Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 7, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 [J-GAAP]

Company name: MIYAJI ENGINEERING GROUP, INC.
Listing: Tokyo Stock Exchange
Securities code: 3431
URL: https://www.miyaji-eng.com/
Representative: Shigetoshi Aota, President and Representative Director
Inquiries: Akinobu Endo, Operating Officer and General Manager, Planning and Management Department
E-mail: meg.IR@miyaji-eng.co.jp

Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

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

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

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	15,692	0.0	1,210	(1.6)	1,309	(0.5)	722	5.0
June 30, 2023	15,684	26.8	1,230	47.3	1,314	42.9	687	15.8

Note: Comprehensive income
For the three months ended June 30, 2024: ¥869 million [(34.6)%]
For the three months ended June 30, 2023: ¥1,330 million [72.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	53.07	-
June 30, 2023	50.54	-

Note: The Company has conducted a two-for-one share split of its common shares, effective October 1, 2023. The amount of basic earnings per share has been calculated assuming that the share split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	72,124	45,446	54.0
March 31, 2024	74,146	46,630	53.6

Reference: Equity
As of June 30, 2024: ¥38,969 million
As of March 31, 2024: ¥39,711 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	170.00	-	107.00	-
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		85.00	-	55.00	-

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

1. Breakdown of dividends at the end of the second quarter of the fiscal year ended March 31, 2024
   Ordinary dividend: ¥150.00
   Commemorative dividend: ¥20.00
2. Since the Company has conducted 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 ended March 31, 2024 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 dividend per share assuming that the share split had been conducted at the beginning of the previous fiscal year would be ¥192 (including a commemorative dividend of ¥10).
3. The Company plans to conduct a two-for-one share split of its common shares, effective October 1, 2024.
   The dividends at the end of the second quarter of the fiscal year ending March 31, 2025 (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 dividend per share without considering such share split would be ¥195.
   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, 2025 (from April 1, 2024 to March 31, 2025)

(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	35,000	10.4	4,200	42.3	4,250	37.6	1,900	7.0	139.61
Full year	73,000	5.2	9,500	20.2	9,600	21.4	4,400	1.0	161.65

Note: Revisions to the financial result forecasts most recently announced: None
The Company plans to conduct a two-for-one share split of its common shares, effective October 1, 2024.
The amount of basic earnings per share in the consolidated financial result forecast for the first half of the fiscal year ending March 31, 2025 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, 2025 is calculated based on the assumption that the share split was conducted at the beginning of FY2024.

*** Notes**

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

Newly included: - companies ( )
Excluded: - companies ( )

(2) Adoption of accounting treatment specific to the preparation of 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: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to "2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Notes on changes in accounting policies)" on page 8 of the Attachment.

(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, 2024	13,838,908 shares
As of March 31, 2024	13,838,908 shares

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

As of June 30, 2024	229,372 shares
As of March 31, 2024	229,266 shares

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

Three months ended June 30, 2024	13,609,578 shares
Three months ended June 30, 2023	13,609,875 shares

Note: The Company has conducted a two-for-one share split of its common shares, effective October 1, 2023. Total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period have been calculated assuming that the share split had been conducted at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* Proper use of earnings forecasts and other special matters

(Cautionary note concerning forward-looking statements)

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. Overview of Operating Results, etc., (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, 2024, and the year-end dividends in the cash dividends forecast for the fiscal year ending March 31, 2025 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, 2025 is calculated based on the assumption that the share split was conducted at the beginning of FY2024.
The dividends per share forecast for the fiscal year ending March 31, 2025 and basic earnings per share in the consolidated financial result forecast for the full year of the fiscal year ending March 31, 2025 without considering such share split are as follows.

(1) Dividends per share

Year-end: ¥110.00
Annual: ¥195.00

(2) Basic earnings per share

Full year: ¥323.30

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 of Dividend Forecasts associated with the Share Split” announced today.

Table of Contents - Attachments

1. Overview of Operating Results, etc. 2
(1) Overview of Operating Results for the Quarter under Review 2
(2) Overview of Financial Position for the Quarter under Review 2
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Information 3
2. Quarterly Consolidated Financial Statements and Principal Notes 4
(1) Quarterly Consolidated Balance Sheets 4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income 6
Quarterly Consolidated Statements of Income 6
For the Three Months Ended June 30, 2024
Quarterly Consolidated Statements of Comprehensive Income 7
For the Three Months Ended June 30, 2024
(3) Notes to Quarterly Consolidated Financial Statements 8
(Notes on changes in accounting policies) 8
(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements) 8
(Notes on segment information, etc.) 9
(Notes in the case of significant changes in shareholders' equity) 10
(Notes on going concern assumption) 10
(Notes on quarterly consolidated balance sheets) 10
(Notes on quarterly consolidated statements of cash flows) 10
(Notes on significant subsequent events) 10
3. Supplementary Information 13
Status of Production, Orders Received, and Sales (Consolidated) 13

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Quarter under Review

During the three months ended June 30, 2024, the Japanese economy has been expected to gradually recover amid the improving environment for employment and income, partly due to the efforts of various policies. However, there is a risk that a downturn in overseas economies could put downward pressure on the economy due to the effects of ongoing high interest rates in Europe and the U.S. and concerns about the outlook of the Chinese economy. In addition, we need to pay close attention to the effects of rising prices, the situations in the Middle East, and volatility in financial and capital markets.

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 for the current fiscal year are expected to be ¥250.0 billion and ¥280.0 billion, respectively (based on our estimate), about the same volume of orders as in the previous fiscal year. The volume of orders (in terms of value) for the three months ended June 30, 2024 amounted to ¥47.0 billion in new construction-related projects and ¥47.0 billion in large-scale renovation and maintenance-related projects (both based on our estimate). Although the timing of orders has been somewhat delayed, the volume of orders is growing steadily.

In this environment, orders received amounted to ¥7,890 million (down 2.5% year on year), roughly the same level as the same period of the previous fiscal year. As with the previous fiscal year, 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 at the present moment.

Although existing projects have progressed as planned, the fruits of sales and profit and loss improvement plans envisaged for the current fiscal year are expected to come in from the following quarter. Therefore, net sales were ¥15,692 million (in line with the same period of the previous fiscal year), operating profit was ¥1,210 million (down 1.6% year on year), ordinary profit was ¥1,309 million (down 0.5% year on year), and profit attributable to owners of parent was ¥722 million (up 5.0% year on year).

Results by segment are as follows:

(MIYAJI ENGINEERING)

Orders received amounted to ¥7,181 million (up 6.8% year on year).

Net sales were ¥9,802 million (up 5.7% year on year), and operating profit was ¥757 million (up 48.3% year on year), due to steady progress in existing projects.

(MM BRIDGE)

Orders received amounted to ¥707 million (down 48.3% year on year) due in part to a lack of target project orders for the fiscal year under review.

Although existing projects progressed largely as planned, the fruits of sales and profit and loss improvement plans envisaged for the current fiscal year are expected to come in from the following quarter. Therefore, net sales were ¥5,912 million (down 8.2% year on year), and operating profit was ¥471 million (down 34.6% year on year).

(2) Overview of Financial Position for the Quarter under Review

Total assets decreased by ¥2,022 million from the end of the previous fiscal year to ¥72,124 million. This was mainly due to decreases of ¥1,457 million in cash and deposits and ¥1,300 million in notes receivable, accounts receivable from completed construction contracts and other, which were partially offset by increases of ¥333 million in accounts receivable - other included in other under current assets and ¥284 million in land.

Total liabilities decreased by ¥838 million from the end of the previous fiscal year to ¥26,677 million. This was mainly due to decreases of ¥1,471 million in notes payable, accounts payable for construction contracts and other and ¥1,356 million in income taxes payable, which were partially offset by an increase of ¥2,195 million in advances received on construction contracts in progress.

Total net assets decreased by ¥1,183 million from the end of the previous fiscal year to ¥45,446 million.

This was mainly due to decreases of ¥734 million in retained earnings and ¥441 million in non-controlling interests.

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

With regard to the outlook for the Japanese economy, the Japanese government is expected to quickly and steadily implement its "Comprehensive Economic Measures for Completely Overcoming Deflation" policy and the supporting FY2023 supplementary budget and the FY2024 budget. Moreover, based on the "Basic Policy on Economic and Fiscal Management and Reform 2024 - Realizing a Growth Economy that Drives Wage and Investment Increases," etc., wages are expected to increase above inflation levels and advances are expected in the tackling of social issues and the improvement of productivity through coordinated investment by both the public and private sectors.

Looking at the budget related to public works for the current fiscal year, at the same level as in the previous fiscal year on an initial budget basis, budgetary measures have been taken for disaster prevention and mitigation, promotion of national land resilience, and other initiatives related to the safety and security of the people of Japan. A certain level of orders is expected to continue to be received by executing the related budget.

In the Group's mainstay bridge business segment, while competition for orders for new bridges continues to be fierce and orders from the Ministry of Land, Infrastructure, Transport and Tourism have declined more than expected, 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. Furthermore, progress is being made in the placement of orders for highly difficult, large-scale projects, creating a business environment in which the Group can be expected to make major advances in the medium term. In railroad-related projects, many projects are planned in the Tokyo area, including terminal station redevelopment projects, continuous grade separation projects, large-scale bridge over railway projects, and reconstruction projects. These projects will enable the Group to demonstrate its safe, secure and advanced technical capabilities more so than ever before.

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 began in FY2022, and for the previous fiscal year, which was the second year of the plan, results have exceeded the targets in the plan. Due to factors such as delays in the placement of orders for difficult, large-scale projects which, at the time of the formulation of the Medium-Term Business Plan, were expected to begin in FY2025, we are revising our business plan and targets for the fiscal year ending March 31, 2027. 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). In addition, we will strive to achieve sustainable growth from a medium- to long-term perspective 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. Furthermore, as indicated in the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price (FY2024)," which we announced today, following last year's disclosure, we will continue to strive to achieve sustainable growth and increase our corporate value.

Although the consolidated financial result forecasts for the first half and the full year remain unchanged from the figures announced on May 14, 2024, the Company plans to conduct a two-for-one share split of its common shares, effective October 1, 2024, and thus has revised the year-end dividends per share forecast accordingly. For details, please refer to the "Notice on the Share Split, and the Partial Amendment to the Articles of Incorporation and the Revision of Dividend Forecasts associated with the Share Split" announced today.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	19,115	17,657
Notes receivable, accounts receivable from completed construction contracts and other	30,350	29,050
Costs on construction contracts in progress	364	371
Other	1,485	1,995
Total current assets	51,316	49,074
Non-current assets		
Property, plant and equipment		
Land	7,563	7,848
Other, net	6,347	6,290
Total property, plant and equipment	13,911	14,138
Intangible assets	415	419
Investments and other assets		
Investment securities	7,094	7,092
Other	1,433	1,424
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	8,502	8,491
Total non-current assets	22,829	23,049
Total assets	74,146	72,124
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	10,221	8,749
Income taxes payable	1,826	469
Advances received on construction contracts in progress	4,910	7,105
Provision for warranties for completed construction	552	554
Provision for loss on construction contracts	3,044	2,919
Provision for bonuses	917	457
Other	1,379	1,721
Total current liabilities	22,851	21,977
Non-current liabilities		
Long-term borrowings	300	300
Deferred tax liabilities for land revaluation	1,639	1,639
Provisions	107	117
Retirement benefit liability	1,907	1,933
Other	709	709
Total non-current liabilities	4,664	4,700
Total liabilities	27,515	26,677

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	3,746	3,746
Retained earnings	25,968	25,234
Treasury shares	(233)	(233)
Total shareholders' equity	32,481	31,746
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,836	3,832
Revaluation reserve for land	3,240	3,240
Remeasurements of defined benefit plans	152	149
Total accumulated other comprehensive income	7,230	7,222
Non-controlling interests	6,918	6,477
Total net assets	46,630	45,446
Total liabilities and net assets	74,146	72,124

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(For the Three Months Ended June 30, 2024)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales of completed construction contracts	15,684	15,692
Cost of sales of completed construction contracts	13,433	13,380
Gross profit on completed construction contracts	2,251	2,311
Selling, general and administrative expenses	1,021	1,100
Operating profit	1,230	1,210
Non-operating income		
Interest income	0	0
Dividend income	73	97
Gain on sale of scraps	1	1
Other	23	15
Total non-operating income	98	114
Non-operating expenses		
Interest expenses	-	1
Guarantee commission for advances received	12	13
Other	2	1
Total non-operating expenses	14	16
Ordinary profit	1,314	1,309
Extraordinary income		
Gain on sale of investment securities	48	-
Other	4	-
Total extraordinary income	52	-
Extraordinary losses		
Loss on retirement of non-current assets	3	19
Total extraordinary losses	3	19
Profit before income taxes	1,364	1,289
Income taxes	440	412
Profit	924	876
Profit attributable to non-controlling interests	236	154
Profit attributable to owners of parent	687	722

(Quarterly Consolidated Statements of Comprehensive Income)
(For the Three Months Ended June 30, 2024)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	924	876
Other comprehensive income		
Valuation difference on available-for-sale securities	406	(4)
Remeasurements of defined benefit plans, net of tax	(0)	(2)
Total other comprehensive income	406	(7)
Comprehensive income	1,330	869
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,093	714
Comprehensive income attributable to non-controlling interests	237	155

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on changes in accounting policies)

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

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. from the beginning of the first quarter of the fiscal year under review.

With regard to the amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28,2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gain or loss on sale of shares in subsidiaries resulting from transactions between consolidated companies is deferred for tax purposes, the Company has applied the Revised Implementation Guidance 2022 from the beginning of the first quarter of the fiscal year ending March 31,2025. This change in accounting policies was applied retrospectively, and the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year have accordingly been restated. This change in accounting policies has immaterial impact on the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(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.

(Notes on segment information, etc.)

[Segment information]

I. 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.

II. For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

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	9,802	5,912	1	15,716	(23)	15,692
Inter-segment net sales or transfers	196	-	2,123	2,320	(2,320)	-
Total	9,999	5,912	2,124	18,036	(2,344)	15,692
Segment profit	757	471	2,049	3,278	(2,067)	1,210

(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 ¥9 million, eliminations of inter-segment transactions of

negative ¥1,982 million, and corporate expenses of negative ¥75 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.

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

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Notes on quarterly consolidated balance sheets)

1. Guarantee obligations

We guarantee the obligations for loans extended by financial institutions to employees as follows:

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Employees (debt obligations for housing financing)	2	2

2. Some of our consolidated subsidiaries have concluded commitment line agreements based on the syndication method with five banks to efficiently procure working capital. The outstanding balances of these agreements are as follows:

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Total commitment line amount	7,500	7,500
Outstanding balance	-	-
Difference	7,500	7,500

(Notes on quarterly consolidated statements of cash flows)

The quarterly consolidated statements of cash flows were not prepared for the three months ended June 30, 2024. Depreciation (including amortization related to intangible assets) for the three months ended June 30, 2023 and 2024 was as follows:

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	222	248

(Notes on significant subsequent events)

(Acquisition of treasury shares)

At the Board of Directors meeting held on August 7, 2024, the Company resolved to acquire its treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act, as well as the specific method of acquisition.

1. Reason for acquisition of treasury shares

The Company has decided to acquire its treasury shares to improve capital efficiency and enable the execution of a flexible capital policy in response to changes in the business environment.

2. Details of the resolution by the Board of Directors regarding the acquisition of treasury shares
(1) Method of acquisition: Purchase through off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange
(2) Class of shares to be acquired: Common shares
(3) Total number of shares to be acquired: 350,000 shares (maximum) (Percentage of total number of issued shares (excluding treasury shares): 2.6%)
(4) Total amount of share acquisition costs: ¥1,494,500,000 (maximum)
(5) Planned date of purchase: August 8, 2024.

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

At the Board of Directors meeting held on August 7, 2024, the Company resolved to conduct a share split and to partially amend the Articles of Incorporation associated with the share split.

1. Share split
(1) Objectives of the share split

The share split shall be implemented with the aim of developing an investor-friendly environment by reducing the transaction amount per investment unit (share unit number), thereby enhancing the liquidity of the Company's shares while widening the range of investors.

(2) Outline of the share split
1) Method of the share split

One common share of the Company held by shareholders who are registered or recorded in the final shareholder registry on September 30, 2024 shall be split into two.

2) Increase in the number of shares as a result of the share split

Total number of shares outstanding before the share split	13,838,908 shares
Increase in the number of shares as a result of the share split	13,838,908 shares
Total number of shares outstanding after the share split	27,677,816 shares
Total number of authorized shares after the share split	110,711,200 shares

3) Time schedule of the share split

Date of public notice of the record date	August 30, 2024 (Friday)
Record date	September 30, 2024 (Monday)
Effective date	October 1, 2024 (Tuesday)

4) Impact on per share information

Per share information assuming that the share split had been conducted at the beginning of the previous fiscal year is as follows.

	Three months ended June 30, 2023	Three months ended June 30, 2024
Basic earnings per share	25.27 yen	26.53 yen

2. Partial amendment to the Articles of Incorporation associated with the share split
(1) Reason for the amendment

In line with the share split, a partial amendment shall be made to the Articles of Incorporation of the Company effective October 1, 2024, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act.

(2) Description of the amendment

A description of the amendment is as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Authorized Shares) Article 5. The total number of shares authorized to be issued by the Company shall be 55,355,600.	(Total Number of Authorized Shares) Article 5. The total number of shares authorized to be issued by the Company shall be 110,711,200.

(3) Time schedule of the amendment to the Articles of Incorporation

Date of resolution at the Board of Directors	August 7, 2024 (Wednesday)
Effective date	October 1, 2024 (Tuesday)

3. Supplementary Information

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

1) Status of production

Segment name	For the three months ended June 30, 2023		For the three months ended June 30, 2024		For the fiscal year ended March 31, 2024	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
MEC	9,279	58.6	9,797	62.3	39,726	57.3
MMB	6,588	41.6	5,959	37.9	29,590	42.7
Other	1	0.0	1	0.0	5	0.0
Adjustment	(23)	(0.2)	(23)	(0.2)	(9)	(0.0)
Total	15,845	100.0	15,734	100.0	69,312	100.0

2) Status of orders received

(Orders received)

Segment name	For the three months ended June 30, 2023		For the three months ended June 30, 2024		For the fiscal year ended March 31, 2024	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
MEC	6,722	83.1	7,181	91.0	45,063	53.3
MMB	1,367	16.9	707	9.0	39,417	46.7
Other	1	0.0	1	0.0	5	0.0
Total	8,090	100.0	7,890	100.0	84,486	100.0

(Order backlogs)

Segment name	As of June 30, 2023		As of June 30, 2024		As of March 31, 2024	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
MEC	54,714	58.8	59,975	55.5	62,596	54.1
MMB	38,300	41.2	47,943	44.4	53,148	45.9
Other	-	-	-	-	-	-
Adjustment	49	0.0	58	0.1	35	0.0
Total	93,064	100.0	107,977	100.0	115,780	100.0

3) Status of sales

Segment name	For the three months ended June 30, 2023		For the three months ended June 30, 2024		For the fiscal year ended March 31, 2024	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
MEC	9,270	59.1	9,802	62.5	39,729	57.3
MMB	6,436	41.0	5,912	37.7	29,639	42.7
Other	1	0.0	1	0.0	5	0.0
Adjustment	(23)	(0.1)	(23)	(0.2)	(9)	(0.0)
Total	15,684	100.0	15,692	100.0	69,365	100.0