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

May 11, 2023

Company name: Nishimatsu Construction Co., Ltd.

Stock exchange listing: Tokyo

Code number: 1820

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

Representative: Nobutoshi Takase

Representative Director and President

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Scheduled date of Annual General Meeting of Shareholders: June 28, 2023

Scheduled date of commencing dividend payments: June 29, 2023

Scheduled date of filing annual securities report: June 29, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of 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 changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	339,757	4.9	12,615	(46.4)	13,176	(43.9)	9,648	(36.1)
March 31, 2022	323,754	(3.7)	23,540	12.4	23,497	9.0	15,103	(12.0)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 9,193 million [(17.6) %]
Fiscal year ended March 31, 2022: ¥ 11,154 million [(20.7) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	244.43	-	6.4	2.7	3.7
March 31, 2022	312.34	-	8.5	4.9	7.3

(Reference) Equity in earnings (losses) 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	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	513,623	156,148	29.0	3,770.77
March 31, 2022	477,613	157,715	31.7	3,833.71

(Reference) Equity: As of March 31, 2023: ¥ 148,841 million
As of March 31, 2022: ¥ 151,328 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 the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	34,747	(27,450)	(2,365)	53,726
March 31, 2022	41,243	(22,532)	(16,074)	47,121

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	90.00	-	131.00	221.00	10,123	70.8	5.8
March 31, 2023	-	140.00	-	81.00	221.00	8,773	90.4	5.8
Fiscal year ending March 31, 2024 (Forecast)	-	80.00	-	93.00	173.00		70.4	

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

(% indicates changes from the previous corresponding period.)

	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
Six months ending September 30, 2023	195,000	24.0	7,000	(27.9)	6,800	(35.6)	4,400	(40.3)	111.47
Full year	385,000	13.3	15,000	18.9	14,700	11.6	9,700	0.5	245.74

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 1 (Company name: Nishimatsu Real Estate & Development(USA) Inc.)
 Exclusion: - (Company name:)

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

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

March 31, 2023: 55,591,502 shares
 March 31, 2022: 55,591,502 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 16,119,098 shares
 March 31, 2022: 16,118,423 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 39,472,852 shares
 Fiscal Year ended March 31, 2022: 48,355,699 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	328,385	3.4	12,065	(49.4)	12,641	(46.8)	9,393	(37.4)
March 31, 2022	317,707	(3.2)	23,851	17.7	23,771	3.1	15,003	(17.0)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2023	237.98	-
March 31, 2022	310.27	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2023	490,938	145,069	29.5	3,675.22
March 31, 2022	462,400	147,941	32.0	3,747.90

(Reference) Equity: As of March 31, 2023: ¥ 145,069 million
As of March 31, 2022: ¥ 147,941 million

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending									
September 30, 2023	185,000	20.4	7,000	(25.1)	6,800	(33.6)	4,500	(37.6)	114.00
Full year	365,000	11.1	15,000	24.3	14,700	16.3	9,800	4.3	248.27

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	47,121	53,726
Notes receivable, accounts receivable from completed construction contracts and other	183,464	190,506
Securities	-	1
Real estate for sale	4,646	11,275
Costs on construction contracts in progress	6,227	6,949
Costs on real estate business and other	4,100	3,121
Raw materials and supplies	294	662
Advances paid	10,992	12,411
Other	5,462	12,109
Allowance for doubtful accounts	(19)	(20)
Total current assets	262,292	290,744
Non-current assets		
Property, plant and equipment		
Buildings and structures	95,980	85,803
Machinery, vehicles, tools, furniture and fixtures	10,049	10,013
Land	95,720	100,727
Leased assets	125	116
Construction in progress	1,297	2,771
Accumulated depreciation	(41,041)	(36,062)
Total property, plant and equipment	162,131	163,369
Intangible assets	1,254	6,461
Investments and other assets		
Investment securities	35,485	35,868
Long-term loans receivable	1,047	998
Retirement benefit asset	2,801	2,572
Deferred tax assets	6,095	7,437
Other	6,580	6,242
Allowance for doubtful accounts	(75)	(70)
Total investments and other assets	51,935	53,048
Total non-current assets	215,320	222,878
Total assets	477,613	513,623

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	60,532	73,826
Short-term borrowings	43,039	59,239
Commercial papers	20,000	-
Current portion of bonds payable	10,000	15,000
Lease liabilities	31	28
Income taxes payable	5,879	1,905
Advances received on construction contracts in progress	14,802	17,236
Provision for warranties for completed construction	7,923	1,657
Provision for bonuses	3,673	2,827
Provision for bonuses for directors (and other officers)	58	31
Provision for loss on construction contracts	2,820	7,920
Provision for loss on real estate business and other	38	34
Deposits received	45,883	64,421
Asset retirement obligations	27	-
Other	2,955	3,542
Total current liabilities	217,663	247,670
Non-current liabilities		
Bonds payable	87,000	91,000
Long-term borrowings	-	3,157
Lease liabilities	1,014	986
Deferred tax liabilities	292	305
Provision for share awards for directors (and other officers)	54	106
Retirement benefit liability	6,509	6,740
Asset retirement obligations	734	757
Other	6,628	6,749
Total non-current liabilities	102,233	109,804
Total liabilities	319,897	357,475
Net assets		
Shareholders' equity		
Share capital	23,513	23,513
Capital surplus	20,795	20,792
Retained earnings	158,485	157,326
Treasury shares	(57,335)	(57,338)
Total shareholders' equity	145,459	144,294
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,389	4,467
Deferred gains or losses on hedges	-	9
Foreign currency translation adjustment	326	1,636
Remeasurements of defined benefit plans	(847)	(1,566)
Total accumulated other comprehensive income	5,868	4,546
Non-controlling interests	6,387	7,306
Total net assets	157,715	156,148
Total liabilities and net assets	477,613	513,623

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales		
Net sales of completed construction contracts	304,193	304,392
Net sales in real estate business and other	19,560	35,365
Total net sales	323,754	339,757
Cost of sales		
Cost of sales of completed construction contracts	267,729	284,120
Cost of sales in real estate business and other	12,251	21,916
Total cost of sales	279,981	306,037
Gross profit		
Gross profit on completed construction contracts	36,463	20,271
Gross profit on real estate business and other	7,308	13,448
Total gross profit	43,772	33,719
Selling, general and administrative expenses	20,232	21,104
Operating profit	23,540	12,615
Non-operating income		
Interest income	34	85
Dividend income	658	567
Foreign exchange gains	424	194
Reversal of allowance for doubtful accounts	149	5
Gain on investments in silent partnerships	134	155
Late charges income	498	-
Other	476	480
Total non-operating income	2,374	1,489
Non-operating expenses		
Interest expenses	578	707
Financing expenses	789	109
Advisory fees	631	-
Other	417	112
Total non-operating expenses	2,417	928
Ordinary profit	23,497	13,176
Extraordinary income		
Gain on sale of non-current assets	1,272	237
Gain on sale of investment securities	2,107	707
Other	20	0
Total extraordinary income	3,400	945
Extraordinary losses		
Loss on sale of non-current assets	72	8
Loss on retirement of non-current assets	24	23
Impairment losses	952	-
Loss on valuation of investment securities	21	310
Loss on valuation of golf club membership	37	74
Settlement payments	-	82
Increase (decrease) in employee deposits	10	-
Provision for warranties for completed construction	2,998	-
Other	85	25
Total extraordinary losses	4,201	525

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit before income taxes	22,696	13,595
Income taxes - current	8,268	4,185
Income taxes - deferred	(666)	(343)
Total income taxes	7,602	3,841
Profit	15,093	9,754
Profit (loss) attributable to non-controlling interests	(9)	105
Profit attributable to owners of parent	15,103	9,648

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	15,093	9,754
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,237)	(1,922)
Deferred gains or losses on hedges	-	18
Foreign currency translation adjustment	638	2,062
Remeasurements of defined benefit plans, net of tax	(340)	(719)
Total other comprehensive income	(3,939)	(560)
Comprehensive income	11,154	9,193
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,148	8,326
Comprehensive income attributable to non-controlling interests	5	867

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	23,513	20,780	154,041	(2,177)	196,158
Changes during period					
Dividends of surplus			(10,666)		(10,666)
Profit attributable to owners of parent			15,103		15,103
Change in scope of consolidation			7		7
Purchase of treasury shares				(55,158)	(55,158)
Disposal of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests		15			15
Net changes in items other than shareholders' equity					
Total changes during period	-	15	4,444	(55,158)	(50,698)
Balance at end of period	23,513	20,795	158,485	(57,335)	145,459

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	10,627	-	(296)	(506)	9,824	1,554	207,537
Changes during period							
Dividends of surplus							(10,666)
Profit attributable to owners of parent							15,103
Change in scope of consolidation							7
Purchase of treasury shares							(55,158)
Disposal of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							15
Net changes in items other than shareholders' equity	(4,237)	-	623	(340)	(3,955)	4,832	877
Total changes during period	(4,237)	-	623	(340)	(3,955)	4,832	(49,821)
Balance at end of period	6,389	-	326	(847)	5,868	6,387	157,715

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	23,513	20,795	158,485	(57,335)	145,459
Changes during period					
Dividends of surplus			(10,758)		(10,758)
Profit attributable to owners of parent			9,648		9,648
Change in scope of consolidation			(48)		(48)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		2	2
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)
Net changes in items other than shareholders' equity					
Total changes during period	-	(2)	(1,159)	(2)	(1,164)
Balance at end of period	23,513	20,792	157,326	(57,338)	144,294

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,389	-	326	(847)	5,868	6,387	157,715
Changes during period							
Dividends of surplus							(10,758)
Profit attributable to owners of parent							9,648
Change in scope of consolidation							(48)
Purchase of treasury shares							(5)
Disposal of treasury shares							2
Change in ownership interest of parent due to transactions with non-controlling interests							(2)
Net changes in items other than shareholders' equity	(1,922)	9	1,309	(719)	(1,322)	919	(402)
Total changes during period	(1,922)	9	1,309	(719)	(1,322)	919	(1,567)
Balance at end of period	4,467	9	1,636	(1,566)	4,546	7,306	156,148

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	22,696	13,595
Depreciation	3,728	3,966
Amortization of goodwill	4	8
Impairment losses	952	-
Increase (decrease) in allowance for doubtful accounts	(149)	(4)
Increase (decrease) in provision for loss on construction contracts	1,332	5,100
Increase (decrease) in provision for loss on real estate business and other	10	(4)
Increase (decrease) in provision for warranties for completed construction	(1,892)	(6,265)
Increase (decrease) in retirement benefit liability	(2,162)	(591)
Interest and dividend income	(692)	(653)
Interest expenses	578	707
Loss (gain) on sale of non-current assets	(1,199)	(229)
Loss (gain) on sale of investment securities	(2,107)	(707)
Loss (gain) on valuation of investment securities	21	310
Decrease (increase) in trade receivables	19,706	(6,957)
Decrease (increase) in costs on construction contracts in progress	146	(719)
Decrease (increase) in other inventories	2,531	10,627
Decrease (increase) in other assets	(2,908)	(8,338)
Increase (decrease) in trade payables	4,211	13,129
Increase (decrease) in advances received on construction contracts in progress	(3,905)	2,395
Increase (decrease) in deposits received	11,570	18,537
Increase (decrease) in other liabilities	(704)	(598)
Other, net	(390)	(511)
Subtotal	51,375	42,798
Interest and dividends received	693	654
Interest paid	(562)	(700)
Income taxes paid	(10,262)	(8,005)
Net cash provided by (used in) operating activities	41,243	34,747
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(200)	(3,852)
Proceeds from sale and redemption of short-term and long-term investment securities	5,441	1,625
Purchase of property, plant and equipment and intangible assets	(29,833)	(26,043)
Proceeds from sale of property, plant and equipment and intangible assets	3,121	570
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(62)	-
Loan advances	(453)	(282)
Proceeds from collection of loans receivable	346	720
Net decrease (increase) in time deposits	194	-
Other payments	(1,513)	(361)
Other proceeds	426	172
Net cash provided by (used in) investing activities	(22,532)	(27,450)

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,000	16,200
Net increase (decrease) in commercial papers	-	(20,000)
Proceeds from long-term borrowings	-	3,157
Proceeds from issuance of bonds	37,000	19,000
Redemption of bonds	-	(10,000)
Proceeds from share issuance to non-controlling shareholders	4,800	51
Net decrease (increase) in treasury shares	(55,158)	(2)
Dividends paid	(10,651)	(10,728)
Dividends paid to non-controlling interests	(36)	(5)
Other, net	(28)	(37)
Net cash provided by (used in) financing activities	(16,074)	(2,365)
Effect of exchange rate change on cash and cash equivalents	914	1,314
Net increase (decrease) in cash and cash equivalents	3,550	6,245
Cash and cash equivalents at beginning of period	43,574	47,121
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(3)	359
Cash and cash equivalents at end of period	47,121	53,726

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	36,811	38,290
Notes receivable - trade	7,023	7,038
Accounts receivable from completed construction contracts	175,642	181,619
Securities	-	1
Real estate for sale	4,653	11,292
Costs on construction contracts in progress	6,202	6,045
Costs on real estate business and other	4,100	3,121
Raw materials and supplies	293	606
Short-term loans receivable	11	11
Short-term loans receivable from subsidiaries and associates	122	314
Prepaid expenses	482	618
Advances paid	11,014	12,436
Other	3,912	9,594
Allowance for doubtful accounts	(19)	(20)
Total current assets	250,251	270,971
Non-current assets		
Property, plant and equipment		
Buildings	87,936	78,213
Accumulated depreciation	(29,523)	(24,475)
Buildings, net	58,412	53,737
Structures	3,583	3,005
Accumulated depreciation	(1,901)	(1,557)
Structures, net	1,681	1,447
Machinery and equipment	7,323	7,188
Accumulated depreciation	(6,342)	(6,376)
Machinery and equipment, net	980	811
Vehicles	364	320
Accumulated depreciation	(336)	(301)
Vehicles, net	27	18
Tools, furniture and fixtures	2,083	2,176
Accumulated depreciation	(1,485)	(1,682)
Tools, furniture and fixtures, net	597	494
Land	80,067	83,657
Leased assets	125	116
Accumulated depreciation	(63)	(78)
Leased assets, net	61	38
Construction in progress	1,273	1,126
Total property, plant and equipment	143,103	141,331

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Intangible assets		
Leasehold interests in land	-	300
Software	843	1,056
Other	254	4,834
Total intangible assets	1,098	6,190
Investments and other assets		
Investment securities	34,507	33,804
Shares of subsidiaries and associates	12,132	16,013
Investments in capital	25	25
Investments in capital of subsidiaries and associates	4,712	4,660
Long-term loans receivable	71	325
Long-term loans receivable from employees	0	-
Long-term loans receivable from subsidiaries and associates	1,136	1,357
Long-term prepaid expenses	44	41
Prepaid pension costs	3,620	4,374
Deferred tax assets	5,581	6,655
Other	6,189	5,255
Allowance for doubtful accounts	(75)	(70)
Total investments and other assets	67,946	72,443
Total non-current assets	212,148	219,966
Total assets	462,400	490,938
Liabilities		
Current liabilities		
Notes payable - trade	1,905	1,922
Electronically recorded obligations - operating	16,372	22,027
Accounts payable for construction contracts	40,803	46,320
Short-term borrowings	43,039	59,239
Commercial papers	20,000	-
Current portion of bonds payable	10,000	15,000
Lease liabilities	25	21
Accounts payable - other	2,127	2,580
Accrued expenses	71	82
Income taxes payable	5,832	1,784
Advances received on construction contracts in progress	14,484	16,636
Deposits received	45,864	64,365
Unearned revenue	5	3
Provision for warranties for completed construction	7,923	1,657
Provision for bonuses	3,577	2,740
Provision for bonuses for directors (and other officers)	58	31
Provision for loss on construction contracts	2,820	7,920
Provision for loss on real estate business and other	38	34
Asset retirement obligations	27	-
Other	38	121
Total current liabilities	215,013	242,488

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Non-current liabilities		
Bonds payable	87,000	91,000
Lease liabilities	42	21
Provision for retirement benefits	5,904	6,065
Provision for share awards for directors (and other officers)	54	106
Asset retirement obligations	705	728
Other	5,739	5,458
Total non-current liabilities	99,445	103,380
Total liabilities	314,458	345,869
Net assets		
Shareholders' equity		
Share capital	23,513	23,513
Capital surplus		
Legal capital surplus	20,780	20,780
Other capital surplus	0	0
Total capital surplus	20,780	20,780
Retained earnings		
Legal retained earnings	5,878	5,878
Other retained earnings		
Reserve for tax purpose reduction entry of replacement assets	862	858
General reserve	126,475	131,475
Retained earnings brought forward	21,795	15,434
Total retained earnings	155,011	153,646
Treasury shares	(57,335)	(57,338)
Total shareholders' equity	141,969	140,602
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,971	4,467
Total valuation and translation adjustments	5,971	4,467
Total net assets	147,941	145,069
Total liabilities and net assets	462,400	490,938

Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales		
Net sales of completed construction contracts	299,681	295,642
Net sales in real estate business and other	18,025	32,743
Total net sales	317,707	328,385
Cost of sales		
Cost of sales of completed construction contracts	263,592	276,107
Cost of sales in real estate business and other	11,094	20,380
Total cost of sales	274,686	296,488
Gross profit		
Gross profit on completed construction contracts	36,089	19,534
Gross profit on real estate business and other	6,931	12,362
Total gross profit	43,020	31,897
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	255	252
Employees' salaries and allowances	9,973	9,876
Retirement payments	14	12
Retirement benefit expenses	424	440
Legal welfare expenses	1,134	1,190
Welfare expenses	428	476
Repair and maintenance expenses	109	108
Stationery expenses	732	789
Communication and transportation expenses	854	1,084
Power utilities expenses	72	81
Research study expenses	1,844	1,729
Advertising expenses	105	124
Provision of allowance for doubtful accounts	-	0
Entertainment expenses	363	541
Donations	74	134
Rent expenses on land and buildings	522	669
Depreciation	542	563
Taxes and dues	1,066	1,009
Insurance expenses	70	71
Miscellaneous expenses	580	673
Total selling, general and administrative expenses	19,168	19,832
Operating profit	23,851	12,065

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Non-operating income		
Interest income	20	52
Interest on securities	0	0
Dividend income	731	599
Foreign exchange gains	276	185
Reversal of allowance for doubtful accounts	149	5
Gain on investments in silent partnerships	134	155
Late charges income	498	-
Other	448	441
Total non-operating income	2,259	1,438
Non-operating expenses		
Interest expenses	311	247
Interest expenses on bonds	208	403
Financing expenses	789	109
Advisory fees	631	-
Other	398	101
Total non-operating expenses	2,340	862
Ordinary profit	23,771	12,641
Extraordinary income		
Gain on sale of non-current assets	1,272	237
Gain on sale of investment securities	2,107	707
Other	20	0
Total extraordinary income	3,400	945
Extraordinary losses		
Loss on sale of non-current assets	72	8
Loss on retirement of non-current assets	24	23
Impairment losses	925	-
Loss on valuation of investment securities	21	310
Loss on valuation of golf club membership	37	74
Settlement payments	-	82
Increase (decrease) in employee deposits	10	-
Provision for warranties for completed construction	2,998	-
Loss on support to subsidiaries	387	-
Other	85	25
Total extraordinary losses	4,561	525
Profit before income taxes	22,609	13,061
Income taxes - current	8,240	4,077
Income taxes - deferred	(634)	(410)
Total income taxes	7,606	3,667
Profit	15,003	9,393

Non-consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Reserve for tax purpose reduction entry of replacement assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	23,513	20,780	0	20,780	5,878	866	121,475	22,454	150,674
Changes during period									
Reversal of reserve for tax purpose reduction entry of replacement assets						(3)		3	-
Provision of general reserve							5,000	(5,000)	-
Dividends of surplus								(10,666)	(10,666)
Profit								15,003	15,003
Purchase of treasury shares									
Disposal of treasury shares									
Net changes in items other than shareholders' equity									
Total changes during period	-	-	-	-	-	(3)	5,000	(659)	4,336
Balance at end of period	23,513	20,780	0	20,780	5,878	862	126,475	21,795	155,011

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,177)	192,791	10,439	10,439	203,230
Changes during period					
Reversal of reserve for tax purpose reduction entry of replacement assets		-			-
Provision of general reserve		-			-
Dividends of surplus		(10,666)			(10,666)
Profit		15,003			15,003
Purchase of treasury shares	(55,158)	(55,158)			(55,158)
Disposal of treasury shares		-			-
Net changes in items other than shareholders' equity			(4,468)	(4,468)	(4,468)
Total changes during period	(55,158)	(50,821)	(4,468)	(4,468)	(55,289)
Balance at end of period	(57,335)	141,969	5,971	5,971	147,941

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for tax purpose reduction entry of replacement assets	General reserve	Retained earnings brought forward		
Balance at beginning of period	23,513	20,780	0	20,780	5,878	862	126,475	21,795	155,011
Changes during period									
Reversal of reserve for tax purpose reduction entry of replacement assets						(3)		3	
Provision of general reserve							5,000	(5,000)	
Dividends of surplus								(10,758)	(10,758)
Profit								9,393	9,393
Purchase of treasury shares									
Disposal of treasury shares			0	0					
Net changes in items other than shareholders' equity									
Total changes during period	-	-	0	0	-	(3)	5,000	(6,361)	(1,364)
Balance at end of period	23,513	20,780	0	20,780	5,878	858	131,475	15,434	153,646

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(57,335)	141,969	5,971	5,971	147,941
Changes during period					
Reversal of reserve for tax purpose reduction entry of replacement assets		-			-
Provision of general reserve		-			-
Dividends of surplus		(10,758)			(10,758)
Profit		9,393			9,393
Purchase of treasury shares	(5)	(5)			(5)
Disposal of treasury shares	2	2			2
Net changes in items other than shareholders' equity			(1,504)	(1,504)	(1,504)
Total changes during period	(2)	(1,367)	(1,504)	(1,504)	(2,871)
Balance at end of period	(57,338)	140,602	4,467	4,467	145,069