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November 8, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 [J-GAAP]

Company name: MIYAJI ENGINEERING GROUP, INC.
Listing: Tokyo Stock Exchange
Securities code: 3431
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Scheduled date to file semi-annual securities report: November 11, 2024
Scheduled date to commence dividend payments: December 3, 2024
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 six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	36,100	13.9	4,480	51.8	4,632	49.9	2,258	27.1
September 30, 2023	31,694	13.4	2,951	(7.3)	3,089	(6.5)	1,776	(7.1)

Note: Comprehensive income
For the six months ended September 30, 2024: ¥2,728 million [(5.5)%]
For the six months ended September 30, 2023: ¥2,887 million [22.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	83.69	-
September 30, 2023	65.26	-

Note: The Company has conducted a two-for-one share split of its common shares, effective October 1, 2024. 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	%
September 30, 2024	74,498	45,810	51.8
March 31, 2024	74,146	46,630	53.6

Reference: Equity
As of September 30, 2024: ¥38,608 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	-	85.00			
Fiscal year ending March 31, 2025 (Forecast)			-	55.00	-

Note: Revisions to the cash dividends forecasts most recently announced: None

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. Since the Company has conducted 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 is the amount before the share split, and the dividends at the end of the fiscal year ending March 31, 2025 (forecast) 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.

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
Full year	73,000	5.2	8,500	7.5	8,600	8.7	4,000	(8.1)	149.52

Note: Revisions to the financial result forecasts most recently announced: Yes
The Company has conducted 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 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 semi-annual consolidated financial statements: Yes

Note: For details, please refer to "2. Semi-annual Consolidated Financial Statements and Principal Notes, (4) Notes to Semi-annual Consolidated Financial Statements, (Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements)" on page 11 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. Semi-annual Consolidated Financial Statements and Principal Notes, (4) Notes to Semi-annual Consolidated Financial Statements, (Notes on changes in accounting policies)" on page 11 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 September 30, 2024	27,677,816 shares
As of March 31, 2024	27,677,816 shares

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

As of September 30, 2024	1,158,744 shares
As of March 31, 2024	458,532 shares

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

Six months ended September 30, 2024	26,985,781 shares
Six months ended September 30, 2023	27,219,517 shares

Note: The Company has conducted a two-for-one share split of its common shares, effective October 1, 2024. 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.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts and other special matters

(Cautionary note concerning forward-looking statements)

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 Semi-annual Financial Results for the Period under Review, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Information" on page 3 of the Attachment.

(How to obtain supplementary material on financial results)

The Company plans to hold a financial results briefing for institutional investors and analysts on Friday, November 22, 2024. The financial results briefing materials will be posted on the Company website on the same day.

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1. Qualitative Information on Semi-annual Financial Results for the Period under Review

(1) Explanation of Operating Results

During the six months ended September 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 Japanese economy due to the effects of ongoing high interest rates in Europe and the U.S. and continued stagnation in China's real estate market. 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 current fiscal year, the general account budget remains on par with the previous fiscal year at ¥112,571.7 billion, and the budget of the Ministry of Land, Infrastructure, Transport and Tourism has risen to ¥5,953.7 billion, surpassing the previous fiscal year's allocation. Meanwhile, we forecast that the Group's mainstay bridge business segment, which includes highway and railway bridges, will see orders for new construction-related projects this fiscal year at ¥250.0 billion (based on our estimate), about the same volume of orders (in terms of value) as in the previous fiscal year. However, due to the effects of rising prices, the order volume measured by weight (based on data from the Japan Bridge Association), has dropped even further below the level in the same period of the previous fiscal year which was already low. The decline in orders from the Ministry of Land, Infrastructure, Transport and Tourism is especially pronounced. In addition, due to the postponement of expected large project orders to the next fiscal year onwards, we have significantly lowered our estimates for the projected scale of orders for large-scale renovation and maintenance-related projects from ¥280.0 billion, our initial forecast at the start of the fiscal year, to ¥210.0 billion (both based on our estimate).

In this environment, orders received amounted to ¥20,022 million (down 41.6% year on year), resulting in the sluggish performance compared to those in the same period of the previous fiscal year. This decline was due to large projects received in the same period of the previous fiscal year and also because we are aiming to receive orders for large target projects in the latter half of the current fiscal year.

Net sales were ¥36,100 million (up 13.9% year on year), exceeding the amount of the same period of the previous fiscal year, due to steady progress in large-scale renovation projects and other large projects.

Operating profit was ¥4,480 million (up 51.8% year on year), ordinary profit was ¥4,632 million (up 49.9% year on year), and profit attributable to owners of parent was ¥2,258 million (up 27.1% year on year), as a result of steady progress in construction projects.

Segment results are as follows:

(MIYAJI ENGINEERING)

Orders received amounted to ¥15,667 million (down 21.3% year on year), partly due to a significant drop in the volume of orders for new bridges.

Net sales were ¥20,809 million (up 9.6% year on year) and operating profit was ¥1,859 million (up 18.8% year on year), due to steady progress in existing projects.

(MM BRIDGE)

Orders received amounted to ¥4,352 million (down 69.7% year on year) due to the small number of target project orders for the first half of the fiscal year under review.

Net sales were ¥15,292 million (up 20.2% year on year), due to steady progress in existing projects, and this led to operating profit of ¥2,624 million (up 89.6% year on year).

(2) Explanation of Financial Position

1) Status of assets, liabilities, and net assets

Total assets increased by ¥352 million from the end of the previous fiscal year to ¥74,498 million. This was mainly due to increases of ¥9,508 million in notes receivable, accounts receivable from completed construction contracts and other, ¥171 million in costs on construction contracts in progress, ¥379 million in accounts receivable - other included in other under current assets, and ¥665 million in property, plant and equipment, which were partially offset by decreases of ¥9,854 million in cash and deposits and ¥569 million in investment

securities.

Total liabilities increased by ¥1,171 million from the end of the previous fiscal year to ¥28,687 million. This was mainly due to an increase of ¥2,700 million in short-term borrowings, which was partially offset by decreases of ¥265 million in income taxes payable, ¥1,184 million in provision for loss on construction contracts, and ¥320 million in accounts payable included in other under current liabilities .

Total net assets decreased by ¥819 million from the end of the previous fiscal year to ¥45,810 million. This was mainly due to a decrease of ¥404 million in valuation difference on available-for-sale securities, which was partially offset by increases of ¥802 million in retained earnings, ¥283 million in non-controlling interests, and ¥1,494 million in treasury shares.

2) Status of cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the semi-annual period under review decreased by ¥9,854 million from the end of the previous fiscal year to ¥9,260 million.

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

(Cash Flows from Operating Activities)

Cash flows used in operating activities totaled ¥7,276 million (an inflow of ¥2,132 million in the comparable period in the previous fiscal year). This was due mainly to an increase in trade receivables of ¥9,508 million, a decrease in provision for loss on construction contracts of ¥1,184 million, and income taxes paid of ¥1,456 million, which were partially offset by the recording of ¥4,581 million in profit before income taxes.

(Cash Flows from Investing Activities)

Cash flows used in investing activities totaled ¥1,698 million (an outflow of ¥377 million in the comparable period in the previous fiscal year). This was due mainly to purchase of property, plant and equipment of ¥1,571 million.

(Cash Flows from Financing Activities)

Cash flows used in financial activities totaled ¥879 million (an outflow of ¥727 million in the comparable period in the previous fiscal year). This was due mainly to purchase of treasury shares of ¥1,494 million, dividends paid of ¥1,450 million, and dividends paid to non-controlling interests of ¥596 million, which were partially offset by an increase in short-term borrowings of ¥2,700 million.

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

With regard to the outlook for the Japanese economy, a gradual recovery is expected, partly due to the effects of various policies. Public investment is also expected to continue to grow steadily, supported by supplementary budgets in related budget.

The projected scale of orders for this fiscal year in the Group's mainstay highway and railway bridges, is ¥250.0 billion (based on our estimate) for new construction-related projects, about the same volume of orders (in terms of value) as in the previous fiscal year. However, due to the effects of rising prices, the order volume measured by weight (based on data from the Japan Bridge Association), has dropped even further below the level in the same period of the previous fiscal year which was already low. The decline in orders from the Ministry of Land, Infrastructure, Transport and Tourism is especially pronounced. The orders for large-scale renovation and maintenance-related projects, which require high technical and construction capabilities both in terms of quality and quantity, are expected to continue on the same scale, due to the promotion of road improvement financed by the charging for expressway road use until the year 2115 in accordance with the revised Act on Special Measures concerning Road Construction and Improvement. However, due to the postponement of expected large project orders to the next fiscal year onwards, we have significantly lowered our estimates from ¥280.0 billion, our initial forecast at the start of the fiscal year, to ¥210.0 billion (both based on our estimate). Despite the current business environment, there are plans to promote highly difficult and large-scale projects such as the western extension of the Wangan (Osaka Bay) Route and the Meishin Wangan Route Access Bridge. In railroad-related, buildings with large interior spaces and special building projects too,

many projects are planned including terminal station redevelopment projects which are highly difficult to construct, continuous grade separation projects and medium- and large-scale redevelopment projects in urban areas. We believe that this is a business environment in which the Group can be expected to make major advances in the medium term.

Taking into account the recent trends, we have revised our consolidated financial result forecasts for the full year of the fiscal year ending March 31, 2025 as follows. However, the cash dividends forecasts remain unchanged.

(Details of revisions to financial result forecasts)

Revision to consolidated financial result forecasts for the full year of the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

	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
Previous forecast (A)	73,000	9,500	9,600	4,400	161.65
Revised forecast (B)	73,000	8,500	8,600	4,000	149.52
Increase/decrease (B-A)	0	(1,000)	(1,000)	(400)	-
Change (%)	0.0	(10.5)	(10.4)	(9.1)	-
(Reference) Results for the previous fiscal year (Fiscal year ended March 31, 2024)	69,365	7,904	7,908	4,354	159.98

Note: The Company has conducted a two-for-one share split of its common shares, effective October 1, 2024. 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.

(Reasons for revisions)

- A slump in orders received due to decreased orders for new bridge construction from the Ministry of Land, Infrastructure, Transport and Tourism created a bleak outlook for operational capacity at the Chiba Works in the next fiscal year. We hence conducted leveling (postponing manufacturing for projects that do not require manufacturing in the current fiscal year to the next) and as a result, the operation rate deteriorated and the sales and profits for the current fiscal year decreased.
- On the other hand, on-site construction progressed more smoothly than expected, and we were able to maintain the sales forecast announced on May 14, 2024.
- Significant additional costs were incurred due to major rework caused by quality-related problems in a certain project, deteriorating the financial results.

The financial result forecasts for the fiscal year ending March 31, 2026 onwards under the Medium-Term Business Plan (FY2022 to FY2026) are scheduled to be disclosed in the materials for the semi-annual financial results briefing to be held on November 22, 2024.

Going forward, we will further strengthen our business management control system as a Group based on the Medium-Term Business Plan (FY2022 to FY2026), and will strive to firmly establish a stable profit structure and to achieve sustainable growth and business development together with MIYAJI ENGINEERING CO., LTD. and MM BRIDGE CO., LTD., which form the core of the Group. We will also select and focus management resources on 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. At the same time, we will strive to improve productivity through technology development and digital transformation (DX), secure and train human resources, promote the career advancement of women, and carry out work style reforms. And as a measure of shareholder returns, we aim to continually maintain and expand the dividend amounts.

(4) Shareholder Returns During the Medium-Term Business Plan (FY2022 to FY2026)

With regard to shareholder returns during the Medium-Term Business Plan (FY2022 to FY2026), from a medium- to long-term perspective, the Group considers the establishment of a highly sustainable corporate structure, the enhancement of corporate value, and the return of profits to shareholders as important management policies, while at the same time we have a basic policy of implementing a well-balanced capital policy, including investments for sustainable growth, a concept shared by all shareholders and stakeholders.

Based on this policy, the Company has announced “Action to Implement Management that is Conscious of Cost of Capital and Stock Price (FY2024)” on August 7, 2024. On August 8, 2024, the Company has acquired 350,000 shares of its treasury shares to improve capital efficiency and enable the execution of a flexible capital policy in response to changes in the business environment. Also, continuing from the previous fiscal year, the Company conducted a two-for-one share split of its common shares, effective October 1, 2024, to enhance the liquidity of the Company’s shares and widening the range of investors.

We will continue to maintain and increase shareholder returns in period under the Medium-Term Business Plan (FY2022 to FY2026).

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	19,115	9,260
Notes receivable, accounts receivable from completed construction contracts and other	30,350	39,859
Costs on construction contracts in progress	364	536
Other	1,485	1,946
Total current assets	51,316	51,602
Non-current assets		
Property, plant and equipment		
Land	7,563	7,848
Other, net	6,347	6,728
Total property, plant and equipment	13,911	14,576
Intangible assets	415	404
Investments and other assets		
Investment securities	7,094	6,524
Other	1,433	1,415
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	8,502	7,915
Total non-current assets	22,829	22,895
Total assets	74,146	74,498
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	10,221	10,307
Short-term borrowings	-	2,700
Income taxes payable	1,826	1,561
Advances received on construction contracts in progress	4,910	5,430
Provision for warranties for completed construction	552	551
Provision for loss on construction contracts	3,044	1,860
Provision for bonuses	917	986
Other	1,379	748
Total current liabilities	22,851	24,146
Non-current liabilities		
Long-term borrowings	300	300
Deferred tax liabilities for land revaluation	1,639	1,639
Retirement benefit liability	1,907	1,929
Provisions	107	138
Other	709	533
Total non-current liabilities	4,664	4,541
Total liabilities	27,515	28,687

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	3,746	3,746
Retained earnings	25,968	26,770
Treasury shares	(233)	(1,728)
Total shareholders' equity	32,481	31,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,836	3,432
Revaluation reserve for land	3,240	3,240
Remeasurements of defined benefit plans	152	146
Total accumulated other comprehensive income	7,230	6,820
Non-controlling interests	6,918	7,202
Total net assets	46,630	45,810
Total liabilities and net assets	74,146	74,498

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

(Semi-annual Consolidated Statements of Income)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales of completed construction contracts	31,694	36,100
Cost of sales of completed construction contracts	26,752	29,405
Gross profit on completed construction contracts	4,942	6,695
Selling, general and administrative expenses	1,990	2,214
Operating profit	2,951	4,480
Non-operating income		
Interest income	0	1
Dividend income	106	127
Rental income	11	13
Gain on sale of scraps	14	3
Other	23	37
Total non-operating income	155	184
Non-operating expenses		
Interest expenses	0	3
Guarantee commission for advances received	12	17
Commission expenses	-	7
Other	5	5
Total non-operating expenses	17	33
Ordinary profit	3,089	4,632
Extraordinary income		
Gain on sale of investment securities	189	-
Other	4	-
Total extraordinary income	193	-
Extraordinary losses		
Loss on retirement of non-current assets	3	49
Other	-	1
Total extraordinary losses	3	50
Profit before income taxes	3,280	4,581
Income taxes	1,047	1,443
Profit	2,233	3,137
Profit attributable to non-controlling interests	456	879
Profit attributable to owners of parent	1,776	2,258

(Semi-annual Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	2,233	3,137
Other comprehensive income		
Valuation difference on available-for-sale securities	654	(404)
Remeasurements of defined benefit plans, net of tax	(0)	(5)
Total other comprehensive income	654	(409)
Comprehensive income	2,887	2,728
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,428	1,848
Comprehensive income attributable to non-controlling interests	458	880

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	3,280	4,581
Depreciation	450	535
Increase (decrease) in provision for loss on construction contracts	(105)	(1,184)
Interest and dividend income	(106)	(129)
Interest expenses	0	3
Loss (gain) on sale of investment securities	(189)	-
Decrease (increase) in trade receivables	(3,587)	(9,508)
Decrease (increase) in costs on construction contracts in progress	(157)	(156)
Increase (decrease) in trade payables	867	435
Increase (decrease) in advances received on construction contracts in progress	244	520
Other	1,877	(1,064)
Subtotal	2,573	(5,967)
Interest and dividends received	106	129
Interest paid	(0)	(3)
Proceeds from insurance income	-	21
Income taxes (paid) refund	(547)	(1,456)
Net cash provided by (used in) operating activities	2,132	(7,276)
Cash flows from investing activities		
Purchase of property, plant and equipment	(680)	(1,571)
Proceeds from sale of property, plant and equipment	99	-
Purchase of investment securities	-	(5)
Proceeds from sale of investment securities	308	-
Other	(104)	(121)
Net cash provided by (used in) investing activities	(377)	(1,698)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	2,700
Purchase of treasury shares	(1)	(1,494)
Dividends paid	(541)	(1,450)
Dividends paid to non-controlling interests	(145)	(596)
Other	(38)	(37)
Net cash provided by (used in) financing activities	(727)	(879)
Net increase (decrease) in cash and cash equivalents	1,027	(9,854)
Cash and cash equivalents at beginning of period	13,615	19,115
Cash and cash equivalents at end of period	14,643	9,260

(4) Notes to Semi-annual 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 six months ended September 30, 2024.

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 semi-annual 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 six months ended September 30, 2024. This change in accounting policies was applied retrospectively, and the semi-annual 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 semi-annual 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 semi-annual 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 six months ended September 30, 2024, and multiplying profit before income taxes by this effective tax rate.

(Notes on segment information, etc.)

[Segment information]

I. For the six months ended September 30, 2023 (from April 1, 2023 to September 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 semi-annual consolidated statements of income (Note 3)
	MEC	MMB				
Net sales						
Net sales to outside customers	18,991	12,720	2	31,714	(19)	31,694
Inter-segment net sales or transfers	222	-	1,327	1,550	(1,550)	-
Total	19,213	12,720	1,329	33,264	(1,569)	31,694
Segment profit	1,564	1,384	1,192	4,142	(1,190)	2,951

(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 ¥0 million, eliminations of inter-segment transactions of negative ¥1,052 million, and corporate expenses of negative ¥137 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 semi-annual consolidated statements of income.

II. For the six months ended September 30, 2024 (from April 1, 2024 to September 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 semi-annual consolidated statements of income (Note 3)
	MEC	MMB				
Net sales						
Net sales to outside customers	20,809	15,292	2	36,105	(4)	36,100
Inter-segment net sales or transfers	282	-	2,240	2,523	(2,523)	-
Total	21,092	15,292	2,243	38,628	(2,527)	36,100
Segment profit	1,859	2,624	2,057	6,542	(2,061)	4,480

(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 ¥6 million, eliminations of inter-segment transactions of

negative ¥1,869 million, and corporate expenses of negative ¥185 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 semi-annual consolidated statements of income.

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

The Company acquired 350,000 shares of its treasury shares based on the resolution of the Board of Directors meeting held on August 7, 2024. As a result, including the purchase of fractional shares, treasury shares increased by ¥1,494 million during the six months ended September 30, 2024, reaching ¥1,728 million as of September 30, 2024.

(Notes on going concern assumption)

Not applicable.

3. Supplementary Information

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

1) Status of production

Segment name	For the six months ended September 30, 2023		For the six months ended September 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	19,011	59.5	20,859	57.4	39,726	57.3
MMB	12,937	40.5	15,493	42.6	29,590	42.7
Other	2	0.0	2	0.0	5	0.0
Adjustment	(19)	(0.0)	(4)	(0.0)	(9)	(0.0)
Total	31,931	100.0	36,351	100.0	69,312	100.0

2) Status of orders received

(Orders received)

Segment name	For the six months ended September 30, 2023		For the six months ended September 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	19,916	58.1	15,667	78.3	45,063	53.3
MMB	14,369	41.9	4,352	21.7	39,417	46.7
Other	2	0.0	2	0.0	5	0.0
Total	34,287	100.0	20,022	100.0	84,486	100.0

(Order backlogs)

Segment name	As of September 30, 2023		As of September 30, 2024		As of March 31, 2024	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
MEC	58,187	56.4	57,453	57.6	62,596	54.1
MMB	45,018	43.6	42,208	42.3	53,148	45.9
Other	-	-	-	-	-	-
Adjustment	45	0.0	39	0.1	35	0.0
Total	103,250	100.0	99,702	100.0	115,780	100.0

3) Status of sales

Segment name	For the six months ended September 30, 2023		For the six months ended September 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	18,991	59.9	20,809	57.6	39,729	57.3
MMB	12,720	40.1	15,292	42.4	29,639	42.7
Other	2	0.0	2	0.0	5	0.0
Adjustment	(19)	(0.0)	(4)	(0.0)	(9)	(0.0)
Total	31,694	100.0	36,100	100.0	69,365	100.0