million  
 As of March 31, 2023: ¥35,508 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	60.00	-	80.00	140.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		170.00	-	75.00	-

Note: Revisions to the cash dividends forecasts most recently announced: Yes

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

Ordinary dividend: ¥150.00

Commemorative dividend: ¥20.00

The Company plans to conduct a two-for-one share split of its common shares, effective October 1, 2023.

The dividends at the end of the second quarter of the fiscal year ending March 31, 2024 (forecast) is the amount before the share split, and the dividends at the end of the fiscal year is the amount after the share split.

The annual total is not shown because a simple comparison is not possible due to the share split.

The annual dividends without considering such share split would be ¥320.

For details, please refer to “Proper use of earnings forecasts and other special matters.”

## 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

Note: Revisions to the financial result forecasts most recently announced: None

The amount of basic earnings per share in the consolidated financial result forecast for the first half of the fiscal year ending March 31, 2024 is calculated based on the number of shares before the share split.

The amount of basic earnings per share in the consolidated financial result forecast for the full year of the fiscal year ending March 31, 2024 is calculated based on the assumption that the share split was conducted at the beginning of FY2023.

For details, please refer to “Proper use of earnings forecasts and other special matters.”

\* **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) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 8 of the Attachment.

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2023	6,919,454 shares
As of March 31, 2023	6,919,454 shares

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

As of June 30, 2023	114,584 shares
As of March 31, 2023	114,381 shares

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

Three months ended June 30, 2023	6,804,938 shares
Three months ended June 30, 2022	6,805,415 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts and other special matters

1. 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. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Information ” on page 3 of the Attachment.

2. The Company plans to conduct a two-for-one share split of its common shares, effective October 1, 2023, and the year-end dividends in the cash dividends forecast for the fiscal year ending March 31, 2024 is calculated based on the number of shares after such share split.

Basic earnings per share in the financial result forecast for the full year of the fiscal year ending March 31, 2024 is calculated based on the assumption that the share split was conducted at the beginning of FY2023. The dividends per share forecast for the fiscal year ending March 31, 2024 and basic earnings per share in the consolidated financial result forecast for the full year of the fiscal year ending March 31, 2024 without considering such share split are as follows.

(1) Dividends per share

Year-end: ¥150.00  
 Annual: ¥320.00

(2) Basic earnings per share

Full year: ¥514.34

For details of the share split and revisions to the cash dividends forecasts, please refer to the “Notice on the Share Split, and the Partial Amendment to the Articles of Incorporation and the Revision (Increase) of Dividend Forecasts associated with the Share Split” disclosed today.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the three months ended June 30, 2023, although the Japanese economy is expected to continue its gradual recovery under the improving employment and income environment, partly due to the effects of various policies, there is a risk that a downturn in overseas economies could put downward pressure on the economy as the global monetary tightening and other factors continue. In addition, we need to pay close attention to the effects of rising prices, volatility in financial and capital markets, and other factors.

In the business environment, public investment in Japan remained strong. In the Group's mainstay bridge business segment, orders for new construction-related projects as well as large-scale renovation and maintenance-related projects are expected to be ¥280.0 billion and ¥320.0 billion, respectively (based on our estimate), about the same volume of orders as in the previous fiscal year and the fiscal year before that. However, the volume of orders (in terms of value) for the three months ended June 30, 2023 was less than half compared to the same period of two fiscal years ago and 15% less than the same period of the previous fiscal year (based on our aggregate calculation), indicating that the overall timing of orders has been delayed and the volume of orders are expected to increase in the latter half of the fiscal year.

In this environment, orders received decreased by 62.5% year on year to ¥8,090 million due to the impact of large new bridge and expressway widening construction orders received in the same period of the previous fiscal year and the results of bidding. However, from the beginning, we have been aiming to receive orders for large target projects in the latter half of the current fiscal year, so there is no change in the outlook for orders received.

As a result of the progress of existing projects as planned, net sales were ¥15,684 million (up 26.8% year on year), operating profit was ¥1,230 million (up 47.3% year on year), ordinary profit was ¥1,314 million (up 42.9% year on year), and profit attributable to owners of parent was ¥687 million (up 15.8% year on year), almost in line with the plan.

Segment results are as follows.

#### (MIYAJI ENGINEERING)

Orders received were ¥6,722 million (down 31.3% year on year).

Net sales were ¥9,270 million (up 25.0% year on year) due to the progress of existing projects as planned.

Operating profit was ¥510 million (down 32.8% year on year).

#### (MM BRIDGE)

Orders received were ¥1,367 million (down 88.4% year on year).

Net sales were ¥6,436 million (up 33.8% year on year) due to the progress of existing projects as planned.

Operating profit was ¥720 million (up 1,114.5% year on year).

### (2) Explanation of Financial Position

Total assets increased by ¥2,924 million from the end of the previous fiscal year to ¥65,976 million. This was mainly due to a decrease in notes receivable, accounts receivable from completed construction contracts and other of ¥2,993 million, which were partially offset by increases in cash and deposits of ¥4,125 million, accounts receivable - other included in other under current assets of ¥761 million, and investment securities of ¥571 million.

Total liabilities increased by ¥2,285 million from the end of the previous fiscal year to ¥23,768 million. This was mainly due to increases in advances received on construction contracts in progress of ¥1,615 million and accrued expenses included in other under current liabilities of ¥498 million.

Total net assets increased by ¥639 million from the end of the previous fiscal year to ¥42,207 million. This was mainly due to increases in retained earnings of ¥143 million and valuation difference on available-for-sale securities of ¥406 million.

### (3) Explanation of Consolidated Earnings and Other Forward-looking Information

With regard to the outlook for the Japanese economy, a gradual recovery is expected to continue under the improving employment and income environment, partly due to the effects of various policies. However, there is a risk that a downturn in overseas economies could put downward pressure on the economy as the global monetary tightening and other factors continue, and we need to pay close attention to the effects of rising prices, volatility in financial and capital markets, and other factors.

On the other hand, looking at the budget related to public works for the current fiscal year, as in the previous fiscal year, budgetary measures have been taken for disaster prevention and mitigation, promotion of national land resilience, and others related to the safety and security of citizens. The outlook is also expected to remain strong by executing the related budget.

In the Group's mainstay bridge business segment, 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, such as the western extension of the Wangan (Osaka Bay) Route and the Wangan Meishin Connecting Line of the Hanshin Expressway, 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, in our Medium-Term Business Plan that begins in FY2022, we have formulated our future business strategy, capital strategy, numerical targets, investment strategy, capital policy to improve shareholder returns, and ESG and SDGs initiatives. In the previous fiscal year, 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. In addition, we aim to work to improve our corporate value over the medium to long term and achieve a P/B ratio of 1x by taking actions such as the revision of its dividend policy based on the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" disclosed today.

Although the consolidated financial result forecasts for the first half and the full year remain unchanged from the figures announced on May 15, 2023, the Company plans to conduct a two-for-one share split of its common shares, effective October 1, 2023. Together with the accompanying revisions to the dividends per share forecast, the Company has revised (increased) its second quarter-end and year-end cash dividends forecasts. For details, please refer to the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" and "Notice on the Share Split, and the Partial Amendment to the Articles of Incorporation and the Revision (Increase) of Dividend Forecasts associated with the Share Split" disclosed today.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	13,615	17,740
Notes receivable, accounts receivable from completed construction contracts and other	26,520	23,526
Costs on construction contracts in progress	369	527
Other	2,681	3,562
Total current assets	43,185	45,357
Non-current assets		
Property, plant and equipment		
Land	7,660	7,660
Other, net	5,307	5,516
Total property, plant and equipment	12,968	13,177
Intangible assets	372	398
Investments and other assets		
Investment securities	5,156	5,727
Other	1,397	1,340
Allowance for doubtful accounts	(29)	(25)
Total investments and other assets	6,524	7,042
Total non-current assets	19,866	20,619
Total assets	63,051	65,976
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,508	7,565
Income taxes payable	943	481
Advances received on construction contracts in progress	4,225	5,840
Provision for warranties for completed construction	543	559
Provision for loss on construction contracts	2,528	2,666
Provision for bonuses	792	410
Other	854	2,066
Total current liabilities	17,395	19,592
Non-current liabilities		
Deferred tax liabilities for land revaluation	1,639	1,639
Provisions	117	91
Retirement benefit liability	2,247	2,236
Other	82	208
Total non-current liabilities	4,087	4,176
Total liabilities	21,483	23,768

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	3,746	3,746
Retained earnings	23,298	23,442
Treasury shares	(232)	(233)
Total shareholders' equity	29,812	29,955
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,404	2,810
Revaluation reserve for land	3,240	3,240
Remeasurements of defined benefit plans	51	50
Total accumulated other comprehensive income	5,695	6,101
Non-controlling interests	6,059	6,150
Total net assets	41,568	42,207
Total liabilities and net assets	63,051	65,976



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(For the Three Months Ended June 30, 2023)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales of completed construction contracts	12,370	15,684
Cost of sales of completed construction contracts	10,625	13,433
Gross profit on completed construction contracts	1,745	2,251
Selling, general and administrative expenses	909	1,021
Operating profit	835	1,230
Non-operating income		
Interest income	1	0
Dividend income	81	73
Gain on sale of scraps	1	1
Other	18	23
Total non-operating income	102	98
Non-operating expenses		
Interest expenses	0	-
Guarantee commission for advances received	16	12
Other	1	2
Total non-operating expenses	18	14
Ordinary profit	919	1,314
Extraordinary income		
Gain on sale of investment securities	-	48
Other	-	4
Total extraordinary income	-	52
Extraordinary losses		
Loss on retirement of non-current assets	0	3
Total extraordinary losses	0	3
Profit before income taxes	919	1,364
Income taxes	327	440
Profit	592	924
Profit (loss) attributable to non-controlling interests	(1)	236
Profit attributable to owners of parent	593	687

(Quarterly Consolidated Statements of Comprehensive Income)  
(For the Three Months Ended June 30, 2023)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	592	924
Other comprehensive income		
Valuation difference on available-for-sale securities	172	406
Remeasurements of defined benefit plans, net of tax	7	(0)
Total other comprehensive income	179	406
Comprehensive income	772	1,330
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	770	1,093
Comprehensive income attributable to non-controlling interests	1	237

(3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses have been calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year including the first quarter of the fiscal year under review, and multiplying profit before income taxes by this effective tax rate.

(Segment information, etc.)

[Segment information]

I. For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

Information on net sales and profit (loss) by reporting segment

(Millions of yen)

	Reportable segment		Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidated statements of income (Note 3)
	MEC	MMB				
Net sales						
Net sales to outside customers	7,419	4,811	1	12,231	138	12,370
Inter-segment net sales or transfers	496	-	1,076	1,573	(1,573)	-
Total	7,916	4,811	1,077	13,805	(1,435)	12,370
Segment profit	759	59	1,021	1,841	(1,005)	835

(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 ¥12 million, eliminations of inter-segment transactions of negative ¥961 million, and corporate expenses of negative ¥56 million. Corporate expenses are mainly general and administrative expenses not attributable to any reportable segment.

3. Segment profit is adjusted to operating profit on the quarterly consolidated statements of income.

II. For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)  
Information on net sales and profit (loss) by reporting segment

(Millions of yen)

	Reportable segment		Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidated statements of income (Note 3)
	MEC	MMB				
Net sales						
Net sales to outside customers	9,270	6,436	1	15,708	(23)	15,684
Inter-segment net sales or transfers	102	-	1,260	1,363	(1,363)	-
Total	9,373	6,436	1,261	17,072	(1,387)	15,684
Segment profit	510	720	1,191	2,423	(1,193)	1,230

(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 ¥0 million, eliminations of inter-segment transactions of negative ¥1,123 million, and corporate expenses of negative ¥69 million. Corporate expenses are mainly general and administrative expenses not attributable to any reportable segment.

3. Segment profit is adjusted to operating profit on the quarterly consolidated statements of income.

(Significant subsequent events)

(Share split and partial amendment to the Articles of Incorporation associated with the share split)

At a meeting of the Board of Directors held on August 9, 2023, the Company resolved to conduct a share split and to partially amend the Articles of Incorporation associated with the share split. For details, please refer to the “Notice on the Share Split, and the Partial Amendment to the Articles of Incorporation and the Revision (Increase) of Dividend Forecasts associated with the Share Split” disclosed today.

### 3. Supplementary Information

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

##### 1) Status of production

Segment name	For the three months ended June 30, 2022		For the three months ended June 30, 2023		For the fiscal year ended March 31, 2023	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
MEC	7,441	59.8	9,279	58.6	34,471	57.0
MMB	4,866	39.1	6,588	41.6	26,146	43.2
Other	1	0.0	1	0.0	3	0.0
Adjustment	138	1.1	(23)	(0.2)	(107)	(0.2)
Total	12,447	100.0	15,845	100.0	60,514	100.0

##### 2) Status of orders received

###### (Orders received)

Segment name	For the three months ended June 30, 2022		For the three months ended June 30, 2023		For the fiscal year ended March 31, 2023	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
MEC	9,787	45.4	6,722	83.1	38,721	58.1
MMB	11,771	54.6	1,367	16.9	27,925	41.9
Other	1	0.0	1	0.0	3	0.0
Total	21,560	100.0	8,090	100.0	66,650	100.0

###### (Order backlogs)

Segment name	As of June 30, 2022		As of June 30, 2023		As of March 31, 2023	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
MEC	55,365	53.5	54,714	58.8	57,262	56.9
MMB	48,331	46.7	38,300	41.2	43,369	43.1
Other	-	-	-	-	-	-
Adjustment	(219)	(0.2)	49	0.0	25	0.0
Total	103,476	100.0	93,064	100.0	100,658	100.0

##### 3) Status of sales

Segment name	For the three months ended June 30, 2022		For the three months ended June 30, 2023		For the fiscal year ended March 31, 2023	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
MEC	7,419	60.0	9,270	59.1	34,455	57.2
MMB	4,811	38.9	6,436	41.0	25,927	43.0
Other	1	0.0	1	0.0	3	0.0
Adjustment	138	1.1	(23)	(0.1)	(107)	(0.2)
Total	12,370	100.0	15,684	100.0	60,279	100.0