

MIYAJI ENGINEERING GROUP, INC.

9-19 Nihonbashi-Tomizawa-cho, Chuo-ku, Tokyo 103-0006
meg.IR@miyaji-eng.co.jp



<https://www.miyaji-eng.com/en/>



Integrated Report 2023



MIYAJI ENGINEERING GROUP, INC.

Integrated Report

2023



MIYAJI ENGINEERING GROUP, INC.

Management Philosophy

“Contributing to the enrichment of our nation and the creation of a brighter society through the construction, maintenance, and repair of societal infrastructure such as bridges, buildings, and coastal structures”

Our Group's goal is to be a comprehensive engineering group with advanced technical capabilities in every aspect of design, manufacturing, on-site erection, and floor slab construction of bridges and other steel structures.

Under an appropriate compliance and risk management structure, we strive to provide safe, high-quality products, construction, and services to society, our customers, and all of people in Japan, creating rich society and communities.





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Editorial Policy

Starting in 2023, MIYAJI ENGINEERING GROUP, INC. (hereinafter, "MEG") has begun publishing its first Integrated Report in order to inform all stakeholders of MEG's ideals, business model, features, efforts to create sustainable social value, and initiatives for increasing our corporate value over the medium and long term.

Notes regarding Forward-looking Statements

Forward-looking statements such as business forecasts contained in this report are forecasts made by the Company based on information available at the time of the report's preparation. They include latent risks, uncertainty, and other factors.

Therefore, please note that actual business performance may differ significantly from the forecasts due to changes in various factors.

Report Scope

MIYAJI ENGINEERING GROUP, INC. and its Group companies

Reporting Period

April 1, 2022 to March 31, 2023

* Some information from before and after the reporting period is also included in the report.



Cover photograph:

The Hiroshima Airport Bridge, Japan's largest arch bridge, being erected using the cable crane erection method with diagonal suspension cable.



As a company that thrives and grows along with its stakeholders, we are contributing to society through our pioneering efforts, driven by our pride and passion for our work

Shigetoshi Aota

President and Representative Director

We have continued to experience events that have had a significant impact on people's values and lifestyles—events such as the COVID-19 pandemic, the Russian invasion of Ukraine, and the energy shortages and soaring prices that have occurred as a result.

The high prices of energy and materials have led to rising costs that have placed downward pressure on our business performance. However, we have worked to keep our business plans on course, through measures such as improving productivity through our Chiba Works overhaul project and other initiatives, increasing productivity by improving our on-site construction technologies and operations, and improving the operating efficiency of our corporate departments. As a result, we have overall been successful in achieving the targets of our business plan for the fiscal year ended March 31, 2023. Meanwhile, the market environment for the bridge business segment, our core business, has been shifting from focusing on new bridge construction to large-scale expressway renovation projects, and this change has begun accelerating rapidly. In May 2022, we formulated and announced our Medium-Term Business Plan (FY2022 to FY2026) (hereinafter, the "Medium-Term Business Plan"), with an eye toward an era of these tremendous changes.

In the past, since our core new bridge construction projects were one to three year projects, our previous medium-term business plans were three year plans. However, as many large-scale renovation projects extend for longer than three years, we have changed to a five year plan and keep an eye on business growth trends. For the large-scale renovation projects that are the pillars of our portfolio, the quality and quantity of management resources are major factors in securing new orders. Therefore, this business environment is a great fit for our business companies, MIYAJI ENGINEERING CO., LTD. and MM BRIDGE CO., LTD.

In formulating the Medium-Term Business Plan, we performed market analysis with the aim of achieving sustained growth, supported by the three pillars of our business portfolio, namely new bridge construction, large-scale renovation construction, and railroad and architecture construction. The holding company took the initiative in discussions from the perspective of generating further synergy through our business companies, and we created our vision. We also deliberated regarding big projects such as our world-class cable-stayed bridge in the western extension of the Wangan (Osaka Bay) Route of the Hanshin Expressway and the Shimonoseki-Kitakyushu Road No. 2 Kanmon Bridge, a suspension bridge. We aligned our vectors with the creation of long-term strategy, such as considering what kinds of reforms we should implement.

Allow me to present an explanation of the difficulties MIYAJI ENGINEERING GROUP has encountered through its history, inextricably linked to the nature of its business, so that you can have

a better understanding of MEG. MIYAJI IRON WORKS CO., LTD., which was established in 1908, made plans to build a new plant in Hiroshima Prefecture, in preparation for a bridge construction project that aimed to connect the islands of Honshu and Shikoku, and invested significantly in the new plant's construction. However, due to the first oil shock, the plan to build the bridge was delayed indefinitely in 1974. This saddled MIYAJI IRON WORKS CO., LTD. with significant debt, and left it with no choice but to scrap its plans to build the new plant, and to lay off roughly 500 employees. In addition, an accident that occurred during a major construction project left MIYAJI CONSTRUCTION & ENGINEERING CO., LTD. facing bankruptcy. Furthermore, public works spending fell significantly, and in 2010 the company closed its Matsumoto Works, which had been in operation for 60 years. In 2011, the following year, MIYAJI IRON WORKS CO., LTD. was merged with MIYAJI CONSTRUCTION & ENGINEERING CO., LTD. to form MIYAJI ENGINEERING CO., LTD. This new company strove to restore its business position, and that fiscal year the company posted ¥17.9 billion in net sales and ¥0.4 billion in operating profit. In order to survive and regain its position as one of the top companies in the industry, candidates were considered for an alliance, including a possible M&A: Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. (currently MM BRIDGE CO., LTD.), which had been working to reestablish its bridge-building business. Like our company, it had once been an industry leader, and had a track record of building numerous long-span bridges, such as Honshu-Shikoku Bridge.

Mitsubishi Heavy Industries, Ltd. had established a JV with Miyaji and Yokogawa for the construction of the Kanmon Bridge linking Honshu and Kyushu. When the bridge was opened in 1973, it was the longest suspension bridge in Japan and all of Asia. We had maintained a positive relationship with Mitsubishi Heavy Industries, Ltd. in the intervening years, and decided it that was the best choice for an alliance partner. Accordingly, MEG acquired 51% of the shares in MM BRIDGE CO., LTD., making it part of the Group and reinforcing its Group business structure. At the time, MIYAJI ENGINEERING GROUP, INC. was the 7th largest steel bridge manufacturer, with 4.3% of the market, while MM BRIDGE CO., LTD. was the 8th largest, with 4.0% of the market. As explained in the Medium-Term Business Plan, business progressed steadily, and in the fiscal year ended March 31, 2022, the new company has grown to record ¥58.0 billion in net sales and ¥5.8 billion in operating profit. We plan to reach ¥75.0 billion in net sales, ¥7.5 billion in operating profit, ¥4.0 billion in net profit, and a dividend of ¥180 in the fiscal year ending March 31, 2027.

Now I would like to touch on our business conditions and risks. Public works are the heart of our business, and reductions in public works budgets directly affect our business operations. Since the budget framework for bridge construction, our core business, is the budget framework for the industry as a whole, for new bridge construction, whose budgets are seeing no growth, capturing new project orders is becoming extremely competitive. Due to factors such as this business environment, the Japan Bridge Association, of which MEG is a member, has shrunk from its peak of 76 members to 31 members today, with the other 45 having fallen by the wayside. In this industry, when a construction accident occurs, compensation is paid from equity capital, and the company involved is withdrawn from consideration for bidding projects, losing order opportunities. This has a major impact on company management. Since accidents have driven some companies to bankruptcy, it is vital to have enough capital to be able to deal with an accident in the unlikely event that it occurs.

Medium-Term Business Plan (FY2022 to FY2026)

We formulated our Medium-Term Business Plan as a plan for flexibly responding to changes in our business environment and leveraging our strengths in our business operations. The underlying philosophy of this business plan is our desire to contribute to the safety and security of society's infrastructure as a company that thrives and grows along with its stakeholders. We aim to increase our net sales

from ¥58.0 billion in the fiscal year ended March 31, 2022, to ¥75.0 billion over the next five years. We also thought about what we would need to achieve an operating profit of ¥7.5 billion. The key concepts we arrived at were "securing and developing human resources," "shifting management resources," and "taking on large-scale renovation and construction orders." We also believe that it will be important to maintain the capital that serves as our business foundation while improving capital efficiency through investment.

With regard to securing and developing human resources, we are conducting recruiting activities to actively hire female employees and foreign employees and developing them into powerful human resources. We are also cooperating with the development of future generations through initiatives such as a subsidy system for graduate students and subsidization of research expenses for university laboratories and professors. In addition, we have been an industry leader in creating a system that assists employees who have had to resign in order to provide nursing care to return to work, and in providing support for the acquisition of doctoral degrees by members of the workforce in order to provide them with greater skills. Through these efforts, we are seeking to attract, retain, and further motivate employees.

To shift management resources, we are implementing measures for moving from an approach focused on new bridge construction to one in which we reinforce our large-scale renovation construction initiatives, which are a new part of our portfolio. For new

bridge construction projects, 60 to 70% of the construction budget is allocated to plant manufacturing, and 30 to 40% is allocated to worksite construction. For large-scale renovation projects, on the other hand, the reverse is true. 30 to 40% is allocated to plant manufacturing and 60 to 70% is allocated to worksite construction. Shifting our management resources to large-scale renovation will also improve our operational efficiency.

In taking on large-scale renovation and construction orders, increasing net sales is an absolute necessity. Over the next decade, we aim to leverage our Group's technical proposal capabilities to their utmost to secure orders for large-scale renovation and other construction, which is said to be a ¥4 to 5 trillion market, and orders for large-scale construction projects on the order of hundreds of billions of yen or more, such as the western extension of the Wangan (Osaka Bay) Route of the Hanshin Expressway and the No. 2 Kanmon Bridge.

The strengths of MEG

MEG applied state-of-the-art design theory to construction of the Edobashi Junction, which was considered to be the most difficult section of the Metropolitan Expressway that was being constructed for the 1964 Tokyo Olympic Games, a symbol of Japan's post-war recovery. On-site, thanks to the actions of its team of experts who had been involved in the erection of Tokyo Tower, it was able to use unprecedented construction techniques to complete its construction

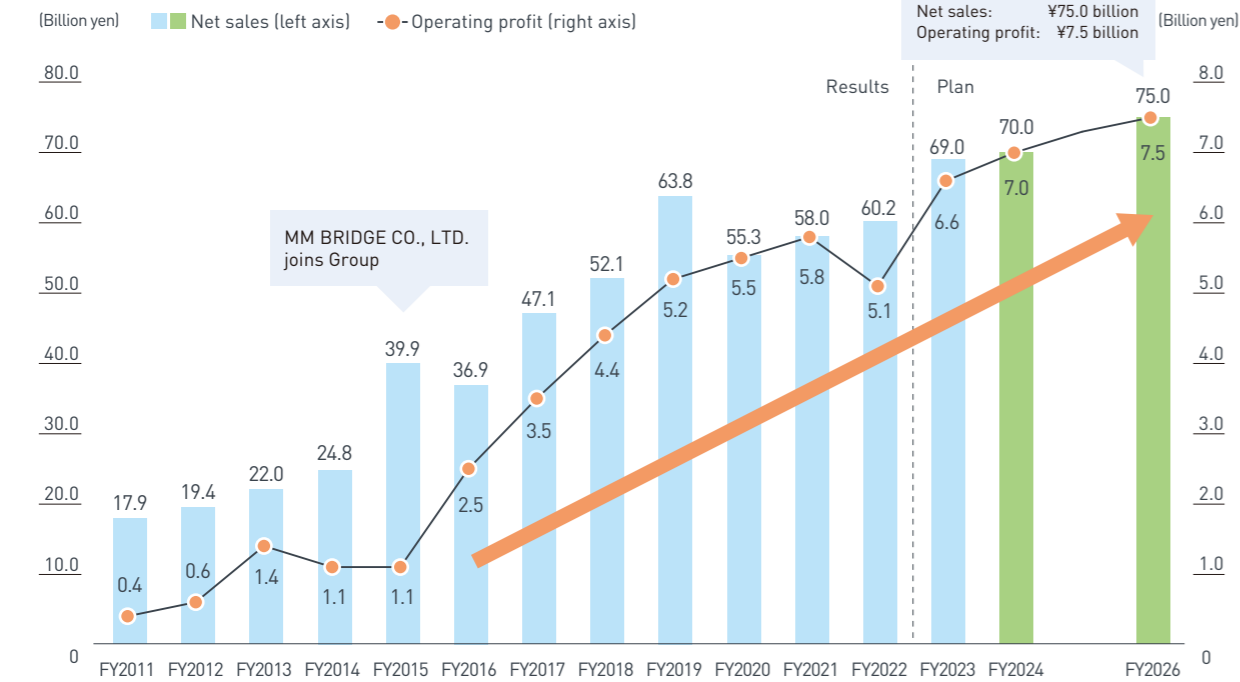


Construction work of Nagoya-daini-kanryo Expressway Tobishima Junction C Ramp Bridge and other 3 Bridges (Steel Superstructure) (NEXCO Central)

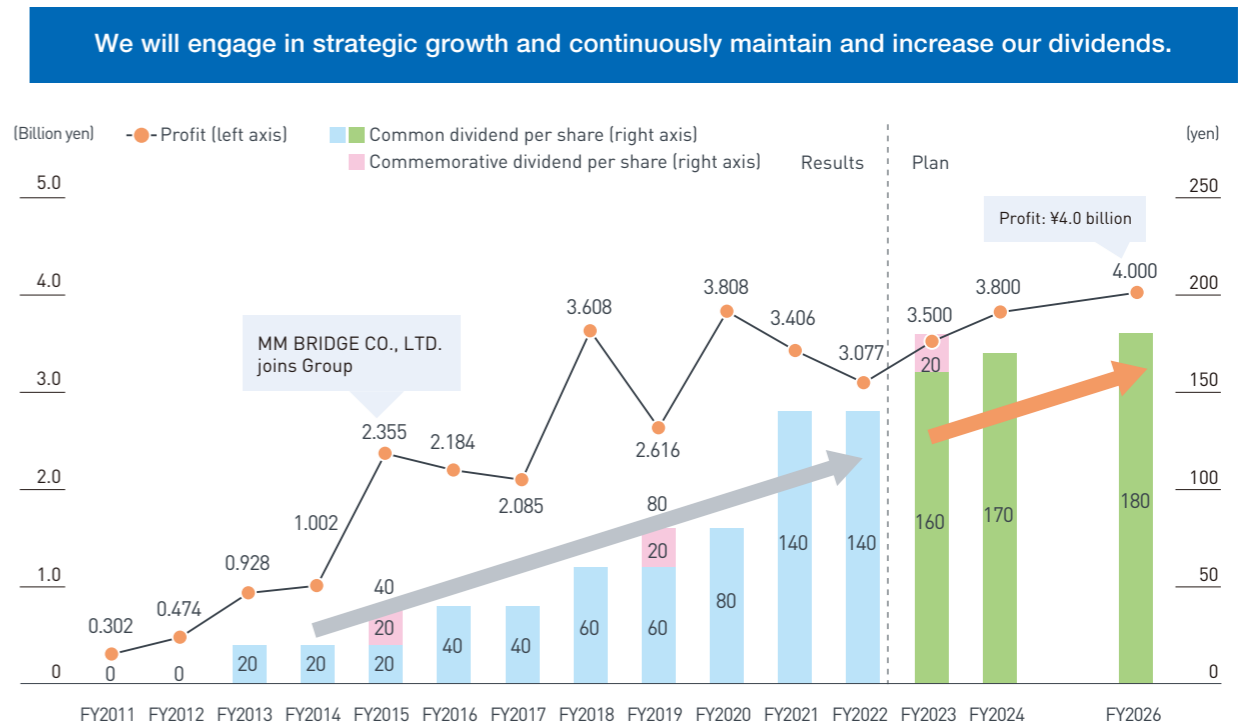


Suita Junction-Chugoku Expressway Ikeda Interchange Bridge renovation project (NEXCO West)

Net Sales and Operating Profit: Results and Plan



Profit and Dividends: Results and Plan



work, just as planned. These technologies were also linked to the bridge erection technologies used in the construction of the Kanmon Bridge during the early days of suspension bridge-building. They were carried on in the construction of the Akashi-Kaikyo Bridge, which was the world's largest suspension bridge at the time it was built. MEG has also received the "Tanaka Award," the highest honor of the Japan Society of Civil Engineers, numerous times for projects such as the Tokyo Gate Bridge and the Minato Bridge (Osaka Bay), Japan's largest truss bridge. In the field of railroads, MEG has taken part in the construction of countless projects requiring advanced construction technologies, such as for the Tokaido, Hokuriku, and Kyushu Shinkansen. It has also built structures with large interior spaces and special buildings such as Tokyo Tower, Tokyo Skytree, and other iconic towers. It has worked on many projects involving special, extremely difficult construction such as the Tokyo Aquatics Center (Koto-ku, Tokyo), where aquatics events were held during the Tokyo Olympic Games in 2021, Es Con Field Hokkaido (Kita-Hiroshima City, Hokkaido), the home field for the Hokkaido Nipponham Fighters, and submarine tunnels (submerged caissons).

The strengths of MEG lie in its position as a comprehensive engineering company, seamlessly combining advanced technical capabilities that have been passed on through the years, highly experienced personnel, and partners with exceptional technical strengths. Furthermore, in the event of natural disasters such as major earthquakes or heavy rains, MEG contributes to the rapid restoration of social infrastructure, around the clock, in response to requests for support from the Ministry of Land, Infrastructure, Transport and Tourism, road administrators, and railroad operators.

It is vital that we improve operation efficiency through the introduction of digital transformation (DX) and other technologies if we are to carry out workstyle reforms. We have worked together with software development companies to develop programs for improving operation efficiency, preventing mistakes, and preventing other problems. These programs are currently being used in our design, manufacturing, and worksite divisions.

Ideals and future direction

The two core companies of MEG are MIYAJI ENGINEERING CO., LTD. and MM BRIDGE CO., LTD. We believe there is still tremendous potential for creating new synergies between these two companies. In this regard, we seize every available opportunity to foster a greater mutual understanding of their corporate cultures as a heavy machinery company and a specialized operator. We have striven to transform the mentalities of the employees in both companies, and to conduct business in a manner that is optimized for the Group through collaboration between the companies. However, we have not yet achieved our collaboration ideals. Going forward, we plan to actively promote the exchange of personnel between the two companies, while implementing specific initiatives to further reinforce each company's strengths. We will also implement plans to objectively identify areas of the two companies that are lacking compared to other companies, including those in other industries, with the aim of making steady improvements.

In particular, we will focus on the hiring and promotion of female employees and foreign employees, investment strategies for achieving sustainable growth, and future-oriented investment. We are currently deliberating measures we can take to achieve carbon neutrality, which is one of our social responsibilities, so I'd like to explain these measures at a later date.

The hiring and promotion of female employees and foreign employees is a task that must be carried out actively, in order to meet the needs of the construction industry and of society as a whole. We are actively hiring female engineers and female operators, and developing them into powerful human resources. Introducing the sensibilities of other cultures provides major benefits in the form of invigorating the company and transforming the mentalities of the people within it. Accordingly, we are also actively hiring and promoting foreign employees.

In April 2022, we were transferred to the Prime Market, and we have become more focused on our investment strategies for achieving sustainable growth through our engagement with institutional investors. We established an IR Office in April 2021, and



Kanmon Bridge (1,068 m)
Japan Society of Civil Engineers "Tanaka Award"



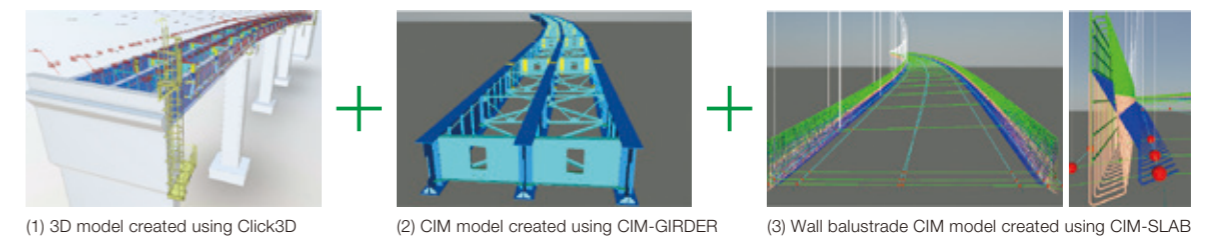
Akashi-Kaikyo Bridge (3,991 m)
Japan Society of Civil Engineers "Tanaka Award"



Tokyo Gate Bridge (2,618 m)
Japan Society of Civil Engineers "Tanaka Award"

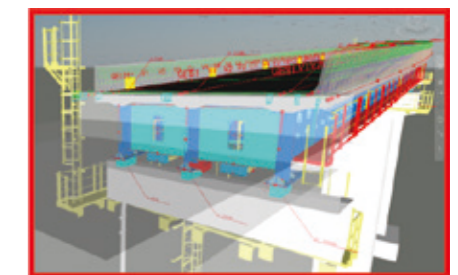
We are working with ICT and DX companies to develop CIM systems.

1. A decade ago, we began joint development with the aim of producing a system that could create 3D models using a 2D-like approach.
2. We have been making steady development progress in three stages. We are currently in the last stage of development of CIM-SLAB/STEP2z.



Three stages of CIM system development

Click3D	Completed in 2014 General purpose CIM system Patent acquired in 2015
CIM-GIRDER	Completed in 2020 CIM system for girder bridges Registered in NETIS in 2020
CIM-SLAB	CIM system for floor slabs and bridge faces STEP 1: Wall balustrade CIM (completed in 2019) STEP 2: Floor slab CIM (currently in development)



Completed CIM model integrating (1) through (3)

we have engaged in both IR and SR efforts. However, we were often told that it was unclear what kind of company we were and what our strengths were. We understand now that we had failed to fully recognize the importance of communication, and we deeply regret this failure. Because of our experiences with past business crises, we placed a heavy emphasis on reinforcing our capital. However, we failed to adequately explain the reasons for our ongoing low shareholder dividends, for which we are also deeply regretful. Therefore, we issued a dividend of ¥140 for the fiscal year ended March 31, 2022. We aim to achieve a dividend ratio of 30%, provided that there are no drastic reductions in public works like the one we experienced during the oil shock, and there are no serious incidents that deal a major blow to our company's management. Based on our dividend of ¥140, we plan to issue ¥170 in dividends for the fiscal year ending March 31, 2025 and ¥180 for the fiscal year ending March 31, 2027. We will continue to enrich our explanations of our capital strategies, and to disclose non-financial information, as well. For any information shortfalls, we will set targets and steadily expand our disclosures to meet them. We appreciate your understanding.

MEG has worked its way through dramatically changing times, to grow to where it is today. We will use the experience we have gained through our history to enrich our human resources and capital, in order to achieve further success. As a company that thrives and grows along with its stakeholders, we will contribute to society through our pioneering efforts, driven by our pride and passion for our work.

We look forward to your continued understanding and support.

May 2023

Shigetoshi Aota
President and Representative Director

At a Glance

MIYAJI ENGINEERING GROUP's Business

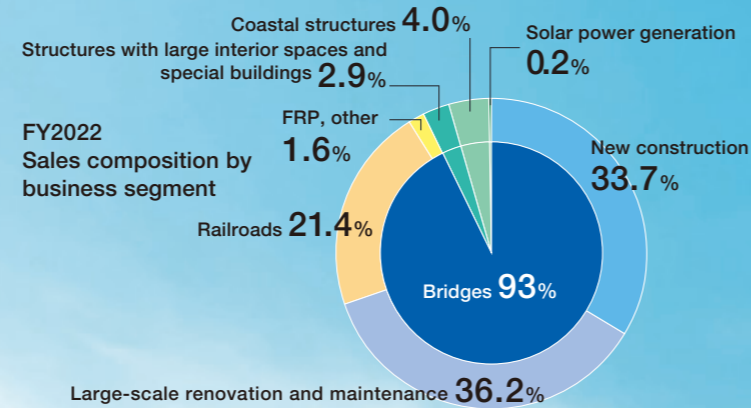
We are contributing to the enrichment of our nation and the creation of a brighter society through the construction, maintenance, and repair of societal infrastructure such as bridges, buildings, and coastal structures.

This section provides an overview of how we have thrived and grown along with our diverse stakeholders.

FY2022

Net sales
¥60,279 million

Operating profit
¥5,127 million



Profit attributable to owners of parent
¥3,077 million

ROE
8.9%

ROA
8.6%

Major Past Projects

Honshu-Shikoku Bridge, Japan's largest bridge project

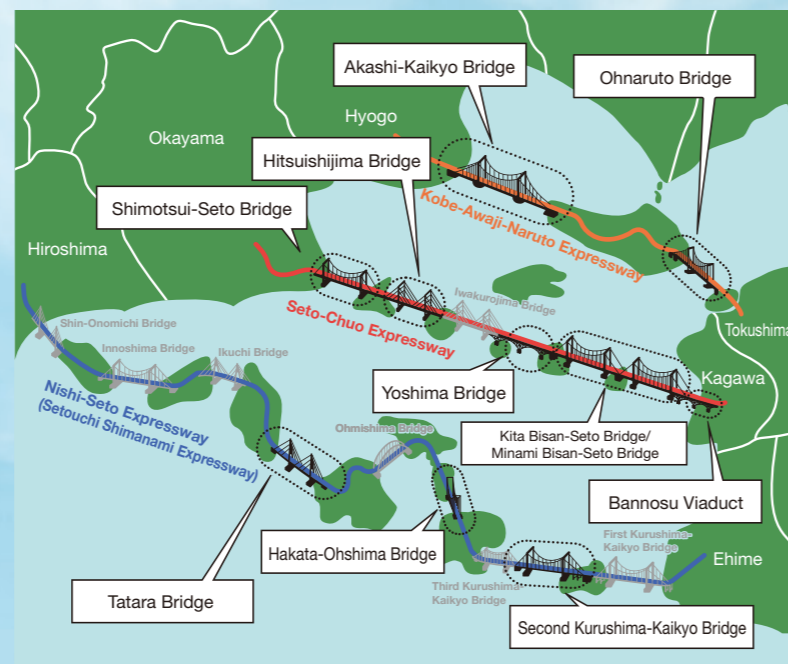
The Honshu-Shikoku Bridge is the largest bridge project in Japan. Of the 17 long-span bridges spanning straits between the islands of Honshu and Shikoku, our Group has been involved in the construction of 10. Of these, we played an important role as the joint venture's* representative company in 9 of the bridges.

We are one of only a handful of Japanese companies with a track record of construction management in projects of this scale.

*Joint venture (JV): A joint venture in the construction industry



Akashi-Kaikyo Bridge



Major examples of construction of structures with large interior spaces and special buildings

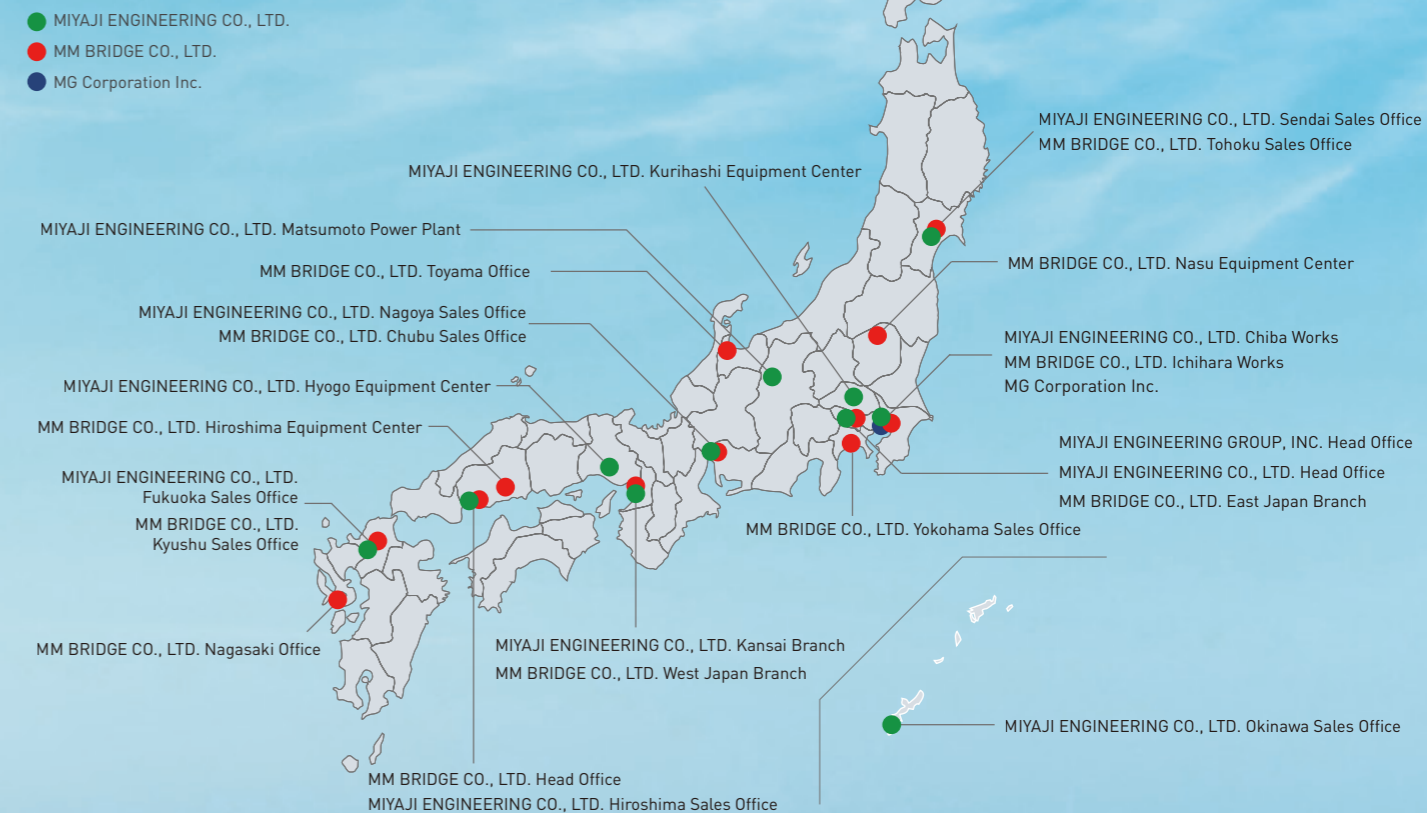
Our Group has played an important role by demonstrating the advanced technical capabilities and construction capabilities it has developed through the years, along with partner companies, in the construction of iconic Japanese special buildings such as Tokyo Tower and Tokyo Skytree, and famous structures with large interior spaces such as Nagoya Dome, Fukuoka Dome, Es Con Field Hokkaido, Nissan Stadium, and Saitama Super Arena.



(From left) Tokyo Tower, Tokyo Skytree, Nagoya Dome, Nissan Stadium, Fukuoka Dome, Saitama Super Arena

Design and manufacturing sites with the highest production capacities in the industry

26 sites



MIYAJI ENGINEERING GROUP's History

MIYAJI ENGINEERING GROUP was founded in 1908.

Since then, we have been leveraging state-of-the-art technologies and equipment to take on the challenges of difficult construction projects, primarily in the steel bridge construction sector. We have created countless elements of social infrastructure that support people's lives.

We have faced many major crises such as the oil shock, a dramatic change in the order receiving environment due to reduced public works spending, the serious Rokugo Bridge accident, and natural disasters such as major earthquakes. However, over our 115-year history, we have worked together with partner companies to achieve major growth.

We will continue to provide the Japanese people with safety and security, making their lives richer and more convenient, by creating social capital.

Projects achieved through our reliability and technologies



1868
Construction of Kurogane Bridge, Japan's first steel bridge



1958
Tokyo Tower under construction



1963
Edobashi Junction



1973
Kanmon Bridge



1989
Yokohama Bay Bridge



1998
Akashi-Kaikyo Bridge



2021
Ariake Chikugo River Bridge



2021
Kanae Ohashi (Kesennuma Bay Crossing Bridge)

Establishing our history by overcoming numerous hurdles

Over the course of 115 years, MEG has worked together with partner companies to achieve major growth.

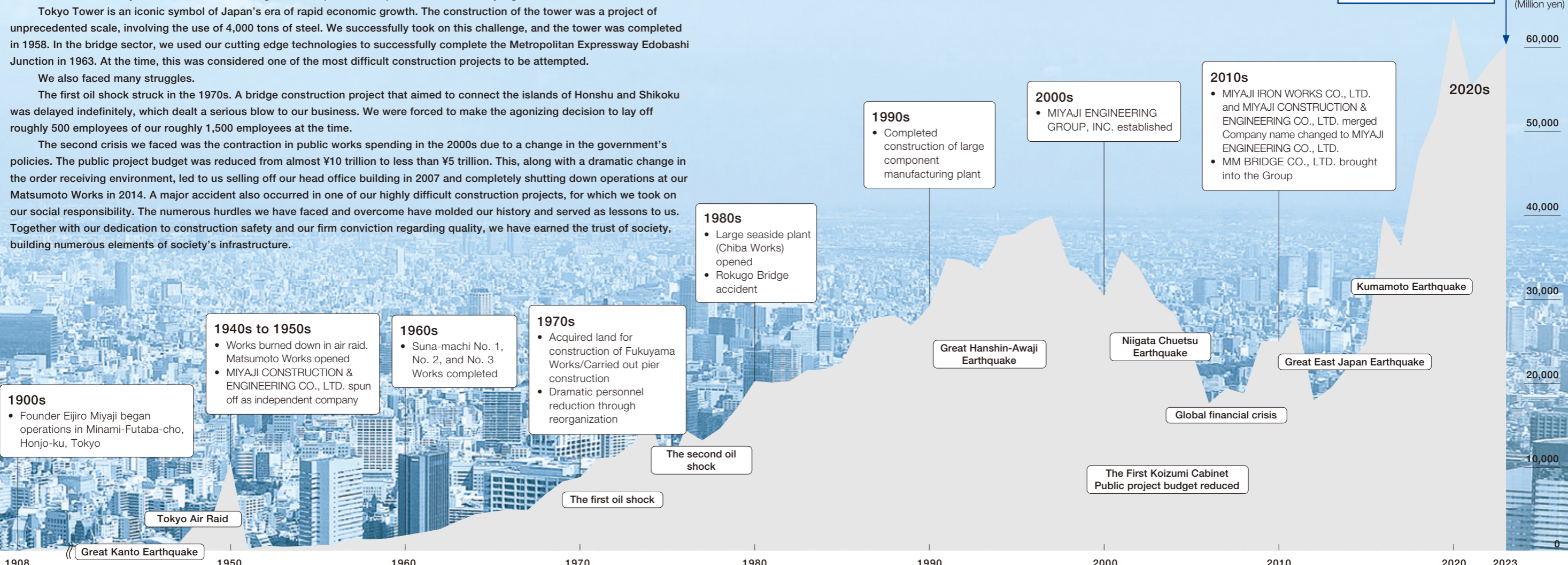
Tokyo Tower is an iconic symbol of Japan's era of rapid economic growth. The construction of the tower was a project of unprecedented scale, involving the use of 4,000 tons of steel. We successfully took on this challenge, and the tower was completed in 1958. In the bridge sector, we used our cutting edge technologies to successfully complete the Metropolitan Expressway Edobashi Junction in 1963. At the time, this was considered one of the most difficult construction projects to be attempted.

We also faced many struggles.

The first oil shock struck in the 1970s. A bridge construction project that aimed to connect the islands of Honshu and Shikoku was delayed indefinitely, which dealt a serious blow to our business. We were forced to make the agonizing decision to lay off roughly 500 employees of our roughly 1,500 employees at the time.

The second crisis we faced was the contraction in public works spending in the 2000s due to a change in the government's policies. The public project budget was reduced from almost ¥10 trillion to less than ¥5 trillion. This, along with a dramatic change in the order receiving environment, led to us selling off our head office building in 2007 and completely shutting down operations at our Matsumoto Works in 2014. A major accident also occurred in one of our highly difficult construction projects, for which we took on our social responsibility. The numerous hurdles we have faced and overcome have molded our history and served as lessons to us. Together with our dedication to construction safety and our firm conviction regarding quality, we have earned the trust of society, building numerous elements of society's infrastructure.

Net sales FY2022
¥60,279 million



Value Creation Process

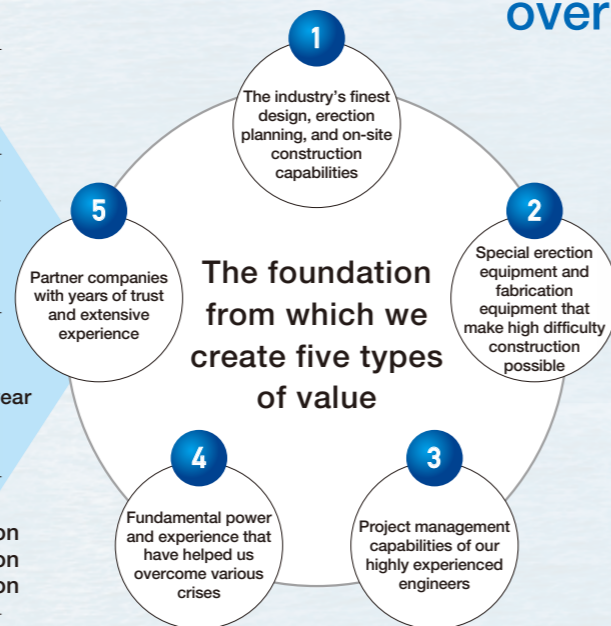
MIYAJI ENGINEERING GROUP is a comprehensive engineering company, seamlessly combining advanced technical capabilities that have been passed on through the years, highly experienced personnel, and partners with exceptional technical strengths. We repeat the processes of leveraging these comprehensive capabilities to sustainably increase our corporate value and contribute to solving social issues.



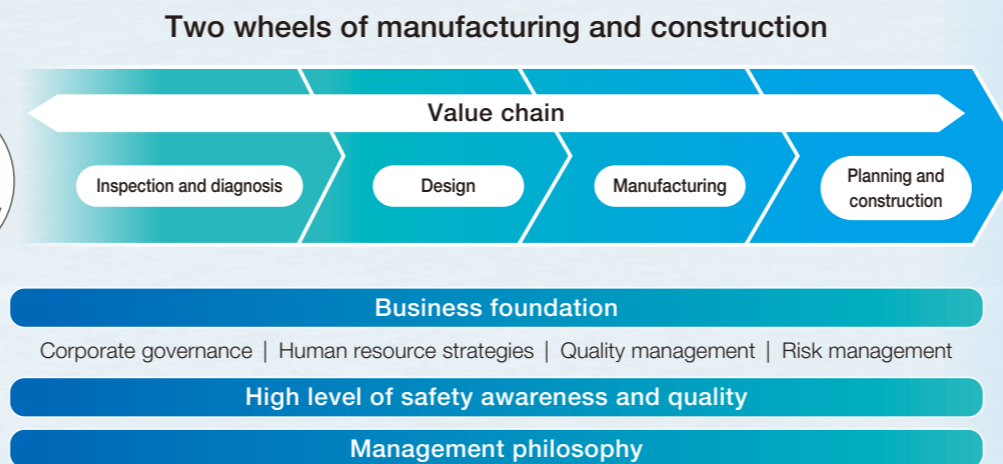
Photograph: Toyoshima Bridge

Input	
Human capital	
• Employees	772
• The First-Class Civil Engineering Works Execution Managing Engineers	390
• Professional Engineers	70
Intellectual capital	
• Valid patents	151
• R&D expenses	¥236 million
Social and related capital	
Relationships of trust established with governments and major general contractors through the years	
• Business partners	Approx. 1,000
• Japan Society of Civil Engineers "Tanaka Award"	59 times
Manufacturing capital	
Systems capable of nationwide delivery	
• Chiba Works maximum production capacity	30,000 tons/year
• Locations of activities in Japan	26 sites
• Total weight of owned erection equipment	29,500 tons
Financial capital	
• Total assets	¥63,051 million
• Net assets	¥41,568 million
• Equity	¥35,508 million
Natural capital	
• Weight of steel material used (thick plate rolls)	25,168 tons
• Electrical power consumed (FY2021 results)	5,609,229 kWh
• Solar power generation (Matsumoto Power Plant)	2,858,392 kWh

Business model



The comprehensive strengths of MIYAJI ENGINEERING GROUP, based on the track record and technical capabilities it has built over the years



Output



Outcomes

Contribute to the enrichment of our nation and the creation of a brighter society

Provide safe and secure social infrastructure

Achieve sustainable growth of human capital

Thrive and grow along with stakeholders

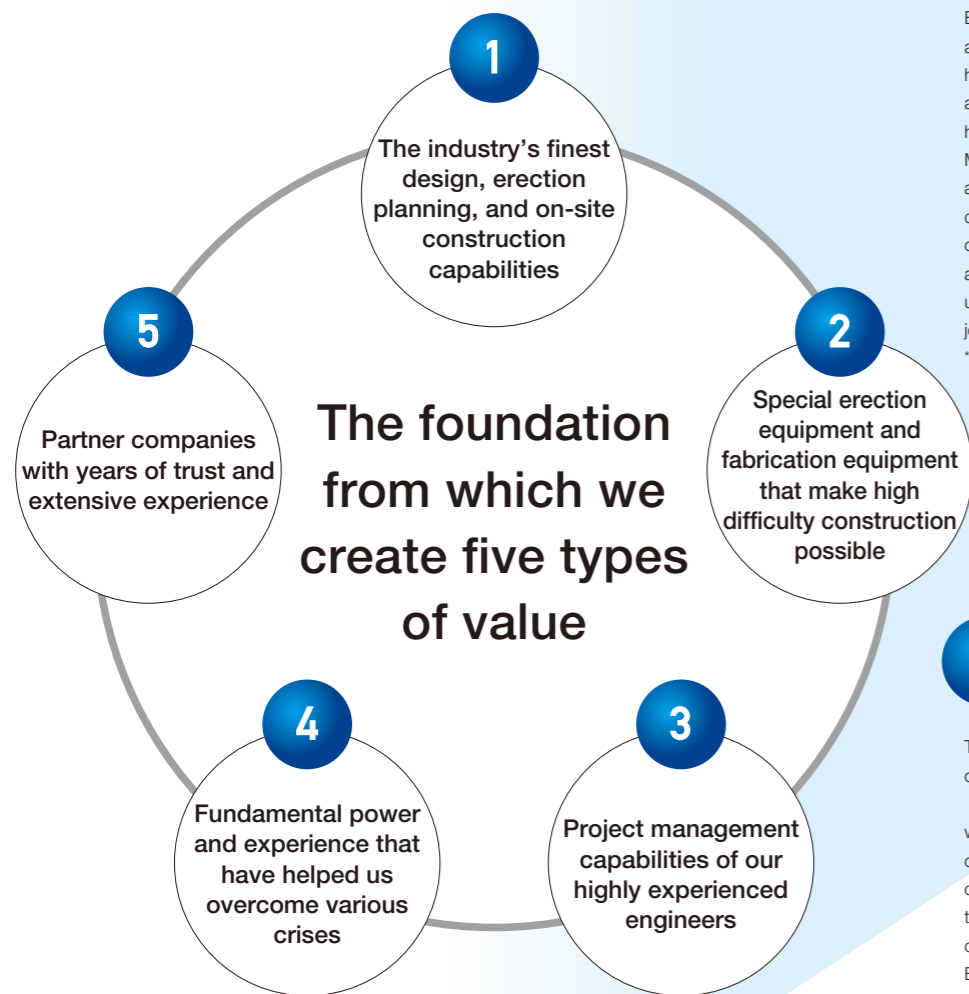
Provide returns to investors and invest in growth

Business results for FY2022

Net sales	¥60,279 million
Operating profit	¥5,127 million
Profit	¥3,077 million



The comprehensive strengths MIYAJI ENGINEERING GROUP has developed and maintained through the years



1 The industry's finest design, erection planning, and on-site construction capabilities

Our Group has some of the industry's top design, erection planning, and on-site construction capabilities.

We have surmounted various difficulties, taking on the challenges and successfully completed the most difficult construction projects, such as the Edobashi Junction, said to be the most difficult part of the Metropolitan Expressway construction project; the Kanmon Bridge and Ohnaruto Bridge, Japan's first strait crossing bridges; the Akashi-Kaikyo Bridge; numerous Honshu-Shikoku Bridges; the Yokohama Bay Bridge; and the Rainbow Bridge. We owe these accomplishments to the unwavering technical capabilities we have developed through the years. Only a few top companies account for over 70% of orders for large-scale and high-difficulty construction projects. Our Group companies, MIYAJI ENGINEERING CO., LTD. and MM BRIDGE CO., LTD. are among them. We believe that our unwavering, advanced design engineering strengths, our erection planning capabilities, and our on-site construction capabilities, which allow us to make our projects into successes, are what enable us to exert leadership as a representative member in a joint venture*1.

*1 Joint venture (JV): A joint venture in the construction industry



Akashi-Kaikyo Bridge



Tataru Bridge

Japan Society of Civil Engineers Tanaka Award*2

Received awards **59** times

*2 The Japan Society of Civil Engineers Tanaka Award is an academic society award presented to companies with exceptional results in the field of bridge and steel structure engineering.

5 Partner companies with years of trust and extensive experience

The relationships of trust we have established with our partner companies is one of our precious assets.

For high difficulty bridge erection projects, not only do we have special erection equipment and erection planning capabilities, but also enjoy the support of our partner companies, who have extensive experience and advanced technical capabilities. We have carried out many difficult construction projects, beginning with Tokyo Tower and the Edobashi Junction and proceeding to Honshu-Shikoku Bridge, such as the Akashi-Kaikyo Bridge, and the Kanae Ohashi (Kesennuma Bay Crossing Bridge). We owe our success in these projects to the existence of our excellent and dependable partner companies, who have supported us in various areas through the years. We will continue to forge deeper relationships of trust with these partner companies, thriving and growing together.



Tobishima Junction C Ramp Bridge



Tobishima Kiba Viaduct

2 Special erection equipment and fabrication equipment that make high difficulty construction possible

Our Group has the special erection equipment and fabrication equipment it needs to successfully complete large-scale and high difficulty projects.

When long-term traffic closure is not feasible, such as when erecting bridges over roads or railroads, special erection methods must be used. This makes it vital to have not only advanced erection planning capabilities, but also a great deal of special erection equipment. In its many difficult special erection construction projects, we have developed and used many special equipment such as high speed launching equipment for rapidly erecting bridges over railroads and large unit jacks for erecting multiple large blocks at once. This provides us with exceptional technical capabilities.

The Chiba Works of MIYAJI ENGINEERING CO., LTD. is a bridge manufacturing works that is roughly four times the size of the Tokyo Dome. It has large block processing equipment and quay for shipping for working on long-span bridges. This works boasts one of the highest production capacities in the industry.



Tatsunokuchi Bridge

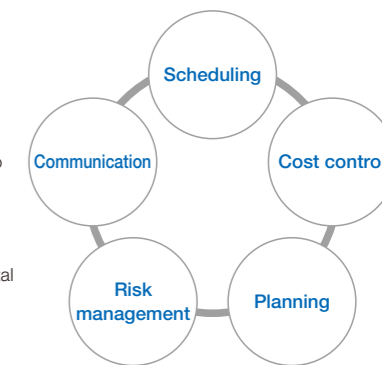


Chiba Works of MIYAJI ENGINEERING CO., LTD.

3 Project management capabilities of our highly experienced engineers

Our Group has the highly talented experts in various fields it needs in order to perform large-scale projects on time.

Carrying out large-scale projects requires experts who can exercise their abilities in major fields, such as design, fabrication, erection planning, and on-site construction. Furthermore, JV representative members such as our Group require project managers who can listen to technical experts' opinions and coordinate projects. Through our extensive large-scale project management experience, we have nurtured numerous experts and project managers. One of our greatest strengths is the large number of highly skilled and diverse personnel that work for us. We will continue to expand and enrich our human capital to ensure that projects progress smoothly and carry out high quality construction work.



4 Fundamental power and experience that have helped us overcome various crises

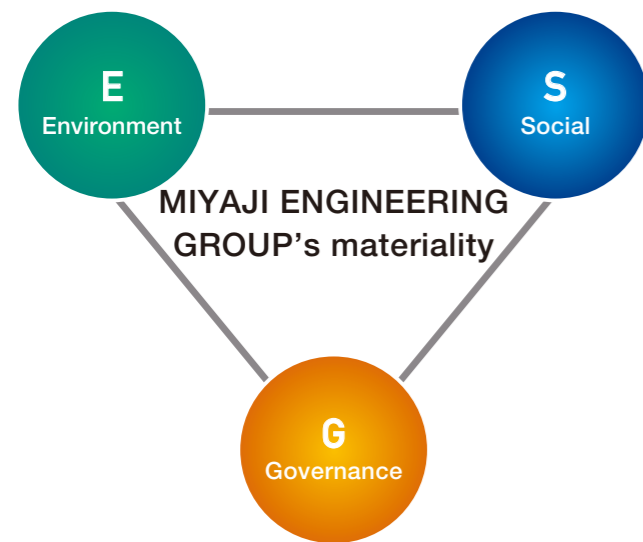
Our Group has the fundamental power and experience to overcome even the largest of crises.

Risks sometimes manifest themselves during the course of large-scale construction projects. During the history of over a century since our founding, we have dealt with several crises which posed a serious threat to our business, such as the indefinite postponement of a bridge construction project that aimed to connect the islands of Honshu and Shikoku as a result of the first oil shock in the 1970s. Accidents can also befall projects with a high level of technical difficulty. We have been able to surmount these crises thanks to the support of our partner companies and many other stakeholders, along with our solid financial structure. Through these experiences, we have striven to further deepen our relationships of trust with our stakeholders and to reinforce our financial foundation.



Kanmon Bridge

In 2023, the Group identified its materialities, the issues it addresses in its business activities for achieving sustainable growth. The Sustainability Promotion Committee will take the lead in addressing our initiatives after setting targets and KPIs.

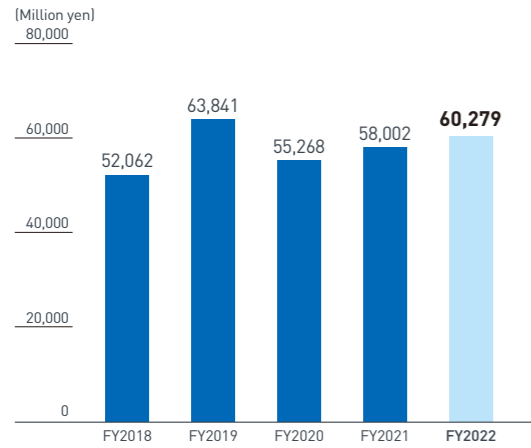


ESG	Item	Measures	Specific content
E Environment	1. Responding to climate change risks and natural disaster risks	Promoting the disclosure of climate-related financial information	We promote the disclosure of climate-related financial information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
		Promoting initiatives for achieving carbon neutrality by 2050	Based on calculation and analysis of Scope 1, 2, and 3, we formulate and promote specific measures for using renewable energy, etc., for achieving carbon neutrality by 2050.
		Promoting resource and energy conservation	We promote resource and energy conservation in our offices, plants, equipment centers, and worksites with the aim of reducing the environmental impact of all processes involved in our business environment.
		Environmental conservation	We install solar power generation equipment to reduce our environmental impact, engage in coral protection activities using corrosion prevention technologies employed by our coastal structures, and engage in other efforts to protect the environment using our Group's equipment and technologies.
		Business continuity plan (BCP) creation	As a company involved in the restoration of social infrastructure, we formulate and prepare concrete plans for maintaining our functions as a company in the event of a large-scale disaster.
S Social	2. Contribute to society by supplying safe and secure infrastructure	Support for the rapid restoration of social infrastructure damaged by natural disasters or accidents	We contribute to society by assisting with the rapid restoration of social infrastructure such as bridges damaged by natural disasters or accidents.
		Thorough construction safety	The Group's business involves the handling of large, heavy objects, both in our plants and at worksites. Completely eliminating accidents is not possible. We therefore place safety and the protection of human life first, prioritizing safety above all. Based on this philosophy, we set target management values related to major disaster prevention measures and major disaster occurrence numbers, and conduct construction work in a safe manner at all times.
		Quality maintenance and improvement	The products handled by the Group are elements of important social infrastructure, and will be used by numerous people for many years. To ensure the safety and security of users, we strive to maintain and improve the quality of the products we supply at all times.
		Promoting technology development	We develop new technologies with low environmental impacts, such as CE high-strength bolts (Consideration of the Environmental issues of High-Strength Bolts) and new technologies that reflect social needs, such as floating breakwater.
S Social	3. Investing in human capital to achieve sustainable growth	Promoting diversity	We ensure the diversity of our human resources through active measures such as developing our female employees into powerful human resources as part of our efforts to promote women's advancement, performing mid-career hiring, hiring foreign employees, and other measures.
		Improving operation efficiency and passing on technologies and skills by promoting DX, etc.	We promote the development of DX technologies that help improve productivity and operation efficiency. We also promote i-Construction* to reduce labor needs and improve productivity. We leverage digital technologies and data to transform operation processes and workstyles, and we work to pass on technologies and skills for posterity.
		Promoting diverse workstyles and supporting career advancement	We have created childcare leave systems, nursing care leave systems, systems for temporarily resigning in order to provide at-home nursing care, systems for returning to resume one's career, and other systems to fit diverse workstyles. Furthermore, we promote the acquisition of certifications, formulate education plans based on on-the-job training and personnel rotations, and enrich our training systems.
		Thorough implementation of health and safety education, awareness-raising and thorough implementation of accident reoccurrence prevention measures	We place safety and the protection of human life first, prioritizing safety above all. To thoroughly establish this philosophy, we conduct group education, formulate and implement education plans for individual plants and worksites, and perform confirmation and guidance through our Safety Management Division. To prevent reoccurrence of accidents with the same causes, we implement reoccurrence prevention measures at the business company level, deploying these same measures in all the companies in our Group. We strive to prevent reoccurrence by raising awareness and ensuring thorough implementation of these measures.
		Thorough prohibition of overwork and promotion of health management, including mental health	We promote information-sharing and education regarding the importance of work-hour management and health management. We thoroughly manage overtime in accordance with Article 36 of the Labor Standards Act in Japan, and we promote healthcare for employees with high overtime hours through consultations with occupational health physicians, etc.
		Enriching benefits such as improving workplace environments and improving employee satisfaction through workstyle reforms	We consider our employees as vital human capital that is essential for our corporate growth. Based on the belief that improving employee satisfaction contributes to corporate growth, we enrich benefits such as workplace environment improvements and promote workstyle reforms.
G Governance	4. Enhancing compliance and governance	Enhancing our corporate governance structure	Based on the policy set forth in our corporate governance report, we promote the enhancement of our corporate governance system.
		Thorough compliance education	We regularly conduct training regarding violations of the Antimonopoly Act, violations of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, sexual harassment, power harassment, and the like, and we strive to maintain and improve our employees' compliance awareness.
		Fostering a corporate culture we can be proud of in society	We carry out education regarding making decisions and acting in accordance with the Basic Regulations for Compliance and Risk Management, the Charter of Corporate Behavior, and the Code of Conduct, creating a corporate culture that we can be proud of in society.
		Maintaining transaction transparency	We strive to ensure thorough legal and regulatory compliance and compliance awareness. We maintain the transparency of our transactions through the appropriate operation of our internal control systems and Whistleblowing Regulations.
		Thorough information security	We have created internal systems for preventing information leakage and we conduct education and training.

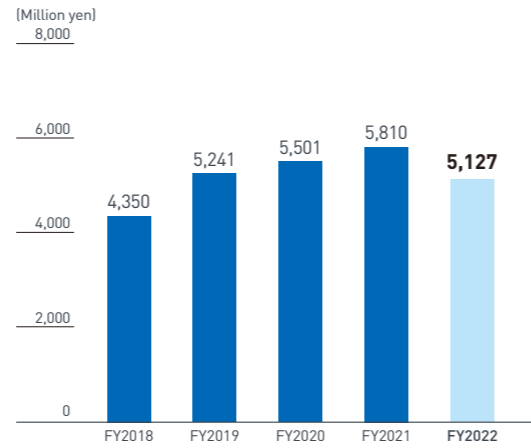
* i-Construction is a productivity reform project carried out by the Ministry of Land, Infrastructure, Transport and Tourism. It seeks to improve the productivity of entire construction and production systems by using ICT in all business processes, from measurement to design, construction, inspection, maintenance, and management.

Financial highlights

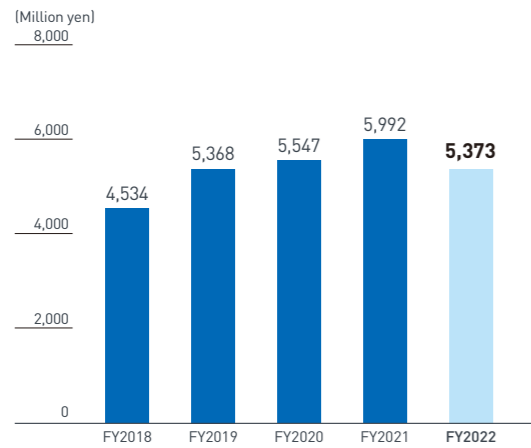
Net sales



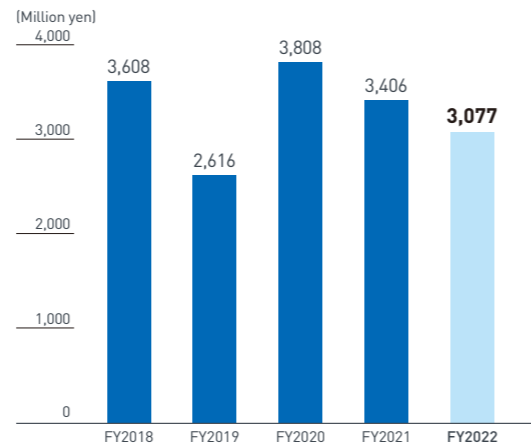
Operating profit



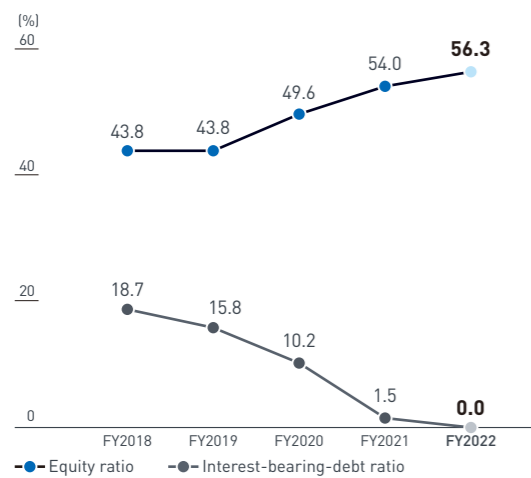
Ordinary profit



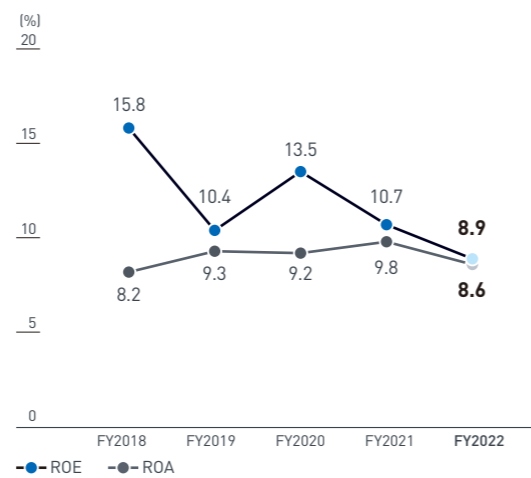
Profit attributable to owners of parent



Equity ratio/Interest-bearing-debt ratio

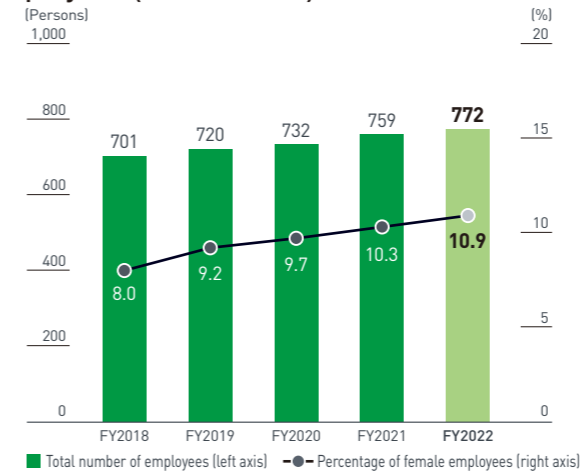


ROE/ROA

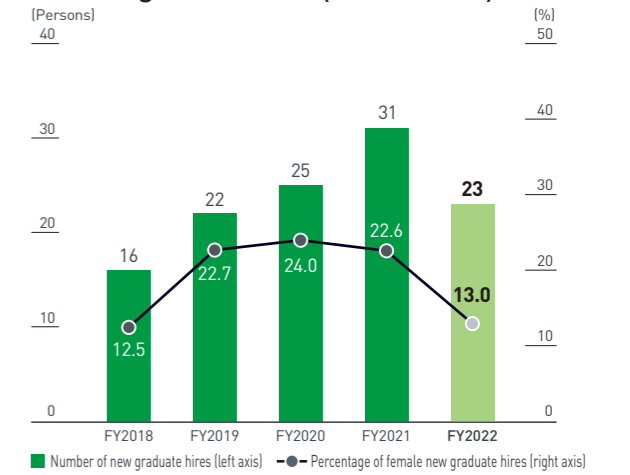


Non-financial highlights

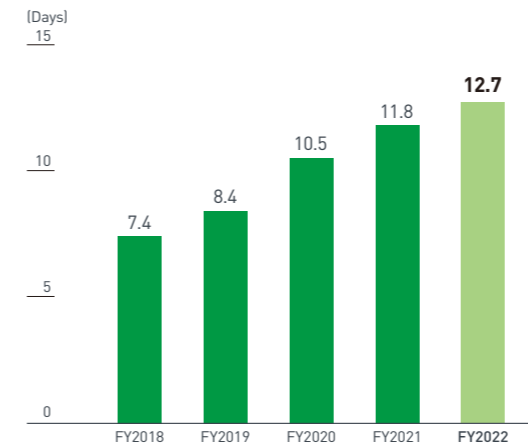
Number of employees/Percentage of female employees (consolidated)



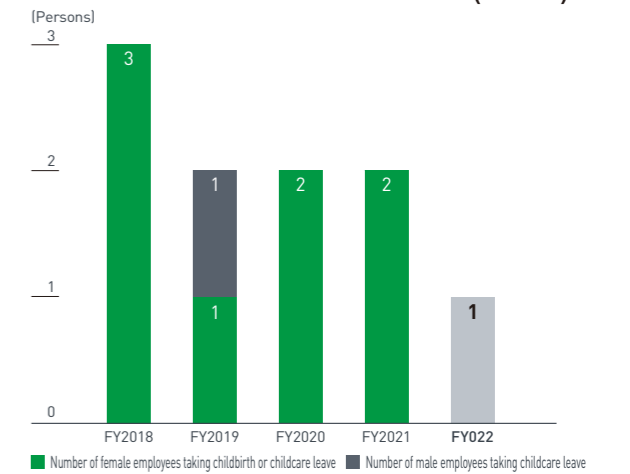
Number of new graduate hires/Percentage of female new graduate hires (consolidated)



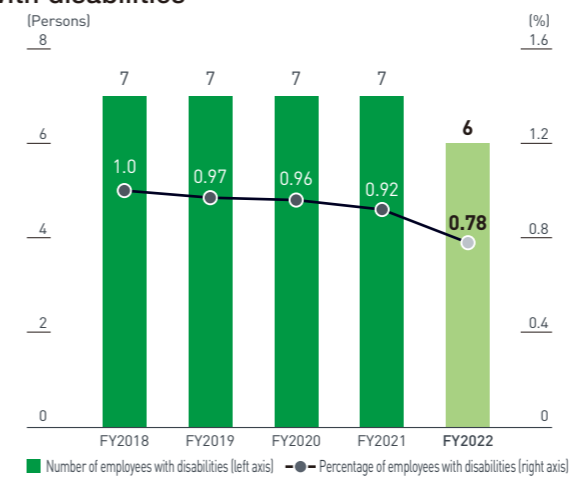
Average number of days of paid leave taken



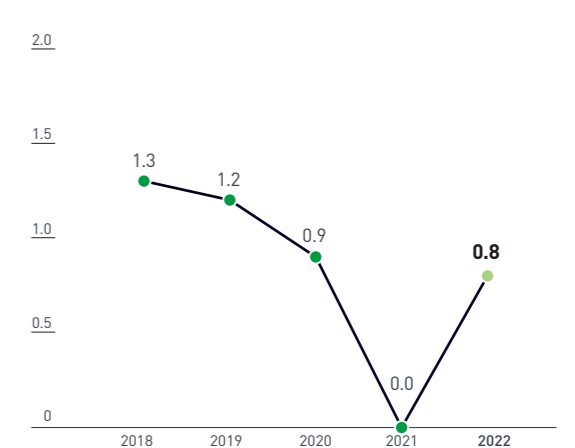
Number of employees taking pre- or post-childbirth leave or childcare leave (annual)



Number and percentage of employees with disabilities



Occupational accident frequency rate



Overview of the Medium-Term Business Plan (FY2022 to FY2026)

The Medium-Term Business Plan we put into effect last year sets forth our management vision, "Vision for 2026." Under the vision, we will further strengthen coordination within our Group, improve both the quality and quantity of management resources, enhance our competitiveness, and participate in large-scale construction projects. Through these efforts, we will increase both our revenue and our profits, creating new value in a sustained manner and increasing our corporate value. To achieve the plan, we are carrying out various initiatives in line with our eight key strategies.

Vision for 2026

We will maintain our position as one of the industry's finest comprehensive engineering companies, excelling at fabrication and engineering, including partner companies led by some of Japan's leading scaffolding teams with advanced skills and capabilities backed by extensive experience. We will further strengthen coordination within our Group, improve both the quality and quantity of management resources, enhance our competitiveness, and participate in large-scale construction projects that contribute to the enrichment of society. Through these efforts, we will increase both our revenue and our profits, increasing our corporate value through sustained growth.

Business targets

	(Million yen)
Net sales	75,000
Operating profit	7,500
Ordinary profit	7,500
Profit	4,000

Key strategies

1. Participate in new, large-scale bridge projects
2. Expand scale of activities in large-scale expressway renovation projects
3. Work on high-difficulty private sector construction projects
4. Enhance technology development
5. Engage in capital investment aimed at growing business and improving efficiency
6. Strengthen alliances
7. Expand sales of products developed in-house
8. Implement ESG measures

FY2022 Results

1. Expand scale of activities in large-scale renovation and construction projects
2. Work on high-difficulty private sector construction projects
3. Strengthen alliances

As a result of our key strategies, we have received orders for the large-scale renovation projects such as the widening of the Sasebo Viaduct (NEXCO West/¥19.2 billion), and large-scale construction projects such as the Shiribetsu River Bridge project (Japan Railway Construction, Transport and Technology Agency/¥4.9 billion) and the Kamase Bridge project (Ministry of Land, Infrastructure, Transport and Tourism/¥3.2 billion).

As a result of our active efforts to take on high-difficulty private sector construction projects, we received orders for railroad-related projects of ¥16,475 million, orders for projects related to structures with large interior spaces and special buildings of ¥1,792 million, and orders for projects related to coastal structures of ¥8,752 million.

We formed JVs across industry lines with general contractors and took part in bidding projects based on technical proposals and price negotiations. As a result of these efforts, we secured preferential negotiating rights for multiple projects, including construction work of the Sendamiyagi Dramp bridge in Tohoku Expressway. We are currently preparing detailed designs for construction project orders.

ESG and SDG Measures

Until now, our ESG and SDG initiatives have been carried out in the form of activities performed at a business company level. However, we recognize that we have not sufficiently implemented initiatives that are unified across the Group, so we have established a committee to clarify the Group's materialities, targets, etc.

We will leverage our strengths as a comprehensive engineering company to quickly and safely respond to natural disasters, implement climate change policies, promote personnel development and diversity, and make improvements to our governance, recognizing all of these as being essential for our sustained growth.



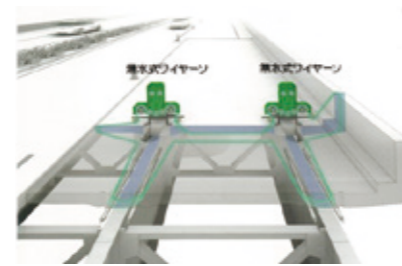
Value Creation Strategy

Technology Development

MIYAJI ENGINEERING GROUP's long-term strategies consist of "expanding our initiatives related to long-span bridges and large-scale, high-difficulty construction projects" and "promoting initiatives for taking on new businesses and new fields." We develop technologies based on these strategies. For bridges, in particular, the larger the scale of the project the greater the demands for wind and seismic resistance. Construction work performed in urban areas involves various constraints, such as traffic restrictions, so we have developed technologies that assist us with dealing with these constraints. In our efforts to promote initiatives for taking on new businesses and new fields, we are developing technologies related to floating breakwater, which contribute to the expansion of areas suited for fish-farming in fishing ports and the like.

M-SR slab deck removal method

Our large-scale, high-difficulty construction projects include deck replacement work. Replacing decks amidst time and space constraints requires advanced technical capabilities. The M-SR system uses waterless wire saws to horizontally cut existing concrete slabs, including their stud dowels, near the top flanges of main girders, without generating wastewater. It is an easy to use, environmentally friendly slab deck removal method.



Wind resistance testing technologies: the wind tunnel test facilities and the large-size exciter

For special bridges and large bridges, in particular, bridge vibration characteristics must be accurately determined in order to ensure safety against vibration in the event of strong winds or earthquakes. With the support of the Research & Innovation Center of Mitsubishi Heavy Industries, Ltd., which has one of Japan's largest wind tunnel test facilities, MEG is able to perform wind resistance testing, such as wind tunnel testing, with an even higher level of accuracy. Our own large-size exciter also enables us to assess the vibration characteristics of actual bridges when subject to major vibration. We have used these technologies to solve problems which other companies have difficulty considering.



Damper Brace (Buckling-Restrained Brace) seismic countermeasure technology

Damper braces, seismic control devices which were developed to absorb seismic energy, are categorized as axial-yield steel plate dampers. MEG's damper braces have been used in the seismic countermeasures of many special bridges such as arch bridges. They are one of the essential technologies used in special bridge seismic reinforcement.



Compact module girder method (module girder have folding brackets connected with pins) for use in urban areas

Operators face numerous constraints when constructing bridges in urban areas with high populations. Meeting the exacting requirements of urban bridge construction requires creative thinking, unconstrained by convention. MEG has erection technologies that perfectly fit the bill. One example is our module girder method. With this novel construction method, overhang brackets are folded and erected in a compact form, and then the brackets are expanded after they are erected. The module girder method can be used in urban construction projects in confined spaces with severe time constraints.



Taking on the challenges of a new field with our floating breakwater

One of the measures set forth in the Fisheries Agency's new long-term plan for fishing harbor and grounds improvement is the securing of calm water areas to create new aquafarming production sites by creating more areas suitable for fish farming. MEG is developing floating breakwaters for use in these initiatives.



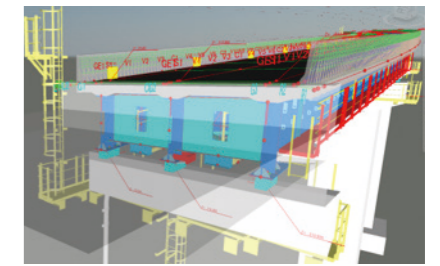
DX Strategies

The construction industry is facing challenges such as the rising age of construction workers and personnel shortages. This is creating a need for worksite productivity improvements, the prevention of long working hours, and the succession of construction techniques.

By promoting construction DX through i-Construction, MIYAJI ENGINEERING GROUP is working to improve labor savings and productivity, transform work processes and workstyles by utilizing digital technologies and data, and pass on construction technologies (know-how).

Working with ICT and DX companies in the joint development of CIM systems

We are striving to promote information sharing during steel bridge design, manufacture, and erection to realize Society 5.0, the society of the future set forth in the Cabinet Office's 5th Science and Technology Basic Plan. As part of these efforts, we are developing CIM systems that integrate various plan data in three-dimensional form and use that data for accuracy management of manufacturing and erection work.



Joint development of a bridge construction simulation system for the metaverse

Until now, verification of construction potential for confined areas has been performed by building full-scale replicas of the sites. We worked with partners such as Office K1 Co., Ltd. to jointly develop a system for performing this work entirely within the metaverse, making projects more economical and safer, shortening project times, and reducing environmental impacts.



Labor-saving through the use of tablets for site management operations

In the past, records of measurements taken at worksites were taken back to offices and used to create documents. However, we have developed an in-house construction information sharing system which makes it possible to automatically create construction ledgers and management diagrams simply by entering information on-site using a tablet. This reduces site management operation workloads, thereby reforming workstyles.



Improving worksite efficiency and safety by leveraging Mixed Reality (MR) technologies

We use 3D models to perform construction simulations and investigate construction methods in advance, optimizing them to improve both safety and productivity. Furthermore, we combine 3D data and actual locations to visualize work procedures, thereby providing inexperienced construction personnel with a better understanding of construction methods.



Improving on-side work efficiency and safety through the use of autonomous drones

We are improving safety and operation efficiency by using drones to perform confirmation of existing bridges by making a close approach without a scaffold, which traditionally required the installation of scaffolding. These autonomous drones use six cameras and AI to fly stably, avoiding obstacles, even in environments where GPS is not available, such as under girders.



Financial Capital Strategy

Basic policy of financial capital strategy

The Group considers establishing highly sustainable corporate structure from a medium- to long-term perspective, enhancing corporate value, and returning profits to shareholders to be important management measures. At the same time, our basic policy is to implement a well-balanced capital policy, including investing for sustainable growth, which is a concept we share with our shareholders and stakeholders.

Review of FY2022

During FY2022, the Japanese economy continued to recover gradually as socioeconomic activities normalized following the COVID-19 pandemic. Meanwhile, the environment surrounding the Japanese economy became increasingly severe, mainly due to concerns about a global economic recession caused by soaring global energy and food prices, monetary tightening in the United States and Europe, and other factors.

Even under such circumstances, public investment remained firm. In the Group's mainstay bridge business segment, which includes highway and railway bridges, orders for new construction-related projects as well as large-scale renovation and maintenance-related projects totaled nearly ¥300.0 billion each in FY2022, on par with the volume of orders in FY2021.

In this environment, orders received amounted to ¥66,650 million (up 4.2% year on year) due to orders received for large, technically challenging new construction-related projects, large-scale renovation and maintenance-related projects, railroad-related projects, and coastal structures.

Net sales were ¥60,279 million (up 3.9% year on year), significantly below the ¥65,000 million planned at the beginning of the fiscal year. This was mainly due to the impact of a delay in orders received for new projects that were expected to generate sales during the fiscal year, lower-than-expected plant operations, and the carry-over of sales of completed work at the end of the fiscal year for large projects into the next fiscal year, despite generally steady progress in existing projects.

Despite the negative impact of soaring energy prices and other factors, profit was expected to be in line with the plan, mainly due to production efficiency improvements such as promotion of effective use of yards in plant premises, efforts to improve construction profitability, and operational efficiency improvements through work style reforms. However, due to the impact of lower sales caused by the carry-over and other factors, operating profit was ¥5,127 million (down 11.8% year on year), ordinary profit was ¥5,373 million (down 10.3% year on year), and profit attributable to owners of parent was ¥3,077 million (down 9.7% year on year).

Financial result forecasts for FY2023

With regard to the outlook for the Japanese economy in FY2023, it is expected that measures will be promoted to put the Japanese economy on a sustainable growth path led by private-sector demand under the banner of new capitalism, including the quick and firm implementation of comprehensive economic measures to overcome high prices while promoting planned and bold investments through public-private partnership. However, we need to pay close attention to the risk that a downturn in overseas economies could put downward pressure on the Japanese economy, and also to the effects of rising prices, supply-side constraints, volatility in financial and capital markets, and other factors.

Despite these circumstances, in the Group's mainstay bridge business segment, the expected orders for FY2023 are ¥280.0 billion (based on our estimate) for new construction-related projects and ¥320.0 billion (based on our estimate) for large-scale renovation and maintenance-related projects. The volume of orders is therefore expected to be about the same as in the previous fiscal year. While competition for orders for ordinary new bridges continues to be severe, orders received for large-scale expressway renovation projects, which require high technical and construction capabilities both in terms of quality and quantity, are expected to remain steady at a project size of ¥7 trillion. Furthermore, we also expect to see highly difficult, large-scale projects move forward, creating a business environment in which the Group can be expected to make major advances in the medium term. In railroad-related projects, although the business environment has been severe due to the COVID-19 pandemic, many projects are planned in the Tokyo area. These include terminal station redevelopment projects, continuous grade separation projects, large-scale bridge over railway projects, elevation and reconstruction projects for JR and private railway companies. We believe that highly difficult construction projects such as these will enable the Group to demonstrate its safe and secure technical capabilities.

In this business environment, we will further strengthen our management control system as a group to build a stronger revenue base. At the same time, we will work as one team with MIYAJI ENGINEERING CO., LTD. and MM BRIDGE CO., LTD., which form the core of the Group, to "walk together" and "grow together" with our stakeholders as a company that is one step ahead of its competitors. To this end, we have formulated the Medium-Term Business Plan that begins in FY2022. In the first year of the plan, we achieved results that were almost in line with the plan. We will continue to optimize our management by appropriately allocating management resources to new construction-related, large-scale renovation and maintenance-related, and private-sector projects (including railroad-related, buildings with large interior spaces and special buildings, and coastal structures projects), aligning with shifts and trends in the domestic steel bridge market. In addition, we will strive to achieve the goals of our Medium-Term Business Plan by improving productivity through technology development and digital transformation (DX), securing and training human resources, promoting the career advancement of women, and carrying out work style reforms.

With regard to the consolidated financial results for the fiscal year ending March 31, 2024, we aim to achieve our targets for the second year of our Medium-Term Business Plan. We forecast net sales of ¥69.0 billion, operating profit of ¥6.6 billion, ordinary profit of ¥6.7 billion, and profit attributable to owners of parent of ¥3.5 billion.

Financial characteristics of our business

In the Group's mainstay bridge business segment, the Group collects construction fees based on sales of completed work each fiscal year. This is especially true of projects ordered by government agencies and expressway management companies. Therefore, the Group's cash flows tend to be dominated by cash inflows in the first half of the fiscal year and cash outflows in the second half of the fiscal year. As a result, the Group tends to run a net debt during the fourth quarter (January to March).

In addition, especially in the case of large-scale expressway renovation projects, the process involves plant fabrication and on-site erection after design work for the ordered project is completed. During the one or two year period until the design work is completed, no sales of completed work are recorded, which makes it difficult to recover fixed costs. We expect this situation to become more pronounced if large-scale renovation projects increase and the business expands. In addition, considering the risk of a temporary halt of cash inflows, the Group needs to cover subcontractor payments at plants and installation sites, as well as fixed costs, including plant maintenance costs. Therefore, it is necessary to maintain cash reserves of around two to four months (¥10.0 to 20.0 billion) of monthly sales at all times.

With regard to the risk of damage to our equity, our Group works on a large number of large-scale, high-difficulty construction projects, such as highway bridge, railway bridge, and special steel structure construction projects. Therefore, there is a risk of accidents, such as bridge girders falling on public roads or railways during construction. Although we employ thorough safety measures, if an accident does occur, this could not only result in further construction costs, such as the cost of remanufacturing and reconstruction, but also the obligation to compensate any damaged third parties. Furthermore, a suspended nomination following an accident could have a major impact on future work volume. Although the Group prepares for such situations through the use of third-party liability insurance, etc., there are limits to the amount of loss compensation that is possible.

With regard to natural disaster risk, if a large-scale natural disaster occurs in the area near one of our construction sites in Japan, it could cause the long-term suspension of production activities and could incur major recovery work costs. The new office building construction that is currently being planned is part of our business continuity plan (BCP) for ensuring the safety and security of employees and for responding in the event of the destruction of the Tokyo Head Office. At the site formerly occupied by the office, we plan to introduce state-of-the-art production lines that will differentiate us from our competitors.

The Group will strive to increase its equity (internal reserves) to be able to continue its business even in the event of a major disaster that causes production activities to be halted, while covering fixed and temporary costs incurred until business activities can resume.

Capital strategy

We will increase our capital to some degree and invest in growth as we strive to maintain and increase our shareholder returns. Specifically, we forecast EBITDA of approximately ¥40.0 billion to be earned during the Medium-Term Business Plan period, and we plan to invest in growth for approximately ¥18.0 to 20.0 billion. In addition, we expect approximately ¥6.0 billion is necessary to prepare for operating capital aimed at expanding business scale, risk of losses due to participation in high-difficulty construction projects, and business continuity plans for large-scale natural disasters such as earthquakes directly striking the Tokyo area. Based on our past painful experiences arising from the nature of our business, equity after deducting non-controlling interests from total net assets is expected to be the equivalent of seven months of monthly sales (60% of annual net sales). This includes working capital necessary due to the characteristics of our business sector, in which expenditures are front-loaded, and risks of losses due to accidents and large-scale natural disasters. For our annual net sales of ¥65.0 billion, this amounts about ¥40.0 billion. Based on the ¥75.0 billion annual net sales target of the final year of the Medium-Term Business Plan, it would be about ¥45.0 billion. We consider these to be the equity necessary to ensure the sustainable growth of the Group, and we set the equity ratio at 55% or more.

Investment strategy

In order to achieve the final year targets of our Medium-Term Business Plan (FY2022 to FY2026) of ¥75.0 billion in net sales, ¥7.5 billion in operating profit, and ¥4.0 billion in profit, we must actively allocate funds to investments for sustainable growth. In particular, we envision investing ¥15.0 billion in our plants and equipment centers during the Medium-term Business Plan period to improve the efficiency of and optimize our plant production and on-site engineering capabilities. We also envision investing ¥3.0 to 5.0 billion in new business development and the reinforcement of our comprehensive engineering functions.

Shareholder return policy

The Group regards the return of profits to shareholders as an important management measure and will strive to maintain and expand shareholder returns with a target total payout ratio of 30%. In addition to achieving the goals of the Medium-Term Business Plan, which is to maintain the dividend per share to ¥140 on an ongoing basis while aiming to further increase dividends, we will flexibly return profits to shareholders when performance is favorable and will appropriately control the level of equity by paying close attention to capital efficiency.

Based on the above policy, we plan to pay a year-end dividend of ¥80 per share for the fiscal year ended March 31, 2023, which together with the interim dividend already paid will bring the total annual dividend to ¥140 per share. With regard to dividends for the fiscal year ending March 31, 2024, the Company plans to pay a dividend of ¥180 (a payout ratio of 35%), which consists of ¥160 calculated based on a payout ratio of 30% and a commemorative dividend of ¥20 for the 20th anniversary of the Company's establishment.

Interim dividend: Ordinary dividend of ¥80 + Commemorative dividend of ¥20 = ¥100

Year-end dividend: Ordinary dividend of ¥80

MIYAJI ENGINEERING CO., LTD.

▶ Company website



Tadashi Uehara
President and Representative Director

Contributing to society as a sustainably growing company that creates social capital

Since MIYAJI ENGINEERING CO., LTD. was founded, we have developed our business focusing on the construction of steel bridges, the foundations of the road infrastructure that supports the social lives of people in Japan. Our constant mission, and our reason for existing, is to provide the people in Japan with safety and security through this social capital creation, making their lives more convenient and richer. We will continue to be a comprehensive engineering company in the top class in the industry through fabrication, which is performed in a plant, and engineering, which is performed on-site. By doing so, we will make contributions throughout society to help ensure the sustainable development of our country.

Business description

The mainstay businesses of MIYAJI ENGINEERING CO., LTD. include the design, manufacture, erection, maintenance, and repair of bridges, steel-framed buildings, and other steel structures; erection of pre-stressed concrete; and assembly of structures with large interior spaces and steel towers, such as dome steel frame. By further reinforcing the mainstay businesses, increasing its competitiveness as a comprehensive engineering company, and improving the efficiency of business operations, we seek to further increase our corporate value.



- A comprehensive engineering company with advanced technical capabilities in everything from design to fabrication and erection
- We have the engineers and special equipment necessary for taking on highly difficult projects.
- We have earned the solid trust and praise of our customers for our advanced erection technologies and safe construction.



- We strongly promote measures for improving national resilience, including large-scale renovation and disaster countermeasures, by addressing social issues, such as damage to road structures caused by aging.
- We are handling numerous big new bridge projects including large bridges such as continuous cable-stayed bridges used in the western extension of the Wangan (Osaka Bay) Route of the Hanshin Expressway and the No. 2 Kanmon Bridge (suspension bridge).



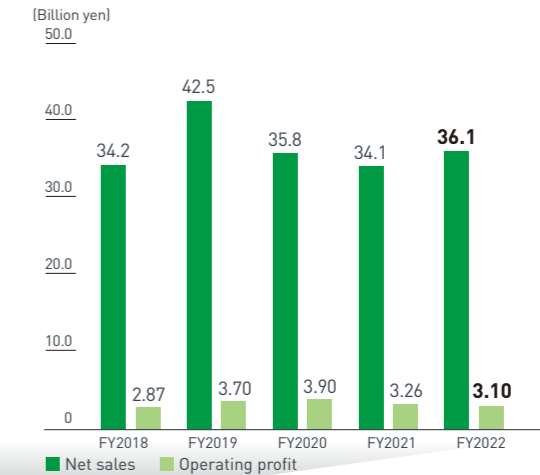
- Risks of accidents during erection work performed as part of large-scale, high-difficulty construction projects
- Risk of obligation to provide compensation to victims and third parties in the event of an accident, in addition to reconstruction costs
- Risk of impact on business volume if nomination is suspended due to an accident
- Risk of tsunami damage to plants in the Tokyo Bay coastal area if an earthquake occurs

Results for the fiscal year ended March 31, 2023

Orders received were ¥39,287 million (down 3.8% year on year) due to orders received for large-scale construction projects such as the Hokkaido Shinkansen Shiribetsu River Bridge (order placed by Japan Railway Construction, Transport and Technology Agency) and the construction project to restore the Kamase Bridge, which was swept away by the torrential rains that flooded the Kuma River (order placed by Ministry of Land, Infrastructure, Transport and Tourism)

Net sales were ¥36,103 million (up 5.8% year on year) due to the steady progress of existing projects. Despite the negative impact of soaring prices, such as energy and material prices, operating profit was ¥3,097 million (down 5.1%) due to efforts to improve production efficiency and construction profitability, among others.

Net sales/Operating profit



Future initiatives of our Medium-Term Business Plan

Maintaining a good balance of orders, from new construction projects to maintenance business



The government is accelerating its disaster prevention, disaster mitigation, and national resilience efforts. This fiscal year, budgetary measures will be taken to provide people in Japan with greater safety and security through public sector investment. This is expected to create greater internal demand and economic growth. For highway bridges and railway bridges, the number of orders is expected to remain strong for both new construction and maintenance work. Many future projects will require advanced technical capabilities and construction abilities, both in terms of quality and quantity, and the business environment is one in which we will be able to achieve significant success over the medium term. We have already taken on orders with a good balance of large-scale maintenance projects and new bridge construction projects, along with orders for high-difficulty private sector construction projects for JR and general contractors with which we have a long track record.



Top management are transforming and cultivating the mentalities of employees, who play fundamental roles in helping companies achieve sustainable growth, through their communications and through the examples they set with their own leadership. In addition to these mentality reforms, operation efficiency improvements, productivity improvements through the Chiba Works reform project, and efforts to reduce fixed and variable costs, we are also, through our technology development activities, increasing corporate value and revenue through expanded sales of products developed in-house. We are striving to secure and develop human resources by reinforcing our recruiting activities and our technical exchange, with the aim of achieving our Group sales targets.

TOPICS

Promoting technology development and activities for passing on technologies

- To be a company that grows sustainably, we are actively developing various technologies and conducting internal training, etc., to pass on technologies for posterity.
- (1) We conduct open testing of our high-strength bolt automatic tightening management system.
 - (2) We are conducting joint research with JR East in preparation for large-scale Shinkansen renovations, and we have already successfully completed snow accumulation testing, acoustic testing, vibration testing, and installation testing for our FRP noise barriers.
 - (3) We have acquired trademark registration certification (trademark application 2022-092324) for our CE high-strength bolts (CNB, developed by joint research with Osaka Metropolitan University) and we have presented them at the annual academic conference of the Japan Society of Civil Engineers.
 - (4) Our president has led the holding of technical lecture classes that present an overview of the Akashi-Kaikyo Bridge stiffening girder installation project with the aim of passing on the technologies used in long-span bridge construction.

MM BRIDGE CO., LTD.

▶ Company website



Masahiro Ikeura
President and Director

Transforming and progressing into a new era by creating new value

MM BRIDGE CO., LTD. has grown thanks to its advanced technical capabilities and extensive experience in the steel bridge and coastal structure business fields. We will continue to leverage our strengths, adopting a growth strategy focused on expanding our efforts on long-span bridges and large-scale, high-difficulty construction projects as we maximize synergy throughout our Group. As we strive to use our management resources in a well-balanced manner, we will achieve the targets of our Medium-Term Business Plan, amid the drastically changing business environment, contributing to the sustained growth of our Group while maximizing our profits.

Business description

MM BRIDGE CO., LTD. is one of the industry's top comprehensive engineering companies that can handle everything from design and manufacture to installation, sale, and repair of steel structures such as bridges. By leveraging its advanced technologies, extensive experience, and long track record, it has been involved in many of Japan's iconic bridge construction projects, such as the construction of the Honshu-Shikoku Bridge. MM BRIDGE CO., LTD. supplies high quality social infrastructure, primarily through its new bridge construction business and maintenance business. It seeks to contribute to safer, more comfortable lives of people in Japan and to create new value that will be passed on to next generations, while making contributions throughout society.

Strengths

- Technical personnel with extensive experience in design, construction planning, and construction management
- Track record and systems for successfully carrying out long-span bridge and large-scale, high-difficulty construction projects
- Ability to take on large-scale projects by leveraging advanced technical capabilities
- Advanced seismic and vibration control technologies, wind resistance technologies that leverage experimental studies and fluid analysis

Opportunities

- Realization of large-scale projects such as the western extension of the Wangan (Osaka Bay) Route of the Hanshin Expressway
- Expansion of the maintenance market, including high-difficulty construction projects
- Greater awareness regarding national resilience in the face of increasingly severe natural disasters
- Handling of social requests related to ESG, SDGs, etc.

Risks

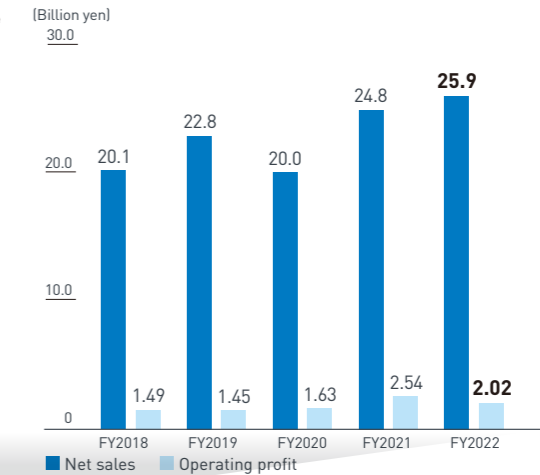
- Personnel shortages in the construction industry caused by the shrinking of the working age population as a result of the declining birth rate and the aging of society
- Responding to workstyle reforms
- Soaring costs such as prices of materials, equipment and labor
- Increasingly intense competition in the maintenance and renovation business segments

Results for the fiscal year ended March 31, 2023

Net sales have been in the ¥20.0 billion range for the past five years and have been rising steadily. In particular, during the fiscal year ended March 31, 2023, we recorded ¥25.9 billion in net sales due to the Suita Junction-Chugoku Expressway Ikeda Interchange Bridge renovation project, the Metropolitan Expressway Route 1 (Haneda Line) construction project, and other large-scale renovation projects, together with the Sasebo Viaduct widening construction on the Sasebo Road.

We will continue to achieve steady, sustained growth. Although we were unable to reach the record operating profit of ¥2.54 billion that we posted in the fiscal year ended March 31, 2022, we did record an operating profit of over ¥2.0 billion, the first time we have done so for two consecutive years. We will continue to cut costs and raise operational efficiency through cost and productivity improvement measures and raise our profit levels.

Net sales/Operating profit



Future initiatives of our Medium-Term Business Plan

Participation in new bridge projects and large-scale expressway renovation projects

During the Medium-Term Business Plan period, MM BRIDGE CO., LTD. expects to receive orders for large-scale projects in the new bridge construction market, such as the western extension of the Wangan (Osaka Bay) Route of the Hanshin Expressway. In the maintenance market, the five expressway companies (the three NEXCO companies, Metropolitan Expressway Co., Ltd, and Hanshin Expressway Company Limited) have announced plans for an addition ¥1.5 trillion in renovation work from December 2022 onward. It is clear that the market will further expand and that renovation construction periods will be extended.

Business environment

In the coastal structure business segment, one of its business pillars, over the past few years, MM BRIDGE CO., LTD. has supplied hybrid caissons for bank protection for the Shin-Honmoku area of the Port of Yokohama and jackets for the Ujina area of the Hiroshima Port. During the Medium-Term Business Plan period, it has received an order for a large-scale hybrid caisson project (in Kagoshima Prefecture).

Initiatives

Construction projects are growing in scale and difficulty for both the new project and the maintenance markets. We believe that we are in a business environment where we can fully leverage our strengths—our advanced technical capabilities and our extensive experience as well as track record—so we are actively participating in projects. The construction industry as a whole suffers from a labor shortage, and workstyle reforms are essential, so we are using ICT focused on reducing worksite operation workloads. We are also developing technologies with an eye toward using them in large-scale, high-difficulty construction projects.

TOPICS

Helping protect the environment with our coral restoration technologies

One of the business segments of MM BRIDGE CO., LTD. is the coastal structure business segment, which includes floating breakwaters and caissons. MM BRIDGE CO., LTD. discovered that electric protection used to prevent corrosion of floating piers was contributing to coral growth. As a company involved in coastal development, the company does not merely provide infrastructure, but also aims to create a great deal of added value that contributes to the conservation of coastal environments. That is why it uses GMC* technology, which leverages the weak electrical currents used for electric protection to promote coral growth and development. We will create corporate value by contributing to the achievement of SDGs as we work to bring about a sustainable society.



* Galvanic Method for Corals (GMC): Coral restoration and growth promotion technology that uses the current anode method

Social Initiatives

Basic Policy

MEG believes that addressing social issues is part of our social responsibility as a company (CSR). We promote CSR activities by establishing the Charter of Corporate Behavior and Code of Conduct, which are the Group's common values, ethics, and specific standards of behavior.

Disaster recovery support

Our management philosophy is "Contributing to the enrichment of our nation and the creation of a brighter society through the construction, maintenance, and repair of societal infrastructure such as bridges, buildings, and coastal structures." By implementing this philosophy, we strive to achieve and maintain sustainable growth as a Group and to live up to our corporate social responsibility to all of our stakeholders, such as our shareholders, investors, other business partners, employees, and communities. We see our emergency restoration work to repair social infrastructure damaged in a disaster as part of our contributions to society, and we leverage the technical capabilities we have accumulated through the years together with our rich stock of special equipment to assist with recovery efforts.

Elucidating the disaster mechanisms of the Great Hanshin-Awaji Earthquake

It was believed that it would take years to complete the restoration work for the JR Rokkomichi Station, the Hanshin Expressway, and multiple long-span bridges that had suffered tremendous damage due to the Great Hanshin-Awaji Earthquake. However, we used our knowledge and technical capabilities to shorten the amount of time required. Through our rapid initial response, we were able to appropriately assess local conditions and help restore this infrastructure promptly using optimal methods. The earthquake was the first earthquake to directly strike a city in the post-war period, and it prompted major changes to bridge seismic resistance standards. We not only assisted with the recovery from the earthquake, but also contributed to the elucidation of the mechanisms of the disaster through our on-site surveys.



Damage to Rokkomichi Station Jacking up of structures

Contributing to traffic infrastructure by shortening the amount of time taken for the restoration work following the Great East Japan Earthquake

MEG completed the restoration of the Tohoku Shinkansen's Kakyoin Overpass, which was damaged by the Great East Japan Earthquake of March 2011, in just a month and a half, in time for the Shinkansen's resumption of operations at the end of April. The earthquake also caused buckling in support pillars of the Shinkansen's RC viaduct near Morioka Station. MEG rapidly installed emergency temporary receiving brackets to prevent further collapse. MEG also repaired the Natori connecting passageway, which had undergone a prominent lateral shift. Through these efforts, MEG made major contributions to the restoration of transportation infrastructure.



RC viaduct support pillar emergency response measures Natori connecting passageway

Contributing to historical heritage through projects such as the reconstruction of Kumamoto Castle, which was damaged by the Kumamoto Earthquake

The historical heritage of the Kumamoto Castle Iidamaru-Gokai-Yagura Turret was on the brink of collapse due to damage from the Kumamoto Earthquake of April 2016. MIYAJI ENGINEERING GROUP's materials and machinery were used in the careful planning and construction of large-scale equipment installed to prevent further collapse as part of the emergency collapse prevention measures. MEG has also contributed to transportation infrastructure through projects such as the replacement of the Tawarayama Bridge and the First Shirakawa Bridge, which also suffered major earthquake damage.

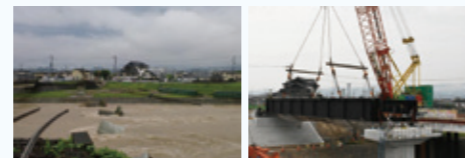


Kumamoto Castle Iidamaru-Gokai-Yagura Turret

First Shirakawa Bridge

Contributing to communities through restoration work following the heavy rain in northern Kyushu

In July 2017, the heavy rain in northern Kyushu caused landslides that swept away the JR Kyudai Main Line's Kagetsugawa Bridge. Our design, fabrication, and construction teams worked together as one to meet the strong desire of the community for the rapid restoration of the bridge. Thanks to their efforts, they successfully carried out the startling plan of fully restoring all lines in just one year, contributing to the transportation infrastructure of the community and Kyushu as a whole.



Damage

Restoration work in progress

Local site and plant tours

MEG has conducted various tours of construction sites and plants for many visitors, including members of the local community, in order to foster a greater understanding of the importance of public works and why they are essential for the sustained growth of society. We will continue to actively create opportunities such as these for interacting and strengthening our ties with the community as part of our social contribution efforts.



Occupational Health and Safety Initiatives

Basic Policy

In our line of work, which involves handling large parts both at plants and on-site, accidents are far from unknown. MIYAJI ENGINEERING GROUP, based on the principle of respect for human life and safety, believes that safety is a priority above all else. We strive to prevent every kind of disaster from occurring. We also strive to maintain and improve the health of each employee so that we can transform and progress toward becoming a sustainable company.

Major initiatives

Our work involves creating products together with not only employees, but also many partner companies. Health and safety cannot be managed solely through the efforts of Group employees. That is why we have cooperated with many partner companies over the years, going beyond the relationship between prime contractor and subcontractor, to build up a management system for protecting the safety and security of our workplace. MIYAJI ENGINEERING CO., LTD. sets its health and safety policy each year and MM BRIDGE CO., LTD. sets its own policy each fiscal year. They each hold safety conventions with all partner companies and conduct regular on-site patrols to ensure that priority measures are achieved. In addition, we conduct regular safety meetings and safety patrols at each site, always striving to improve the health and safety awareness of all parties involved, including partner companies.

2023 Safety and Health Management Policy

MIYAJI ENGINEERING CO., LTD.

(1) Basic policy

We always pay attention to safety in the manufacture, transportation, and construction of our products. We make every effort to ensure safe facilities, safe work methods, and safety training in order to complete our work without accidents or disasters.

(2) Priority measures

1. Dealing with issues before they become hazards by implementing hazard prediction using risk assessment at the pre-work evaluation and before starting construction work
2. Aiming for zero accidents due to crashes or falls, zero heavy machinery accidents, and zero public disasters
3. Ensuring thorough health and safety training, work management and health management

(3) Health and safety slogan

"Safety means an environment of not rushing and not causing others to rush Raise awareness to create a zero-accident workplace"

2023 Health and Safety Quality Management Policy (Excerpt for health and safety only)

MM BRIDGE CO., LTD.

(1) Basic policy

By strengthening our operation of health and safety and quality management, we will strive to enforce "safety first" and "absolute quality assurance."

(2) Priority measures

1. Ensuring risk assessment
2. Ensuring thorough prevention of crashes and falls
3. Strengthening on-site capabilities by increasing voluntary activities in the workplace
4. On-site health and safety support through the use of ICT by health and safety staff
5. Preventing third-party disasters and public disasters

(3) Health and safety slogan

"Safety is the highest priority in everything Raise awareness to create a zero-accident workplace"

Quality Initiatives

Basic Policy

Our Group's products serve as important social infrastructure that is used by many people over a long time. Ensuring quality is an absolute condition for their safe and reliable use. To provide safe and secure infrastructure that many people can use, we always strive to reduce quality nonconformities in the products we provide and take thorough measures to prevent recurrence of such issues.

Major initiatives

The services we provide can be broadly divided into two categories: fabrication, which is performed in a plant, and engineering, which is performed on-site. Fabrication enables products to be precisely manufactured and processed in an optimized space. With engineering, construction and erection are carried out using only limited coordinates and objective measurements according to the site environment. These situations are naturally different in terms of the precision of quality management that can be achieved. Different quality management standards are therefore applied in the common specifications for civil engineering works, etc., as set by the customer. MIYAJI ENGINEERING GROUP puts in place the following quality management activity policies and priority measures each year for fabrication and engineering. We work to reduce non-conformities and thoroughly implement measures to prevent recurrence as we continuously strive to provide safe and secure services.

2023 Quality Management Policy

Plants

(1) Activity policy

We will promote digital transformation, improve productivity and operational efficiency, and ensure compliance. We will work to eliminate non-conformity goods and maintain a safe and secure work environment.

(2) Priority measures

1. Managing issuing of design documents that satisfy requirements for quality and process
2. Sharing risk information on deficiencies and claims and horizontally developing countermeasures
3. Deepening communication to ensure thorough risk management (avoidance/reduction)
4. Ensuring thorough human resource development and compliance education

(3) Quality management slogan

"Quality is an accumulation. Work with sincerity every day!"

On-site

(1) Activity policy

We aim to achieve reliable quality by strengthening the operation of our quality management system and promoting the use of ICT.

(2) Priority measures

1. Ensuring thorough measures to prevent recurrence of serious deficiencies and claims
2. Ensuring thorough process management
3. Strengthening customer rating point improvement activities

(3) Quality management slogan

"Quality is an accumulation. Work with sincerity every day!"

People Initiatives

Basic Policy

Like other industries, the construction industry is also struggling with the challenges posed by personnel shortages resulting from the declining birth rate, the graying of society, and the shrinking of the working age population. To maintain sustainable growth, it is important that we create workplace environments that produce innovation and that we hire and develop our human resources. MIYAJI ENGINEERING GROUP develops human resources that can create new value and systematically engages in initiatives aimed at securing the human resources we need to achieve this. We strive to pass on and improve our technologies, skills, knowledge, and critical corporate culture as we seek to achieve sustainable growth for our entire Group.

Specific measures

To implement the above Basic Policy, MIYAJI ENGINEERING GROUP is actively carrying out the following measures.

Promoting diversity

MIYAJI ENGINEERING GROUP recognizes that the sustainable development of companies requires the active involvement of people from a variety of backgrounds. MIYAJI ENGINEERING GROUP has long worked to set measurable targets related to the promotion of personnel with attributes set forth in Japan's Corporate Governance Code. We have also made revisions to avoid taking an excessively results-focused approach in order to ensure that we can respond to changes in the business environment flexibly. In our approach, all employees are evaluated based on common standards (commitment to businesses and, in the case of management personnel, management capabilities). We have defined a Charter of Corporate Behavior and a Code of Conduct to serve as guideposts, and we maintain environments in which all employees, including women, non-Japanese employees, and mid-career hires, can reach their full potential. In particular, we believe that the active participation of women and foreigners is an issue that must be strongly promoted in the construction industry. We are actively hiring women not only for administrative positions but also engineer and operator positions, developing them into our workforce. We are also actively hiring foreign employees because we believe that bringing the sensibility of different cultures into the company provides major benefits in terms of energizing the company and transforming the mentalities of people within it.



TOPICS

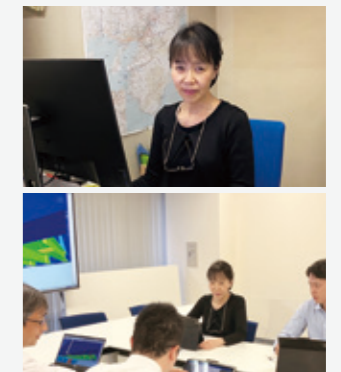
Chikako Murashima

Full-time Senior General Manager (in charge of special matters), General Affairs and Human Resource Division, and General Manager, Kansai Operations, Kansai Branch

In addition to serving as the Operations General Manager of MIYAJI ENGINEERING CO., LTD. Kansai Branch, I have also been in charge of special matters as General Manager, General Affairs and Human Resource Division of the entire company. As the first woman to be appointed General Manager, and as one of the positions responsible for developing our female employees into powerful human resources, I have done my very utmost, despite occasional hesitation or conflict. My experience has impressed on me again the tremendous power of people's words. Even an offhanded remark can provide encouragement and drive, lighten one's spirits, provide spiritual sustenance, and offer support when one is struggling.

In the fiscal year ended March 31, 2023, we received Eruboshi certification as a company that promotes female workplace advancement. The construction industry still has a reputation of being behind when it comes to the advancement of women, but I believe that it is important that we actively share our efforts to promote the active participation by women and our forward-looking efforts to develop female employees into powerful human resources. That is why I proposed that we acquire this certification, and I gave my all as the leader of the Certification Promotion Working Group. As a result of our efforts, we were able to receive two-star certification. When we received the notice of the result, I felt a sense of relief and joy that our company was recognized as one in which women were making great progress.

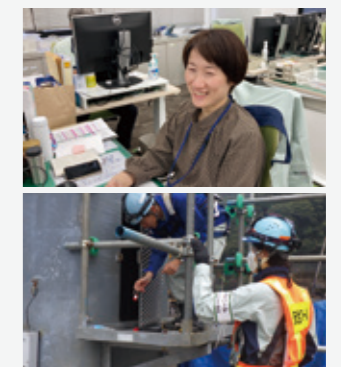
In April, I was appointed as MEG's first female Full-time Senior General Manager, so the responsibilities I bear will be heavier than ever. I will do my utmost not only to promote the further advancement of women in the workplace, but also to create an environment that is welcoming to all employees, such as by enabling all employees, regardless of gender, to engage in work while accommodating their living environment needs, such as their childcare or nursing needs.



Chieko Doi

Safety Group, Safety & Quality Assurance Division, MM BRIDGE CO., LTD.

As a member of the Safety & Quality Assurance Division, which is vital to the protection of safety and security throughout the company, I am responsible for confirming worksite and office safety and managing the health of employees. I go directly to worksites and sales offices across the country to confirm conditions, and I am also involved in providing support for employee consultations with occupational health physicians. One experience that left the biggest impression on me in this work was the safety patrol being carried out at the Minamiaso Railway's First Shirakawa Bridge reconstruction worksite, where work was underway to restore the bridge that had been damaged by the Kumamoto Earthquake. Work was being performed in a small construction yard between the damaged bridge and a natural ground tunnel. The material and equipment carry-in area was somewhat removed. I was surprised to see that materials and equipment were transported by railroad tracks and to see the lower construction and collapsed slopes being repaired, removed, and newly installed, and I was moved to see adequate safety measures being put in place while work was being steadily carried out. I also went up the top of the over 30 meter high cable crane steel tower using a vertical ladder and felt deeply grateful for those who work in such a difficult condition every day, and the majestic spectacle from the top was breathtaking. As a member of the Safety & Quality Assurance Division, I will continue to work to protect the safety and security of not only employees but also everyone in our partner companies.



Creating workplace environments that produce innovation

Improving workplace environments, including workplace systems, is important for increasing employee engagement. MIYAJI ENGINEERING GROUP has established various systems to ensure that all employees, regardless of gender, can lead fulfilling work and private lives. We are also striving to create pleasant workplace environments. Below are some of the specific activities we are carrying out.

(1) Reducing overtime through Work Style Reform

To manage both the mental and physical wellness of our employees, our Group companies have designated Wednesdays as "no overtime days." They are also using DX to improve operational efficiency. Through these initiatives, they are promoting reductions in overtime hours and creating environments in which employees enjoy a good balance of work and private lives.

(2) Preparation of childcare leave systems

Our Group companies have set up childcare leave systems with children under three years of age, and childcare working systems, which enable reduced working time of four hours per day, for employees whose children are under junior high school age. Through these systems, which can be used by all employees, regardless of gender, we are actively supporting the nurturing of future generations and work-life balance.

(3) Preparation of nursing care-related systems

Our Group companies have created nursing care leave systems that allow employees to take leave for a period of time if close relatives require nursing care. They have also created systems that allows employees who have to provide nursing care to resign and be rehired at a later date, and nursing care working systems which enable reduced working time of four hours per day. By creating diverse support systems such as these, we are working to accommodate the needs of various employees.

(4) Workplace environment improvements

Our Group companies are striving to maintain and improve the comfort of workplace environments, such as by expanding work spaces or moving to new sites to accommodate increases in the number of employees as appropriate, and by updating equipment and facilities.

Systematic human resource hiring initiatives

For both the hiring of new graduates and mid-career hiring, every year the Group systematically carries out hiring activities focusing on a variety of attributes of the human resources we require. At the same time, we are working to improve retention rates for junior employees, which has become an issue in modern society, by improving employee satisfaction. Through these, we are striving to secure the human resources essential to our sustainable growth as a whole Group. Specifically, we are providing a wide range of possible work styles, such as moving from general or operator positions to career track positions. This is enabling us to open our gates to exceptional human resources and preventing attrition due to mismatches between the duties and capabilities of junior employees. As part of our efforts at developing the human resources of the future, we are also engaged in initiatives such as creating a scholarship system for graduate students.

Initiatives for passing on technologies, skills, and corporate culture

Passing on technologies, skills, and corporate culture to future generations is a critical challenge for the construction industry, where many veteran employees with extensive and valuable experience and knowledge are growing older. Our Group companies have created educational curricula, including new employee training and mid-career employee training, and they are providing support for certification acquisition and using on-the-job training, led by veteran employees, to maintain and improve these technologies, skills, and corporate culture, and to pass them on to future generations. Below are some of the specific activities we are carrying out.

(1) Official certification acquisition incentive system

In order to promote the acquisition of certifications such as the First-Class Civil Engineering Works Execution Managing Engineer and Professional Engineer, our Group companies assist with certification testing fees and certification courses. They also pay incentive bonuses for those who receive certifications.

(2) Setting specific ability criteria

Our Group companies define the specific techniques and skills that employees need, based on the functions of each division. They have established education and training policies, primarily focused on individualized on-the-job training based on these technique and skill requirements, and they carry out human resource development activities in line with these policies.

(3) Doctoral degree acquisition incentive system

The Group also has university overseas study programs and support programs for employees wishing to obtain doctoral degrees.

Initiatives for developing the human resources that will lead MIYAJI ENGINEERING GROUP in the future

Strengthening our corporate management capabilities is one of the important tasks we must accomplish to achieve sustainable growth. The Group has defined common evaluation standards for those in managerial positions, and it uses reports submitted by management to confirm and keep track of the status of initiatives and measures for taking on critical issues. Group companies appropriately evaluate the capabilities of individuals and enrich their systems for providing employees with positions that match their capabilities. They also carry out multi-year outside management training for managers of a certain level. Through these measures, we are working to develop excellent personnel who demonstrate their leadership with a birds-eye perspective of business.

Environmental Initiatives

Basic Policy

We work to reduce waste generated at our plants and construction sites. We carry out our business activities with due consideration for recycling and proper disposal, particularly with regard to construction by-products. In addition, we aim to reduce the environmental impact of all of our business activities, working to conserve resources and energy. We make every effort to protect the global environment and prevent global warming. MEG has set environmental preservation as a behavioral standard in its Charter of Corporate Behavior and Code of Conduct. We promote environmentally friendly business activities as well as the disclosure of climate-related financial information.

Reduction of our environmental burden

Solar power generation

As part of our efforts to combat climate change, we are using the site of the Matsumoto Works to operate a solar power plant. The 7,980 solar panels installed there generate 2,611,000 kWh/year*. This has a CO₂ reduction effect of 469,858 kg per year. We will continue to consider the installation on the rooftops of plants, etc., going forward, as we strive to further reduce CO₂.

* This is equivalent to the power consumption of about 550 general households.

Promotion of resource and energy conservation

Specific activities at plants

For plants that have already engaged in many resource-saving and energy-saving activities, developing new environmental impact reduction measures is difficult, so they are implementing measures in line with equipment updates. By introducing a digital welding machine that can reduce power consumption by more than 10% compared to conventional models, replacing lighting with LEDs, and improving the operating efficiency of various facilities, we were able to reduce power consumption by more than 15% year-on-year for the fiscal year ended March 31, 2023.

Specific activities at equipment centers

To reduce the environmental burden of our equipment centers, the Hiroshima Equipment Center has been operating as an all-electric facility since 2020, and the Kurihashi Equipment Center plans to introduce solar power generation. Furthermore, we are gradually promoting the introduction of electric forklifts, and the plating treatment of equipment with the aim of reducing the use of organic solvents. We are also working to improve the surrounding and workplace environments.

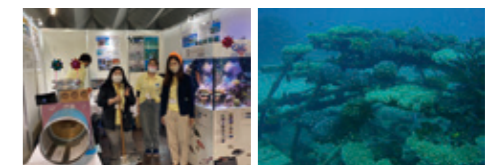


Global environmental conservation

Coral conservation activities

We found that coral grows on the sides of floating piers that have been subjected to electrolytic protection using the current anode method. We therefore installed four coral growth shelves with different electric field conditions off the coast of Ishigaki Port in 2007. We attached 60 asexual reproductive coral pieces on each shelf, and observed their development for more than 10 years. We saw that coral grew steadily in locations with electric fields under 100 mA/m², confirming that weak electrical currents stimulate coral growth. We named this technology GMC (Galvanic Method for Corals).

Coral restoration and growth promotion technology that uses the current anode method). We compared the number of surviving coral on coral growth shelves where GMC was used against the number in natural sea areas, and confirmed that the weak electrical currents were improving the temperature tolerance of the coral. Using these findings, we will continue our efforts to conserve coral.



Climate change countermeasure policy

Our Group recognizes climate change as one of its most important management issues. We will disclose CO₂ equivalent emissions (Scope 1, 2 for FY2021) associated with the Group's business activities from this fiscal year. We will continue to deepen the quality and quantity of our disclosures and further advance our efforts to address climate change issues. We plan to further enhance and upgrade our climate change-related disclosure in the near future. We will make a statement in support of the TCFD recommendations, disclose the Group's own and indirect emissions (Scope 1, 2, and 3), set reduction targets, and implement specific reduction measures.

Furthermore, we are working as one to respond systematically by revising our Basic Regulations for Compliance and Risk Management, adding climate change risks to our compliance and risk management scope, and deeply involving management, including the Board of Directors, in our climate change countermeasures.

Strengthening and improving our governance and risk management systems as an organization

"Responding to climate change risk" has been added as an agenda item to be discussed by the Compliance and Risk Management Committee. We will share information at the management level, including at Board of Directors meetings, with the aim of promoting more active management-level involvement and strengthening our management systems.

Our Officers (As of April 1, 2023)

Directors



Shigetoshi Aota
President and Representative Director

Nov. 1970 Joined MIYAJI IRON WORKS CO., LTD. (currently MIYAJI ENGINEERING CO., LTD.)
 Jun. 1999 President, Osaka Branch
 Aug. 2001 Deputy General Manager, Bridge Sales Division; President, Osaka Branch
 Jun. 2002 Director and General Manager, Bridge Sales Division; General Manager, Overseas Business Department
 Jun. 2003 Director and Operating Officer; General Manager, Bridge Sales Division and General Manager, Overseas Business Department
 Jun. 2004 Director, Operating Officer and General Manager, Sales Division; General Manager, Overseas Business Department
 Jun. 2005 Director of the Company
 Jun. 2007 Managing Director; Managing Operating Officer and General Manager, Sales Division of MIYAJI IRON WORKS CO., LTD.
 Jun. 2007 Director of MIYAJI CONSTRUCTION &

ENGINEERING CO., LTD. (currently MIYAJI ENGINEERING CO., LTD.)
 Jun. 2009 Senior Managing Director; Senior Managing Operating Officer and Assistant to the President; General Manager, Corporate Planning Division of MIYAJI IRON WORKS CO., LTD.
 Jun. 2010 President and Representative Director
 Mar. 2011 President and Representative Director of MIYAJI ENGINEERING CO., LTD.
 Jun. 2011 Vice President and Representative Director of the Company
 Apr. 2013 President and Representative Director of the Company (current position)
 Jun. 2019 Chairman and Representative Director of MIYAJI ENGINEERING CO., LTD.
 Jun. 2022 Retired as Chairman and Representative Director of MIYAJI ENGINEERING CO., LTD.



Tadashi Uehara
Representative Director

Apr. 1983 Joined MIYAJI IRON WORKS CO., LTD. (currently MIYAJI ENGINEERING CO., LTD.)
 Apr. 2008 General Manager, Construction Planning Department, Construction Division
 Mar. 2009 General Manager, Engineering Proposal Office, Sales Division
 Oct. 2010 General Manager, Engineering Department, Engineering Division
 Mar. 2011 General Manager, Engineering Department, Engineering Division, Bridge Business Division of MIYAJI ENGINEERING CO., LTD.
 Apr. 2013 General Manager, Planning Department, Chiba Works, Bridge Business Division
 Apr. 2015 Operating Officer and General Manager, Engineering Department, Chiba Works
 Jun. 2017 Director, General Manager, Engineering Division and General Manager, Engineering Department; Deputy General Manager, Planning Division
 Apr. 2019 Director and General Manager, Engineering Division
 Jun. 2019 Director of MM BRIDGE CO., LTD.
 Jun. 2020 Director of the Company
 Apr. 2021 Director and Managing Operating Officer; Deputy General Manager, Sales Division of MIYAJI ENGINEERING CO., LTD.
 Apr. 2022 Representative Director and General Manager, Group Planning and Administration Division of the Company (current position)
 Apr. 2022 President and Representative Director of MIYAJI ENGINEERING CO., LTD. (current position)



Masahiro Ikeura
Director

Apr. 1982 Joined Mitsubishi Heavy Industries, Ltd.
 Apr. 2008 General Manager, Sales Department I, Sales Management Department, Bridge Business Division of Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. (currently MM BRIDGE CO., LTD.)
 Jun. 2008 General Manager, Sales Management Department, Bridge Business Division
 Oct. 2009 General Manager, Corporate Planning Division
 May 2012 Chief Researcher, New Business Development Office
 Apr. 2014 Chief Researcher, Presidential Administration Office
 Apr. 2015 Operating Officer and Chief Researcher, Presidential Administration Office of MM BRIDGE CO., LTD.
 Jun. 2017 Managing Operating Officer and General Manager, Presidential Administration Office
 Jun. 2019 Director and Managing Operating Officer and General Manager, Presidential Administration Office
 Apr. 2020 Director and Managing Operating Officer
 Jun. 2020 President and Representative Director (current position)
 Jun. 2020 Director of the Company (current position)



Masato Tsujikawa
Outside Director
Audit and Supervisory Committee Member

Nov. 1985 Passed bar examination
 Apr. 1988 Registered with Osaka Bar Association
 Apr. 1988 Joined Kansai Law & Patent Office
 Jan. 1994 Partner
 Apr. 2004 Part-time Lecturer, Faculty of Law of Konan University
 Dec. 2004 Member, Attorney of Kansai Law & Patent Office (current position)
 Jun. 2005 Corporate Auditor of Sumisho Grainger Co., Ltd. (currently MonotaRO Co., Ltd.)
 Apr. 2006 Conciliation Commissioner of Osaka District Court and Osaka Summary Court (current position)
 Jun. 2007 Outside Director of TACHIBANA ELETECH CO., LTD. (current position)
 Jun. 2019 Outside Corporate Auditor of the Company
 Jun. 2021 Outside Director and Audit and Supervisory Committee Member (current position)



Masato Higuchi
Outside Director
Audit and Supervisory Committee Member

Apr. 1982 Joined National Police Agency
 Jan. 2007 Chief, Second Investigation Division
 Oct. 2009 Chief, Information and Communications Planning Division
 Sept. 2011 Director, Tokyo Metropolitan Government Office for Youth Affairs and Public Safety
 Jun. 2013 Chief of Police, Fukuoka Prefectural Police
 Jan. 2015 Chief of Police, Osaka Prefectural Police
 Oct. 2016 Registered with Dai-ichi Tokyo Bar Association Attorney, Higuchi Compliance Law Firm (current position)
 Jun. 2019 Outside Director, HIGASHI TWENTY ONE CO., LTD. (current position)
 Jun. 2020 Outside Corporate Auditor of the Company
 Jun. 2021 Outside Director and Audit and Supervisory Committee Member of the Company (current position)
 Nov. 2022 Outside Director, Nippon BS Broadcasting Corporation (current position)

Outside Directors



Susumu Naruse
Outside Director

Apr. 1975 Joined Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism)
 Apr. 1995 Manager, Akita Port Construction Work Office, First Port Construction Bureau
 Jan. 1997 Director for Coastal Planning, Coastal Administration and Disaster Management Division, Ports and Harbors Bureau
 Jun. 2000 Director, International Affairs Office, Construction Division, Ports and Harbors Bureau
 Apr. 2004 Director, Port Policy Division, Hokkaido Bureau of Ministry of Land, Infrastructure, Transport and Tourism
 Aug. 2005 Deputy Director-General, Tohoku Regional Development Bureau
 Nov. 2006 Executive Director of The Overseas Coastal Area Development Institute of Japan
 Dec. 2009 Secretary General of The International Association of Ports and Harbors (IAPH)
 Jun. 2010 Outside Corporate Auditor of the Company
 Jun. 2019 Outside Director of the Company (current position)



Hidemi Ota
Outside Director
Audit and Supervisory Committee Member

Apr. 1970 Joined Nippon Steel Corporation (Shin Nippon Seitetsu Kabushikikaisha) (currently NIPPON STEEL CORPORATION)
 Jul. 1993 Manager, Marine and Offshore Steel Structures and Engineering Department, Marine and Offshore Steel Structure Business Division
 Jul. 1999 Manager, Marine and Offshore Steel Structure Business Division
 Jun. 2001 Director and Manager, Marine and Offshore Steel Structure Business Division
 Apr. 2005 Managing Director and Deputy Manager, Engineering Unit
 Jul. 2006 Executive Vice President and Representative Director of Nippon Steel Engineering Co., Ltd. (Shin Nippon Seitetsu Engineering Kabushikikaisha) (currently NIPPON STEEL ENGINEERING CO., LTD.)
 Jul. 2010 Standing Auditor
 Apr. 2015 Director, HINODE, Ltd. (current position)
 Jun. 2018 Outside Director of the Company
 Jun. 2021 Outside Director and Audit and Supervisory Committee Member of the Company (current position)

Skills Matrix

Name	Position	Corporate Management	Legal Affairs / Risk Management	Sales / Marketing	Engineering	Finance / Accounting	Human Resources / Labor
Shigetoshi Aota	President and Representative Director	●	●	●		●	●
Tadashi Uehara	Representative Director	●		●	●		●
Masahiro Ikeura	Director	●	●	●			●
Susumu Naruse	Outside Director		●		●		●
Hidemi Ota	Outside Director Audit and Supervisory Committee Member	●	●		●	●	
Masato Tsujikawa	Outside Director Audit and Supervisory Committee Member	●	●				●
Masato Higuchi	Outside Director Audit and Supervisory Committee Member		●		●		●

Corporate Governance

Fundamental Approach

We recognize that the foundation of our corporate activities consists of management that resonates with and earns the trust of our stakeholders, including our shareholders, customers, business partners, employees, and local communities. We aim to achieve sustained growth and to increase our corporate value over the

medium and long term. We have defined key measures for achieving the following: we will strive to reinforce our management base on a sustained basis, to ensure the soundness and transparency of our management, to continuously enhance our corporate governance, and to prepare and reinforce our internal control structure.

Our Governance Structure

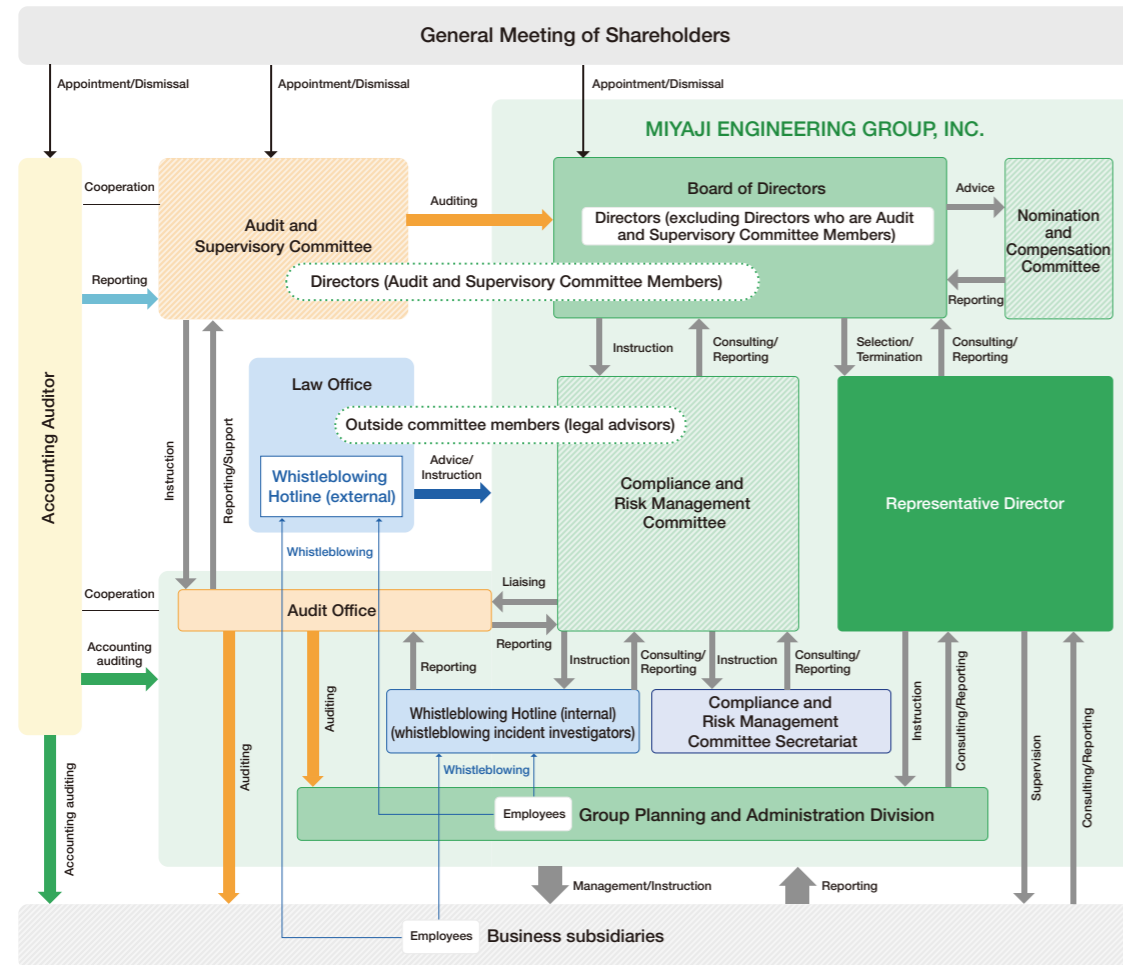
We have adopted the format of a Company with an Audit and Supervisory Committee from the perspective of further enriching our corporate governance system. We selected this format because assigning the voting rights of the Board of Directors to Directors who are Audit and Supervisory Committee Members will further enhance the auditing and supervision functions of the Board of Directors, will accelerate decision-making, and will enrich discussions from a medium- and long-term perspective. In conjunction with this, we have established a Nomination and Compensation Committee and a Compliance and Risk Management Committee. Our goal in creating the voluntary Nomination and Compensation Committee, over half of whose members are Independent Outside Directors, is to reinforce the independence, objectivity, and accountability of the Board of

Directors' functions with respect to the nomination and compensation of Directors. Our goals in creating the Compliance and Risk Management Committee, which is composed of outside committee members such as a lawyer, is to build and tune our system for managing compliance and risks within the Group, to operate the system appropriately, and to fully establish the operation of the system within the Group. The Board of Directors makes decisions after receiving inquiries and advice from the respective committees, thereby engaging in business management with a high level of legal compliance and transparency. At the same time, we believe that the committees provide management monitoring functions that contribute significantly to the establishment of corporate governance.

Reinforcing Our Governance Structure

At our 19th General Meeting of Shareholders, held in June 2022, we reduced the number of Directors from ten (including four Independent Outside Directors) to seven (including four Independent Outside

Directors). This raised the percentage of Independent Outside Directors to over 50% of the Board of Directors with the aim of further enriching our governance structure.



Our Organizations

Board of Directors

The Board of Directors consists of seven members, including four Independent Outside Directors and three inside Directors (including two representatives of operating subsidiaries) who have expertise and a wealth of experience. The Board of Directors deliberates and decides on matters that the Board of Directors is authorized to decide

exclusively by laws, regulations, and the Articles of Incorporation, matters set forth in the Board of Directors Rules, and other important matters related to business execution. The Board of Directors also supervises the execution of duties by Directors (including the presidents of operating subsidiaries).

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three Independent Outside Directors. The Committee has the authority specified in laws, regulations, the Articles of Incorporation, etc. The Committee also audits and supervises the execution of duties of Directors by attending meetings of the Board of Directors and other important

meetings, and by regularly exchanging information and opinions with MEG's President and the presidents of individual operating subsidiaries. Furthermore, the Committee coordinates closely with the Audit Office and the Accounting Auditor to ensure the effectiveness of internal auditing.

Nomination and Compensation Committee

The Nomination and Compensation Committee consists of three members, of whom over half, including the chairperson, are Independent Directors. The Committee was established as an advisory body, independent from the Board of Directors, for the purpose of reinforcing the independence, objectivity, and accountability of the

Board of Directors' functions with respect to matters deemed necessary by the Board of Directors concerning the appointment and dismissal of Directors, the selection and dismissal of Representative Directors and Directors with titles, and matters deemed necessary by the Board of Directors concerning remuneration, etc. for Directors.

Compliance and Risk Management Committee

The Compliance and Risk Management Committee is chaired by the President and is composed of Directors and outside committee members such as lawyers. The Committee deliberates and approves basic policies and implementation structures, etc., related to

Group-wide compliance and risk management systems. The Committee also strives to create, prepare, appropriately implement, and thoroughly establish these management systems.

Number of Board of Directors meetings held/attended

Name	Position	Number of meetings held	Number of meetings attended
Shigetoshi Aota	President and Representative Director	9 times	9 times
Tadashi Uehara	Representative Director	9 times	9 times
Masahiro Ikeura	Director	9 times	9 times
Susumu Naruse	Outside Director	9 times	9 times
Hidemi Ota	Outside Director Audit and Supervisory Committee Member	9 times	9 times
Masato Tsujikawa	Outside Director Audit and Supervisory Committee Member	9 times	9 times
Masato Higuchi	Outside Director Audit and Supervisory Committee Member	9 times	9 times

Standards for Appointment of Directors and Directors who are Audit and Supervisory Committee Members

The appointment of Director candidates and candidates for Directors who are Audit and Supervisory Committee Members is determined by the Board of Directors after consulting with and reporting from the Nomination and Compensation Committee, taking into consideration

both the diversity and appropriate size for effectively fulfilling the roles and responsibilities. These decisions are made by majority voting at a General Meeting of Shareholders attended by at least one third of shareholders with voting rights.

Policies and procedures

(1) Appointment of senior management

Given that the appointment of the senior management, among Directors, is an important corporate decision, the Board of Directors, with appropriate involvement and advice from Independent Outside Directors, shares the importance of compliance and governance and

selects personnel who have achievements, knowledge, and foresight and can demonstrate top management qualities and abilities, such as leadership and problem-solving skills.

(2) Nomination of Director candidates

The Board of Directors selects Directors who have excellent character and insight, as well as the knowledge, experience, and ability to accurately carry out the required responsibilities. The Board of Directors also selects Outside Directors who have a wealth of

experience, expertise, and broad insight into corporate management and who fulfill the Company's standards for independence based on the standards established by the Companies Act and the Tokyo Stock Exchange.

Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole

The Company evaluated the effectiveness of the Board of Directors as a whole with the aim of further improving the operation, etc. of the Board of Directors. A summary of the evaluation method and results is as follows.

Evaluation method

(1) Self-evaluations for all Directors, including Outside Directors, are conducted.

[Evaluation items]

- Matters relating to the composition of the Board of Directors
- Matters relating to the operation of the Board of Directors
- Matters relating to business strategies

(2) Analysis and evaluation of the effectiveness of the Board of Directors as a whole are conducted by the Board of Directors based on the results of (1) above.

Summary of evaluation results

The Board of Directors of the Company evaluated that the effectiveness of the Board of Directors as a whole has been secured. Based on this evaluation of the effectiveness for the fiscal year ended March 31, 2023, the Company will continue to make improvements to further improve the effectiveness of the Board of Directors as a whole.

Cross-Shareholdings

The Group holds listed shares as a cross-shareholding for the purpose of maintaining business relationships, including the establishment of long-term, stable relationships between the Company and the companies issuing such shares. Our shareholdings are examined each fiscal year from various perspectives, such as the business performance, stock price, dividends, and growth potential of each company in which we hold shares, and the results are discussed and approved by the Board of Directors. As a result, we will continue to reduce shareholdings for which we deem the significance of holding

these shares to be insufficient or not commensurate with the cost of capital based on dialogue with the companies in which we hold shares. We will also reduce the ratio of the cross-shareholdings book value to net assets to 10% or less as soon as possible during the period of the Medium-Term Business Plan (FY2022 to FY2026). The exercise of voting rights in connection with cross-shareholdings is decided whether to approve or disapprove each proposal from the perspective of whether the proposal will contribute to the sustainable growth of the Group and individual investees.

Remuneration, etc. for Directors and Audit and Supervisory Committee Members

The Company's policy for determining the amount of executive remuneration, etc. and the method of calculation thereof is determined taking into consideration comprehensively general examples of companies at the same level, the balance with the level of employees' salaries, the general state of management, and other factors. Specifically, the amount of remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined by the Board of Directors, based on reports from the Nomination and Compensation Committee, taking into consideration the Company's business performance, management details, economic conditions, etc. Remuneration, etc. for Directors who are Audit and Supervisory Committee Members are determined by the Audit and Supervisory Committee within the scope of the total amount of remuneration resolved at the General Meeting of Shareholders.

At the 18th Annual General Meeting of Shareholders held on June 25, 2021, it was resolved that the upper limit of total annual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be ¥120 million per year (however, this amount does not include the employee portion of salary for Directors who concurrently serve as employees. The Outside Director portion of the annual amount shall be ¥12 million. The number of Directors provided for in the Articles of Incorporation is no more than 10) and the upper limit of total annual remuneration for Directors who are Audit and Supervisory Committee Members shall be ¥48 million per year (the number of Directors who are Audit and Supervisory Committee Members provided for in the Articles of Incorporation is no more than four). Remuneration, etc. received by the Company's officers in the current fiscal year consisted of fixed compensation only.

Total remuneration, etc.

Officer type	Total remuneration, etc. (thousand yen)	Total remuneration, etc., by type (thousand yen)				Number of applicable officers
		Fixed compensation	Performance-linked compensation	Retirement benefits	Non-monetary compensation, etc. included at left	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	22,218	22,218	-	-	-	5
Audit and Supervisory Committee Members (excluding Outside Directors)	-	-	-	-	-	-
Outside officers	19,200	19,200	-	-	-	4

* The total amount of remuneration, etc. received by Directors as officers of subsidiaries during the current fiscal year was ¥213,515 thousand.

Total consolidated remuneration, etc., received by persons receiving total consolidated compensation, etc., amounts of ¥100 million or more

Name	Total consolidated remuneration, etc. (thousand yen)	Officer type	Company category	Total remuneration, etc., by type (thousand yen)			
				Fixed compensation	Performance-linked compensation	Retirement benefits	Non-monetary compensation, etc. included at left
Shigetoshi Aota	116,380	Directors	Submitting company	19,080	-	-	-
		Directors	MIYAJI ENGINEERING CO., LTD.	6,381	-	90,919	-

Contents of audit compensation

Category	FY2021		FY2022	
	Amount of compensation for audit and attestation services (thousand yen)	Amount of compensation for non-audit services (thousand yen)	Amount of compensation for audit and attestation services (thousand yen)	Amount of compensation for non-audit services (thousand yen)
Submitting company	8,000	-	22,000	-
Consolidated subsidiaries	37,000	-	25,000	-
Total	45,000	-	47,000	-

Internal Control

Fundamental Approach

The Group shall work on the development of an internal control system by establishing the following basic policy, pursuant to a resolution of the Company's Board of Directors, concerning the development of an internal control system based on the Companies Act, that includes a legal compliance system and a risk management system at its core, and a system for storing and managing information, a system for ensuring the efficiency of the execution of duties, a system for ensuring the appropriateness of the operations of the Group, and a system for ensuring the effectiveness of audits by the Audit and Supervisory Committee. The Company's operating subsidiaries shall also work on

Basic Policy

- System to ensure that the execution of duties of Directors and employees complies with laws and regulations and the Articles of Incorporation**
 - The Company has established a Charter of Corporate Behavior and a Code of Conduct as a Group, which set forth that the Directors and employees of the entire Group shall comply with laws, regulations, and the Articles of Incorporation and indicate standards for acting in accordance with social norms, and the Company will ensure that the Charter and Code are well known and thoroughly enforced. We have also established Whistleblowing Regulations for the Company and each operating subsidiary, and have set up an internal and an external (lawyers) hotline for compliance reporting and consultations.
 - The Company and each operating subsidiary shall appoint an officer in charge of compliance and risk management and shall have the officer manage and oversee the establishment and maintenance of compliance and risk management systems.
 - The Company shall establish a Compliance and Risk Management Committee, to be chaired by the President and attended by Directors and lawyers, as an organization that laterally oversees the Group-wide compliance system and risk management, to deliberate important issues relating to compliance and risk management and to establish and maintain systems. The Compliance and Risk Management Committee shall regularly report on or submit matters it has deliberated and decided to the Board of Directors.
 - The Company shall establish an Audit Office. The Audit Office shall, in close cooperation with the Audit and Supervisory Committee and the internal audit divisions at operating subsidiaries, conduct regular audits of the business execution and the status of compliance and risk management for the entire Group, and shall report the results to the Compliance and Risk Management Committee.
 - The Company shall stipulate that it will have no relationships with anti-social forces or groups that threaten the order and safety of civil society in its Charter of Corporate Behavior and Code of Conduct, and shall work to prevent damage by striving to gather information by regularly exchanging information with external professional organizations and others. In the event that an incident occurs such as being subject to an unreasonable demand, the Company shall establish a system to respond in cooperation with external professional organizations and legal advisors.
- System for retaining and managing information pertaining to the execution of duties by Directors**

Directors shall properly store and manage the minutes of the Board of Directors' and other important meetings, request for decisions (ringi), and other records and documents pertaining to the execution of duties and decision-making, in accordance with the Document Management Regulations and other internal regulations. Such information shall be available for inspection at any time upon request of the Audit and Supervisory Committee.
- Regulations and other systems for managing the risk of loss**
 - The Compliance and Risk Management Committee shall deliberate and formulate basic policies, promotion systems, and other important matters concerning risk management for the entire Group, and strive to establish and maintain systems that can appropriately respond to potential risks in the Group's corporate activities.
 - Each operating subsidiary shall establish and maintain regulations, guidelines, and response manuals regarding risks associated with the operations of each operating subsidiary, including quality controls, safety controls, compliance, and information security, and shall ensure such regulations, guidelines, and response manuals are well-known and thoroughly enforced.
 - In the event of a disaster or other unforeseen circumstance, a task force shall be established under the direction of the President to prevent the spread of damage and ensure the continuation of business activities.
 - The Company's Audit Office and the internal audit divisions of operating subsidiaries shall conduct regular audits of the status of risk management and report to the Compliance and Risk Management Committee.
- System to ensure that the execution of the duties of Directors is performed efficiently**
 - In principle, the Company shall hold meetings of the Board of Directors regularly once a month, as well as on an ad-hoc as-needed basis, to make decisions on important matters involving the management of the Company and operating subsidiaries as set forth in the Board of Directors Rules, and to supervise the execution of duties by Directors.
 - With respect to the execution of business based on decisions by the Board of Directors, the Regulations on Division and Authority of Duties shall clarify each Director's authority and responsibilities, and execution procedures for the efficient execution of duties.
 - The Company shall formulate medium-term and annual plans for the entire Group, and based on such plans, each operating subsidiary shall formulate individual medium-term and annual plans and specific annual targets, action plans, and budgets, and implement monthly and quarterly performance management based on such plans.
 - Key operating subsidiaries shall delegate authority for business execution to Operating Officers based on the operating officer system, clarify respective authority for management and supervision, and business execution, and promote efficient and prompt decision-making and business execution.
 - Each operating subsidiary shall hold meetings of the Board of Directors regularly once a month, as well as on an ad-hoc as-needed basis, to make decisions on important matters and to supervise the execution of business by Directors.
 - Key operating subsidiaries shall engage in deliberations at the Management Committee, which

the development of internal control systems, pursuant to a resolution of the Company's Board of Directors, in accordance with similar basic policies for the development of an internal control system. Through the development of such systems, the Group shall strive for sound corporate development by further strengthening our efforts to provide safe and superior products, construction, and services as a corporate group that is trusted by our clients and other stakeholders.

Furthermore, as a holding company, the Company monitors the status of our operating subsidiaries and manages the Group, and is also accountable for their performance.

is composed of Directors and Operating Officers, to assist the President and Representative Director to make decisions on the Company's business execution, and shall set up a meeting body to engage in deliberations as necessary.

- System to ensure appropriate operations at the Group**
 - As a holding company, the Company's Directors, through the Board of Directors, shall make decisions on important matters for the entire Group, and manage operations and supervise the execution of business by operating subsidiaries.
 - A Board of Directors, corporate auditors, and an accounting auditor shall be established at major operating subsidiaries to ensure appropriate reciprocal monitoring of business decisions and business execution.
 - The Company shall formulate and review the Group's shared management philosophy, Charter of Corporate Behavior, Code of Conduct, and Legal Compliance Manual, and ensure they are well-known and thoroughly enforced by all Group members.
 - The Company shall establish rules for approving and reporting by operating subsidiaries to the Company in accordance with the Affiliated Company Management Regulations, etc., and shall establish and maintain the operation management and management guidance systems for each operating subsidiary based on such rules.
 - The Audit Office and the internal audit divisions at each operating subsidiary shall regularly audit operating subsidiaries to promote appropriate business activities.
 - Each operating subsidiary shall autonomously establish and maintain internal control systems, based on their size, nature, organizational design, and other corporate characteristics, while cooperating and sharing information with the Company.
 - Each operating subsidiary, as a Group company of the Company, shall comply with laws, regulations, and their Articles of Incorporation, and conduct corporate management that maintains their corporate independence and uniqueness while respecting the Company's management policies and the management system of the corporate group.
- Matters concerning Directors and employees assisting the duties of the Audit and Supervisory Committee**
 - In addition to assigning staff to assist the duties of the Audit and Supervisory Committee, related divisions, centered on the Audit Office, shall support the duties of the Audit and Supervisory Committee.
 - The opinion of the Audit and Supervisory Committee regarding the appointment, dismissal, transfer, and performance evaluation of employees who assist the duties of the Audit and Supervisory Committee, shall be heard and respected. Furthermore, employees who receive orders from the Audit and Supervisory Committee necessary to perform audits shall not accept instructions or orders from anyone other than the Audit and Supervisory Committee with respect to such orders.
- System for reporting to the Audit and Supervisory Committee**
 - The Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees, as well as Directors and employees of each operating subsidiary, shall report on the state of the business execution of each company upon request by the Company's Audit and Supervisory Committee. In addition to legally required matters, matters that have a significant impact on the entire company, the status of implementation of internal audits, and serious violations of laws, regulations, or the Articles of Incorporation shall also be reported without delay.
 - The Company shall establish and maintain an appropriate reporting system to the Audit and Supervisory Committee with regard to matters that have a significant impact on the entire Company and serious violations of laws, regulations, and the Articles of Incorporation through the operation of a whistleblowing system.
 - The Company shall stipulate that a person who makes such a report shall not be treated disadvantageously on the grounds of having made such report in its Whistleblowing Regulations, and shall ensure that such regulations are well-known and thoroughly enforced.
- Matters concerning policies pertaining to the treatment of expenses or liabilities incurred with respect to the execution of duties of Audit and Supervisory Committee Members (limited to duties related to those of the Audit and Supervisory Committee)**

The Company shall respond promptly when any of the Audit and Supervisory Board Members request expenses in connection with the execution of their duties (limited to duties related to those of the Audit and Supervisory Committee).
- Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively**
 - Audit and Supervisory Committee Members' right of access to important corporate information, including attendance at meetings of the Board of Directors and other important meetings, shall be guaranteed.
 - The Audit and Supervisory Committee shall regularly exchange information and opinions with the President of the Company and the presidents of each operating subsidiary.
 - The Audit and Supervisory Committee shall maintain close cooperation with the Audit Office and shall request investigations by the Audit Office as necessary.
 - The Audit and Supervisory Committee shall hold regular meetings with the accounting auditor to exchange opinions and information, and shall request reports from the accounting auditor as necessary.

Compliance

Fundamental Approach

The Group and its operating subsidiaries shall engage in compliance with the following basic policy in accordance with the Charter of Corporate Behavior and Code of Conduct stipulated separately in order

to protect the legal and social security and values of all people working within the Group and to establish corporate governance that pursues social responsibility.

Basic Policy

- We shall not participate in activities that are problematic in light of compliance.**
- We shall honestly acknowledge violations, deviations, negligence, etc., and promptly take corrective measures and measures to prevent recurrence.**
- We shall clarify roles, responsibilities, and authority within the organization, as well as information communication routes.**
- We shall continue to provide adequate training and conduct rigorous evaluations of all Officers and Employees, etc.**
- Each Group company of MIYAJI ENGINEERING GROUP shall conduct an appropriate self-audit each year in accordance with management policy and our Charter of Corporate Behavior and Code of Conduct.**
- We recognize our social responsibility as a corporation and we shall make appropriate efforts as a corporation to resolve issues necessary for a sustainable society.**
- We shall conduct compliance promotion activities as a management priority.**

Risk Management

Fundamental Approach

The Group and its operating subsidiaries accurately deal with natural disasters, accidents, other man-made disasters, and various management risks, and tackle risk management in accordance with the following basic policies in order to fulfill our Social Responsibilities by

doing whatever we can to prevent and eliminate all factors that may hinder the achievement of our management philosophy and management objectives.

Basic Policy

- Through risk management practices, we shall continually and stably develop our business and maintain and enhance our Corporate Values and Social Evaluations.**
- Giving top priority to ensuring the quality and safety of our products and services, we shall strive to eliminate or reduce factors that may damage our Corporate Values and Social Evaluations, as well as eliminate or reduce factors that may hinder the Social Evaluations and economic benefits of our customers, business partners, shareholders, investors, local communities, and other stakeholders, as well as our own Officers and Employees, etc.**
- We shall make it our social mission to provide a stable supply of products and services that are widely used throughout society.**
- All Officers and Employees, etc. shall comply with various laws, regulations, rules, etc., in the spirit of compliance and shall autonomously consider what is the right thing to do and act based on that judgment.**

Risks Covered by Risk Management

The types of risks targeted by risk management initiatives are as follows.

- Accidents that have a significant social impact at construction sites
- Quality non-conformance issues that have a significant social impact
- Violations of various laws and regulations established by the government and notices, bulletins, guidelines, outlines, etc. established by administrative agencies
- Violations of various regulations, etc. established by organizations to which each Group company of MIYAJI ENGINEERING GROUP belongs
- Actions and events other than those listed above that significantly damage social trust and evaluations
- Actions that seriously violate general social rules, socially accepted various norms, and ethical values
- Large-scale natural disasters such as earthquakes and typhoons
- Climate change risks
- Events that have a significant adverse effect on MEG that do not fall under any of the above

Compliance and Risk Management Promotion Systems

The Company has established a Compliance and Risk Management Committee under the Board of Directors as an organization to build, promote and ensure compliance and risk management. The Committee consists of one chairperson and twelve committee members or less (including outside committee members). MIYAJI ENGINEERING GROUP's President serves as the chairperson, and MIYAJI ENGINEERING GROUP's Directors serve as committee

members. The Company has also appointed legal advisors to serve as outside committee members. In addition, the Company has set up a secretariat in the General Affairs and Human Resources Department to carry out the Committee's activities in a flexible and efficient manner. The secretariat manages administrative work related to the Group's compliance and risk management in general, as an actual working organization of the Committee.

11-Year Financial Summary

		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating results												
Net sales	(Million yen)	19,429	22,027	24,834	39,930	36,298	47,128	52,062	63,841	55,268	58,002	60,279
Operating profit	(Million yen)	601	1,436	1,100	1,088	2,530	3,518	4,350	5,241	5,501	5,810	5,127
Operating profit margin	(%)	3.1	6.5	4.4	2.7	7.0	7.5	8.4	8.2	10.0	10.0	8.5
Ordinary profit	(Million yen)	592	1,447	1,183	1,144	2,612	3,612	4,534	5,368	5,547	5,992	5,373
Profit attributable to owners of parent	(Million yen)	474	928	1,002	2,355	2,184	2,085	3,608	2,616	3,808	3,406	3,077
Financial condition												
Total assets	(Million yen)	29,818	31,665	35,157	45,964	47,146	55,022	55,631	59,690	60,738	61,815	63,051
Net assets	(Million yen)	12,366	13,175	15,011	18,460	21,301	24,184	28,070	30,333	35,006	39,091	41,568
(Of which, equity capital)	(Million yen)	12,366	13,175	15,011	16,402	18,871	21,272	24,369	26,161	30,147	33,380	35,508
Equity ratio	(%)	41.5	41.6	42.7	35.7	40.0	38.7	43.8	43.8	49.6	54.0	56.3
Return on equity (ROE)	(%)	4.0	7.3	7.1	15.0	12.4	10.4	15.8	10.4	13.5	10.7	8.9
Return on assets (ROA)	(%)	2.0	4.7	3.5	2.8	5.6	7.1	8.2	9.3	9.2	9.8	8.6
Interest-bearing debt	(Million yen)	6,286	6,733	7,496	7,875	5,608	3,813	4,551	4,130	3,079	517	156
EBITDA	(Million yen)	956	1,780	1,448	1,605	3,046	4,136	4,919	5,918	6,506	6,909	6,152
EBITDA margin	(%)	4.9	8.1	5.8	4.0	8.4	8.8	9.4	9.3	11.8	11.9	10.2
D/E ratio	(Times)	0.51	0.51	0.50	0.48	0.30	0.18	0.19	0.16	0.10	0.02	0.00
Cash flows												
Cash flows from operating activities	(Million yen)	560	1,225	16	(3,378)	5,436	7,492	(2,456)	4,669	1,094	11,915	495
Cash flows from investing activities	(Million yen)	(106)	(530)	(441)	3,918	(549)	(997)	(526)	(2,184)	(2,587)	(1,185)	(711)
Cash flows from financing activities	(Million yen)	(553)	391	(28)	247	(2,586)	(2,115)	338	(955)	(1,741)	(3,267)	(2,147)
Per-share indicators												
Earnings per share	(Yen)	6.98	13.64	14.73	34.61	32.09	306.46	530.16	384.50	559.63	500.51	452.22
Net assets per share	(Yen)	181.62	193.53	220.51	240.95	277.24	3,125.65	3,580.73	3,844.08	4,429.74	4,904.97	5,217.92
Dividend per share	(Yen)	—	2.00	2.00	4.00	4.00	40.00	60.00	80.00	80.00	140.00	140.00
Payout ratio	(%)	—	14.67	13.58	11.56	12.47	13.05	11.32	20.81	14.30	27.97	31.00
Dividend on equity (DOE)	(%)	—	1.1	1.0	1.7	1.5	1.4	1.8	2.2	1.9	3.0	2.8
Other												
Capital investment	(Million yen)	171	270	957	474	892	536	557	2,071	2,649	804	1,151
Depreciation	(Million yen)	355	344	347	517	516	618	568	677	1,004	1,098	1,025
Research and development expenses	(Million yen)	50	50	54	80	92	112	110	134	211	160	236

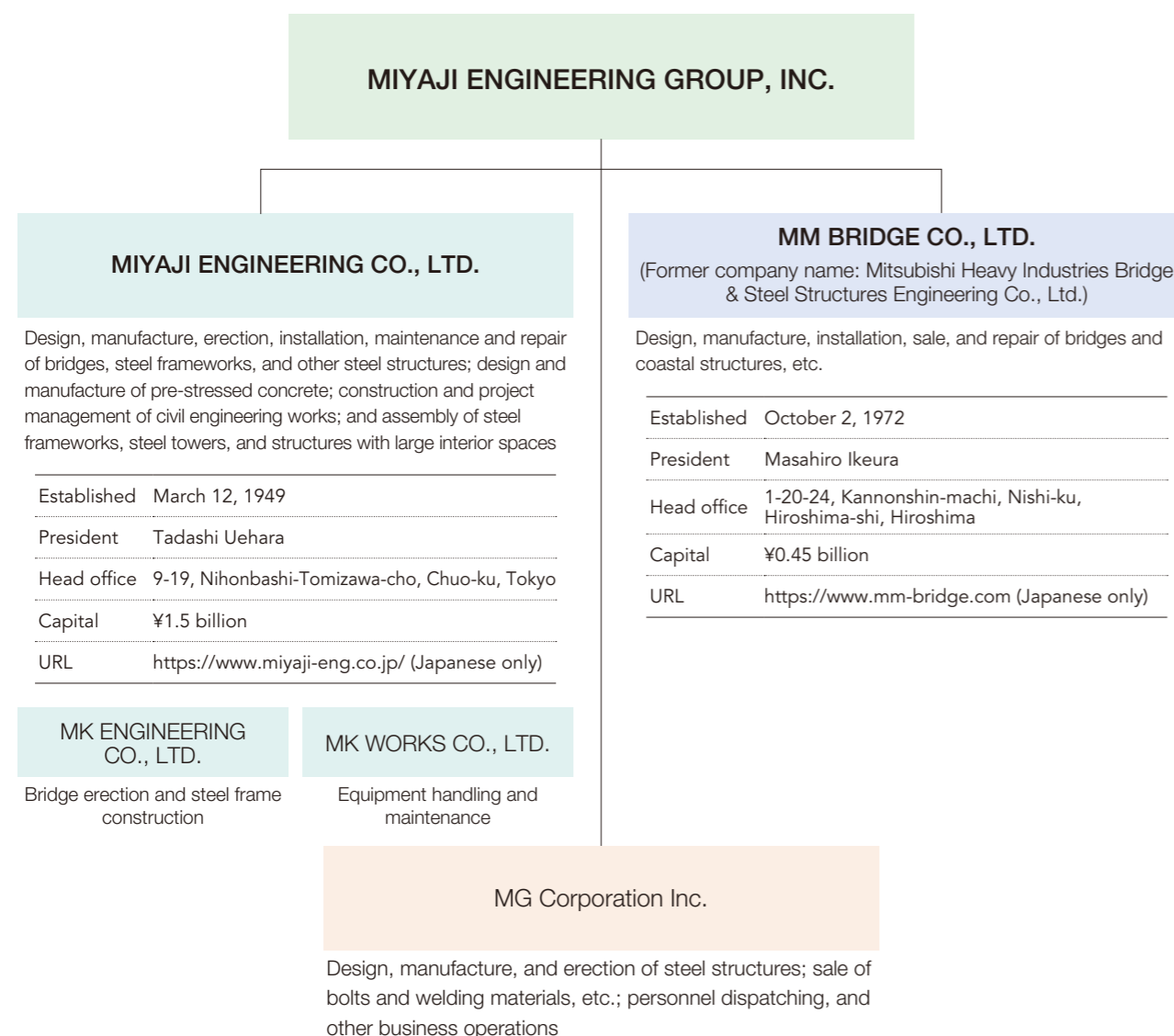
(Note) Since a share consolidation (10 shares to 1 share) was implemented on October 1, 2017, per-share indicators for FY2017 have been recalculated as if the share consolidation had been implemented at the beginning of the fiscal year.

Corporate Information

Company Profile

Company name	MIYAJI ENGINEERING GROUP, INC.
Business	Management and control of the business activities of subsidiaries through ownership of shares of the subsidiaries, which primarily perform diagnosis & inspection, design, manufacture, erection, maintenance & repair contracting for bridges, steel frameworks, and other steel structures, and design and construction & project management contracting for civil engineering and pre-stressed concrete construction
Head office location	9-19, Nihonbashi-Tomizawa-cho, Chuo-ku, Tokyo
Capital	¥3.0 billion
Fiscal year	From April 1 to March 31 of the following year
Stock listing	Tokyo Stock Exchange, Prime Market
Website	https://www.miyaji-eng.com/en/
Official YouTube channel	https://www.youtube.com/@Miyaji-G

Group Companies

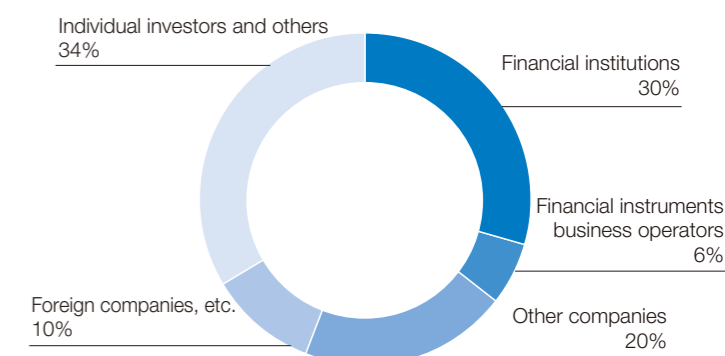


Share Information

Share conditions

Total number of authorized shares	27,677,800 shares
Total number of issued shares	6,919,454 shares
Number of shareholders	3,345

Types of share owners



Major shareholders

Name	Address	Number of shares owned (thousand shares)	Percentage of shares owned to the total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	698	10.27
ESG Investment Partnership	5-32-12, Shiba, Minato-ku, Tokyo	520	7.65
Hikari Tsushin K.K.	1-4-10, Nishi-Ikebukuro, Toshima-ku, Tokyo	342	5.04
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	327	4.81
Meiji Yasuda Life Insurance Company	2-1-1, Marunouchi, Chiyoda-ku, Tokyo	266	3.92
Tachibana Securities Co., Ltd.	1-13-14, Nihonbashi-Kayabacho, Chuo-ku, Tokyo	260	3.83
MIYAJI Client Stock Ownership Association	9-19, Nihonbashi-Tomizawa-cho, Chuo-ku, Tokyo	230	3.39
Custody Bank of Japan, Ltd. (trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	199	2.93
Challenge No. 2 Investment Partnership	1-27-22-201, Minami-Azabu, Minato-ku, Tokyo	160	2.35
NIPPON STEEL CORPORATION	2-6-1, Marunouchi, Chiyoda-ku, Tokyo	157	2.32
Total		3,164	46.49