

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



May 9, 2023

Company name: SEIKITOKYU KOGYO CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1898

URL: <https://www.seikitokyu.co.jp>

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Scheduled date of general shareholders' meeting: June 23, 2023

Scheduled date of commencing dividend payments: June 26, 2023

Scheduled date of filing securities report: June 23, 2023

Availability of supplementary explanatory materials on annual financial results: Unavailable

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

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

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

(1) Consolidated Operating Results (% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2023	92,414	8.6	2,669	(39.6)	2,647	(39.3)	1,127	(65.9)
March 31, 2022	85,132	(5.4)	4,418	(47.8)	4,358	(48.1)	3,304	(36.2)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥1,049 million [(73.7)%]

Fiscal year ended March 31, 2022: ¥3,992 million [(33.6)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	30.73	—	2.8	3.4	2.9
March 31, 2022	84.81	—	8.1	5.5	5.2

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2023: ¥— million

Fiscal year ended March 31, 2022: ¥— million

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	78,762	39,660	50.4	1,088.13
As of March 31, 2022	78,295	40,497	51.7	1,082.33

(Reference) Equity: As of March 31, 2023: ¥39,660 million

As of March 31, 2022: ¥40,497 million

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	2,380	(5,028)	(2,022)	8,173
March 31, 2022	4,646	(3,668)	(2,232)	12,814

## 2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2022	–	0.00	–	30.00	30.00	1,122	35.4	2.9
Fiscal year ended March 31, 2023	–	0.00	–	30.00	30.00	1,093	97.6	2.8
Fiscal year ending March 31, 2024 (Forecast)	–	45.00	–	45.00	90.00		100.9	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	42,900	2.4	880	257.7	840	241.5	530	488.9	14.54
Full year	93,300	1.0	4,920	84.3	4,820	82.1	3,250	188.4	89.17

### \* Notes:

(1) Changes in significant subsidiaries during the period under review

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Number of shares issued (common shares)

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

March 31, 2023: 37,424,507 shares

March 31, 2022: 40,414,407 shares

2) Total number of treasury shares at the end of the period:

March 31, 2023: 976,478 shares

March 31, 2022: 2,996,909 shares

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

Year ended March 31, 2023: 36,683,476 shares

Year ended March 31, 2022: 38,967,451 shares

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)****(1) Non-consolidated Operating Results**

(% indicates year -on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended								
March 31, 2023	87,676	8.0	2,436	(40.4)	2,400	(40.4)	1,028	(66.6)
March 31, 2022	81,168	(4.2)	4,089	(48.8)	4,025	(49.4)	3,083	(35.6)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended		
March 31, 2023	28.04	—
March 31, 2022	79.12	—

**(2) Non-consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	77,397	36,190	46.8	992.95
As of March 31, 2022	76,773	37,041	48.2	989.94

(Reference) Equity: As of March 31, 2023 ¥36,190 million

As of March 31, 2022 ¥37,041 million

**2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)**

(% indicates year-on-year changes)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	40,600	2.1	770	272.0	540	369.6	14.82
Full year	88,000	0.4	4,400	83.3	3,030	194.8	83.13

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

\* Explanation of the proper use of financial results forecast and other notes

- Financial results forecasts are determined based on information currently available and may contain various uncertain factors. Thus, actual results and outcomes may differ from these forecasts.
- The Company is planning to hold a briefing session for institutional investors and analysts on Friday, June 2, 2023. The briefing materials to be distributed at the session are scheduled to be promptly posted on the Company's website after the session is held.

Consolidated Financial Statements and Primary Notes  
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	12,814	8,173
Notes receivable, accounts receivable from completed construction contracts and other	34,942	38,829
Costs on construction contracts in progress	459	228
Raw materials and supplies	401	331
Other	2,871	2,430
Total current assets	51,489	49,992
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,824	11,857
Machinery, vehicles, tools, furniture and fixtures	21,511	22,117
Land	14,217	14,897
Construction in progress	763	878
Accumulated depreciation	(21,464)	(23,000)
Total property, plant and equipment	24,852	26,750
Intangible assets	250	239
Investments and other assets		
Investment securities	290	302
Deferred tax assets	947	1,002
Other	464	474
Total investments and other assets	1,703	1,779
Total non-current assets	26,806	28,769
Total assets	78,295	78,762

(Million yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	20,722	23,262
Short-term borrowings	107	106
Income taxes payable	494	214
Advances received on construction contracts in progress	1,921	1,570
Provision for warranties for completed construction	32	40
Provision for loss on construction contracts	5	4
Provision for bonuses	1,861	1,655
Other	4,163	4,311
Total current liabilities	29,307	31,164
Non-current liabilities		
Long-term borrowings	6,900	6,800
Retirement benefit liability	1,505	1,049
Other	84	87
Total non-current liabilities	8,490	7,936
Total liabilities	37,797	39,101
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,000	2,000
Capital surplus	521	500
Retained earnings	40,248	37,810
Treasury shares	(2,502)	(803)
Total shareholders' equity	40,266	39,506
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22	34
Foreign currency translation adjustment	4	(20)
Remeasurements of defined benefit plans	203	139
Total accumulated other comprehensive income	231	153
Total net assets	40,497	39,660
<b>Total liabilities and net assets</b>	<b>78,295</b>	<b>78,762</b>

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

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Net sales</b>		
Net sales of completed construction contracts	69,699	74,700
Net sales of finished goods	15,326	17,612
Net sales on power business and other	105	101
<b>Total net sales</b>	<b>85,132</b>	<b>92,414</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	61,212	66,616
Cost of finished goods sold	13,602	16,905
Cost of sales on power business and other	86	90
<b>Total cost of sales</b>	<b>74,901</b>	<b>83,612</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	8,487	8,084
Gross profit - finished goods	1,724	707
Gross profit on power business and other	19	10
<b>Total gross profit</b>	<b>10,231</b>	<b>8,802</b>
Selling, general and administrative expenses	5,812	6,132
<b>Operating profit</b>	<b>4,418</b>	<b>2,669</b>
<b>Non-operating income</b>		
Interest income	0	0
Dividend income	7	8
Rental income	19	20
Foreign exchange gains	17	55
Miscellaneous income	32	29
<b>Total non-operating income</b>	<b>77</b>	<b>113</b>
<b>Non-operating expenses</b>		
Interest expenses	38	55
Guarantee commission	23	19
Syndicated loan origination fee	–	21
Commission for purchase of treasury shares	53	22
Miscellaneous expenses	22	15
<b>Total non-operating expenses</b>	<b>137</b>	<b>135</b>
<b>Ordinary profit</b>	<b>4,358</b>	<b>2,647</b>

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Extraordinary income</b>		
Gain on sale of non-current assets	20	2
Compensation income	77	–
Subsidy income	–	22
Reversal of provision for retirement benefits	0	–
Total extraordinary income	98	24
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	27	13
Loss on retirement of non-current assets	10	33
Expenses on dismantlement of non-current assets	30	–
Loss on sale of shares of subsidiaries and associates	4	–
Impairment losses	56	826
Total extraordinary losses	128	873
Profit before income taxes	4,327	1,798
Income taxes - current	1,123	726
Income taxes - deferred	(100)	(55)
Total income taxes	1,023	670
Profit	3,304	1,127
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	3,304	1,127

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	3,304	1,127
Other comprehensive income		
Valuation difference on available-for-sale securities	1	11
Foreign currency translation adjustment	20	(25)
Remeasurements of defined benefit plans, net of tax	665	(64)
Total other comprehensive income	687	(77)
Comprehensive income	3,992	1,049
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,992	1,049
Comprehensive income attributable to non-controlling interests	—	—



## (3) Consolidated Statements of Changes in Equity

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

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,000	519	38,767	(40)	41,246
Cumulative effects of changes in accounting policies			(88)		(88)
Restated balance	2,000	519	38,678	(40)	41,157
Changes during period					
Dividends of surplus			(1,734)		(1,734)
Profit attributable to owners of parent			3,304		3,304
Purchase of treasury shares				(2,500)	(2,500)
Disposal of treasury shares		1		38	39
Net changes in items other than shareholders' equity					
Total changes during period	-	1	1,569	(2,462)	(891)
Balance at end of period	2,000	521	40,248	(2,502)	40,266

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	21	(15)	(461)	(455)	40,790
Cumulative effects of changes in accounting policies					(88)
Restated balance	21	(15)	(461)	(455)	40,701
Changes during period					
Dividends of surplus					(1,734)
Profit attributable to owners of parent					3,304
Purchase of treasury shares					(2,500)
Disposal of treasury shares					39
Net changes in items other than shareholders' equity	1	20	665	687	687
Total changes during period	1	20	665	687	(203)
Balance at end of period	22	4	203	231	40,497

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

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,000	521	40,248	(2,502)	40,266
Changes during period					
Dividends of surplus			(1,122)		(1,122)
Profit attributable to owners of parent			1,127		1,127
Purchase of treasury shares				(800)	(800)
Disposal of treasury shares			(0)	36	35
Cancellation of treasury shares		(21)	(2,441)	2,462	–
Net changes in items other than shareholders' equity					
Total changes during period	–	(21)	(2,438)	1,699	(759)
Balance at end of period	2,000	500	37,810	(803)	39,506

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	22	4	203	231	40,497
Changes during period					
Dividends of surplus					(1,122)
Profit attributable to owners of parent					1,127
Purchase of treasury shares					(800)
Disposal of treasury shares					35
Cancellation of treasury shares					–
Net changes in items other than shareholders' equity	11	(25)	(64)	(77)	(77)
Total changes during period	11	(25)	(64)	(77)	(837)
Balance at end of period	34	(20)	139	153	39,660

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,327	1,798
Depreciation	1,997	2,149
Increase (decrease) in allowance for doubtful accounts	5	(12)
Increase (decrease) in provision for bonuses	216	(206)
Increase (decrease) in retirement benefit liability	(575)	(615)
Interest and dividend income	(8)	(8)
Interest expenses	38	55
Loss (gain) on sale of property, plant and equipment	6	11
Loss on retirement of property, plant and equipment	10	33
Impairment losses	56	826
Expenses on dismantlement of non-current assets	30	–
Decrease (increase) in trade receivables	664	(3,874)
Decrease (increase) in costs on construction contracts in progress	(138)	230
Increase (decrease) in trade payables	(1,023)	2,540
Increase (decrease) in advances received on construction contracts in progress	712	(350)
Increase (decrease) in accrued consumption taxes	343	(124)
Decrease (increase) in accounts receivable - other	(166)	(153)
Other, net	(215)	1,163
Subtotal	6,283	3,462
Interest and dividends received	8	8
Interest paid	(34)	(54)
Income taxes paid	(1,611)	(1,036)
Net cash provided by (used in) operating activities	4,646	2,380
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,516)	(5,047)
Proceeds from sale of property, plant and equipment	122	71
Dismantling of property, plant and equipment	(185)	–
Proceeds from sale of shares of subsidiaries and associates resulting in change in scope of consolidation	8	–
Other, net	(97)	(52)
Net cash provided by (used in) investing activities	(3,668)	(5,028)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(0)	(1)
Proceeds from long-term borrowings	2,000	–
Repayments of long-term borrowings	–	(100)
Purchase of treasury shares	(2,500)	(799)
Dividends paid	(1,731)	(1,120)
Net cash provided by (used in) financing activities	(2,232)	(2,022)
Effect of exchange rate change on cash and cash equivalents	33	28
Net increase (decrease) in cash and cash equivalents	(1,220)	(4,641)
Cash and cash equivalents at beginning of period	14,035	12,814
Cash and cash equivalents at end of period	12,814	8,173

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

1. Overview of reportable segments

Reportable segments of the Group are components of the Group about each of which financial information is separately available and that are regularly evaluated by the Board of Directors, etc. to decide the allocation of management resources and assess financial results.

The Group, primarily each business control division of the Company, formulates a comprehensive strategy for the construction business and the pavement materials manufacturing and sales business and performs business activities.

Accordingly, the Group has the two reportable segments of the “construction business” and the “pavement materials manufacturing and sales business.”

The “construction business” engages in businesses concerning pavement, civil engineering and other construction work in general, and the “pavement materials manufacturing and sales business” in manufacture and sale of pavement materials such as asphalt mixtures.

2. Information on net sales and profit (loss) by reportable segment

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

(Million yen)

	Reportable segment			Others (Note 1)	Adjustments (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Construction business	Pavement materials manufacturing and sales business	Total			
Net sales						
(1) Net sales to outside customers	69,699	15,326	85,026	105	–	85,132
(2) Inter-segment internal sales or transfers	–	12,832	12,832	710	(13,543)	–
Total	69,699	28,159	97,859	816	(13,543)	85,132
Segment profit (loss)	6,038	1,623	7,661	155	(3,398)	4,418

(Note 1) The segment “Others,” which is a business segment not included in the reportable segments, comprises real estate business, etc.

(Note 2) A major item of the adjustments for the segment profit is general and administrative expenses for the administrative divisions of the head office, etc. of ¥(3,385) million, which are not attributable to any business segment.

(Note 3) Segment profit (loss) is adjusted with operating profit on the Consolidated Statements of Income.

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

(Million yen)

	Reportable segment			Others (Note 1)	Adjustments (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Construction business	Pavement materials manufacturing and sales business	Total			
Net sales						
(1) Net sales to outside customers	74,700	17,612	92,313	101	–	92,414
(2) Inter-segment internal sales or transfers	–	14,335	14,335	795	(15,130)	–
Total	74,700	31,947	106,648	896	(15,130)	92,414
Segment profit (loss)	5,540	596	6,136	168	(3,635)	2,669

(Note 1) The segment “Others,” which is a business segment not included in the reportable segments, comprises power business, etc.

(Note 2) A major item of the adjustments for the segment profit is general and administrative expenses for the administrative divisions of the head office, etc. of ¥(3,610) million, which are not attributable to any business segment.

(Note 3) Segment profit (loss) is adjusted with operating profit on the Consolidated Statements of Income.

(Per share information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥1,082.33	¥1,088.13
Basic earnings per share	¥84.81	¥30.73

- (Notes) 1. Diluted earnings per share is not described because no potential share exists.  
2. The basis for the calculation of the basic earnings per share is as follows.

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	3,304	1,127
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	3,304	1,127
Average number of common shares outstanding during the period (Thousand shares)	38,967	36,683

- (Notes) 3. The basis for the calculation of the net assets per share is as follows.

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Total amount of net assets (Million yen)	40,497	39,660
Balance of net assets relating to common shares at end of period (Million yen)	40,497	39,660
Number of common shares used for the calculation of net assets per share (Thousand shares)	37,417	36,448

(Significant subsequent events)

Not applicable.

## (6) Status of Manufacture, Orders and Sales

(Million yen)

Segment			For the fiscal year ended March 31, 2022		For the fiscal year ended March 31, 2023		Year-on- year changes
			Amount	Share (%)	Amount	Share (%)	Amount
Orders	Construction business	Asphalt pavement	51,034	61.6	52,778	57.2	1,744
		Concrete pavement	682	0.8	1,485	1.6	803
		Civil engineering, etc.	15,700	19.0	20,282	22.0	4,581
		Total	67,417	81.4	74,546	80.8	7,128
	Pavement materials manufacturing and sales business		15,326	18.5	17,612	19.1	2,286
	Power business, etc.		105	0.1	101	0.1	(4)
	Total		82,850	100.0	92,260	100.0	9,410
Net sales	Construction business	Asphalt pavement	53,810	63.2	56,557	61.2	2,746
		Concrete pavement	640	0.8	1,075	1.1	435
		Civil engineering, etc.	15,249	17.9	17,067	18.5	1,818
		Total	69,699	81.9	74,700	80.8	5,000
	Pavement materials manufacturing and sales business		15,326	18.0	17,612	19.1	2,286
	Power business, etc.		105	0.1	101	0.1	(4)
	Total		85,132	100.0	92,414	100.0	7,281
Carryforward	Construction business	Asphalt pavement	26,195	71.7	22,417	61.6	(3,778)
		Concrete pavement	325	0.9	736	2.0	410
		Civil engineering, etc.	10,017	27.4	13,231	36.4	3,214
		Total	36,538	100.0	36,384	100.0	(154)
	Pavement materials manufacturing and sales business		–	–	–	–	–
	Power business, etc.		–	–	–	–	–
	Total		36,538	100.0	36,384	100.0	(154)