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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]

May 13, 2022

Company name : Kumagai Gumi Co., Ltd.
 Stock exchange listings : Tokyo Stock Exchange, Prime Market
 Securities code : 1861 URL : <https://www.kumagaigumi.co.jp/>
 Representative : Yasunori Sakurano, President
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 Date of general meeting of shareholders : June 29, 2022
 Date of filing of securities report : June 29, 2022
 Scheduled date of dividend payment : June 30, 2022
 Supplemental materials for financial results : Yes
 Presentation on financial results : Yes

(Rounded down to the nearest million yen)

1. Consolidated Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated Operating Results (Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	425,216	(5.6)	22,743	(19.0)	23,732	(16.4)	15,850	(11.6)
FY2020	450,232	3.2	28,069	10.3	28,400	10.4	17,925	(7.8)

(Note) Comprehensive income FY2021 15,267 million yen (28.7)% FY2020 21,414 million yen 20.0%

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
FY2021	342.13	—	9.5	6.3	5.3
FY2020	384.69	—	11.5	7.5	6.2

(Reference) Investment profit (loss) on equity method FY2021 245 million yen FY2020 226 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	371,096	169,302	45.6	3,751.09
FY2020	379,573	163,835	43.2	3,516.07

(Reference) Owner's equity FY2021 169,302 million yen FY2020 163,835 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Million yen	Million yen	Million yen	Million yen
FY2021	8,258	(3,395)	(9,686)	67,404
FY2020	6,572	(4,306)	(6,112)	71,335

2. Dividends

	Annual cash dividends per share					Total dividend paid	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
FY2020	—	—	—	120.00	120.00	5,610	31.2	3.6
FY2021	—	—	—	120.00	120.00	5,442	35.1	3.3
FY2022 (forecast)	—	—	—	130.00	130.00		35.7	

3. Forecast of Consolidated Operating Results for FY2022 (April 1, 2022 – March 31, 2023)

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2022	442,000	3.9	23,200	2.0	23,500	(1.0)	16,200	2.2	364.16

※Basic earnings per share reflects the impact of the "Acquisition and Cancellation of Own Shares" announced today.

※ Notes

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries that resulted in a change in the scope of consolidation) : None

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

- ① Changes in accounting policies due to the revision of the accounting standards : Yes
 ② Changes in accounting policies other than ① : None
 ③ Changes in accounting estimates : None
 ④ Retrospective restatements : None

(Note) For details, please refer to “3. Consolidated Financial Statements; (5) Notes on the consolidated financial statements (Changes in accounting policies)” on page 16 of the Attachments.

(3) Number of shares issued (common stock)

(Shares)

- ① Number of shares issued at the end of the period (including own shares)
 ② Number of treasury stocks at the end of the period
 ③ Average number of shares outstanding during the period

FY2021	45,411,660	FY2020	46,805,660
FY2021	277,460	FY2020	209,338
FY2021	46,327,955	FY2020	46,597,911

(Reference) Summary of Nonconsolidated Financial Results

1. Nonconsolidated Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Nonconsolidated Operating Results

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	331,021	(8.1)	17,772	(20.8)	19,960	(15.2)	13,730	(8.8)
FY2020	360,240	2.3	22,447	10.9	23,543	13.8	15,047	1.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2021	295.72	—
FY2020	322.21	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	303,997	133,749	44.0	2,956.56
FY2020	316,659	131,287	41.5	2,811.32

(Reference) Owner's equity FY2021 133,749 million yen FY2020 131,287 million yen

2. Forecast of Nonconsolidated Operating Results for FY2022 (April 1, 2022 – March 31, 2023)

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Ordinary income		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
FY2022	334,000	0.9	18,700	(6.3)	13,300	(3.1)	298.27

※ Basic earnings per share reflects the impact of the “Acquisition and Cancellation of Own Shares” announced today.

※ “Kessan Tanshin” is not subject to an audit by a certified public accountant or an audit corporation.

※ Explanation regarding the appropriate use of forecasts of operating results, and other specific comments

- The financial forecast of operating results in this document are based on information available at present and logical assessments. Actual results may be materially different from expectations due to a variety of factors. Refer to “1. Overview of Operating Results, etc. ; (4) Outlook for the fiscal year ending March 31, 2023” on page 5 of the Attachments for matters related to earnings forecasts.
- The Company is to hold the presentation on financial results for analysts and institutional investors. The materials related to financial results which will be used on the presentation will be posted on the Company's website as soon as possible after the presentation.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended March 31, 2022

During the fiscal year ended March 31, 2022, the Japanese economy recovered only modestly as consumer spending and production came to a standstill with the intermittent spread of infections with COVID-19 variants. However, there were signs of a recovery in corporate earnings, reflecting an improvement in overseas economies and the easing of supply restrictions despite the persistent impact of COVID-19.

In the construction industry, housing construction remained flat and private sector investment in construction was on an upward trend, driven by investment in offices, stores, and other facilities. Public investment was generally weak, partly reflecting a decline in demand for restoration and reconstruction related to the Great East Japan Earthquake, but remained on a high level due to the execution of relevant budgets. With these and other movements, the overall business environment was favorable.

Under such operating conditions, the Kumagai Gumi Group continued to strive for sustainable growth by working together as a team on The Kumagai Gumi Group Medium-Term Management Plan (FY2021-FY2023) – Proactive Measures for Sustainable Growth–, which was formulated in May 2021 and sets (i) deepen the construction business, (ii) accelerate the construction-related peripheral businesses, (iii) develop new business domains, and (iv) strengthen the management foundation as basic policies. In addition, the Group set a policy of a share buyback of around 10.0 billion yen in total to enhance shareholder returns and improve capital efficiency. Based on this policy, the Group acquired own shares of approx. 4.0 billion yen in the fiscal year under review.

The Group's consolidated financial results for the fiscal year under review were as follows:

– Net sales (completed contracts)

Net sales fell 25.0 billion yen (5.6%) year on year, to 425.2 billion yen, mainly due to a decrease in the order backlog.

– Gross profit (gross profit on completed contracts)

Gross profit dropped 4.6 billion yen (9.6%) year on year, to 43.4 billion yen, reflecting decreased net sales and decline in gross profit (gross profit on completed contracts) as a result of a lower gross profit margin (gross profit margin on completed contracts), among other factors.

– Operating profit

Operating profit decreased 5.3 billion yen (19.0%) year on year, to 22.7 billion yen, partly reflecting a decline in gross profit and an increase in selling, general and administrative expenses.

– Ordinary profit

Ordinary profit fell 4.6 billion yen (16.4%) year on year, to 23.7 billion yen, mainly reflecting a decline in operating profit.

– Profit attributable to owners of parent

Profit attributable to owners of parent fell 2.0 billion yen (11.6%) year on year, to 15.8 billion yen, mainly reflecting a decline in ordinary profit, despite the absence of the provision for contingent loss of 1.2 billion yen that was posted in the previous fiscal year.

Results by segment (before the elimination of intersegment transactions) are as follows.

(Civil engineering)

Net sales declined 22.5% year on year, to 94.0 billion yen, and operating profit dropped 68.2% year on year, to 2.4 billion yen.

For orders received, please refer to (1) Orders received, net sales and carried-forward (Nonconsolidated) in 5. Supplementary Information.

(Building construction)

Net sales declined 0.8% year on year, to 236.9 billion yen, and operating profit rose 4.0% year on year,

to 15.3 billion yen.

For orders received, please refer to (1) Orders received, net sales and carried-forward (Nonconsolidated) in 5. Supplementary Information.

(Subsidiaries)

Net sales declined 3.3% year on year, to 102.3 billion yen, and operating profit fell 10.7% year on year, to 4.9 billion yen.

Major contracts for which orders were received and completed contracts in the fiscal year under review are as follows.

– Major contracts for which orders were received

Civil engineering

Central Nippon Expressway Company Limited (NEXCO Central)

Replacement of bridge decks of Sakawagawa Bridge and two other bridges on Tomei Expressway (specific renewal, etc.)

Central Nippon Expressway Company Limited (NEXCO Central)

Seismic strengthening of Saijo Kokakyo elevated bridge and 16 other bridges on Nagoya Daini Kanjo Expressway

Midac Co., Ltd.

Landfill construction in the 2nd, 3rd, and 4th sections in Okuyama-no Mori Clean Center

Kyushu Electric Power Co., Inc.

Civil engineering and demolition works (1st section) in the comprehensive renewal (restoration) of Kurokawa Dai-ichi Power Plant

Building construction

APA Home Co., Ltd. and APA Mansion Co., Ltd.

New construction of APA Hotel & Resort Osaka Namba Station Tower (tentative name)

Nishi-Shinjuku 5-chome Chuo-Minami District Urban Redevelopment Association

New construction of facilities and buildings in the Nishi-Shinjuku 5-chome Chuo-Minami District Type-1 Urban Redevelopment Project

Mitsui Fudosan Residential Co., Ltd.

Makuhari Shin Toshin Wakaba residential district plan (B-5 block) (tentative name)

Regional Independent Administrative Agency Naha City Hospital

Construction of a hospital building of New Naha City Hospital (tentative name)

Note: Orders for all of the above were received by the Company.

– Major completed contracts

Civil engineering

West Nippon Expressway Company Limited

Section between Hokubo Interchange and Osa Smart Interchange (inbound lane) on Chugoku Expressway (specific renewal, etc.)

Japan Railway Construction, Transport and Technology Agency

Sakai Kokakyo elevated bridge on Hokuriku Shinkansen Line

East Nippon Expressway Company Limited

Renewal of Towada Kannai section of Tohoku Expressway

Japan Railway Construction, Transport and Technology Agency

Construction work at three sections outside Dai-ichi Iwamatsu Tunnel and others on Kyuhu Shinkansen Line (West Kyushu)

Building construction

Tokyu Land Corporation, Nippo Corporation, Taisei-Yuraku Real Estate Co., Ltd., and JR West Properties Co., Ltd.

Planned new construction work at Koto-ku Toyosu 5-chome (tentative name)

Sumitomo Corporation and Rengo Co., Ltd.

Rengo Yodogawa plant site development plan and new construction (tentative name)

Morinaga & Co., Ltd.

Takasaki No.3 Factory construction project of Morinaga & Co., Ltd.

Tokushukai Medical Corporation

Relocation and new construction of Sendai Tokushukai Hospital (tentative name)

Note: All of the above were completed by the Company.

(2) Overview of financial position for the fiscal year ended March 31, 2022

Total assets decreased 8.4 billion yen (2.2%) from the end of the previous fiscal year, to 371.0 billion yen. Current assets decreased 9.8 billion yen (3.2%) from the end of the previous fiscal year, to 301.8 billion yen. Accounts receivable – other decreased 12.4 billion yen, mainly reflecting a decrease in accounts receivable from JV members and collection of consumption tax expected to be refunded, and cash and deposits decreased 3.9 billion yen due in part to advance payments in large-scale construction projects. Non-current assets increased 1.4 billion yen (2.1%) from the end of the previous fiscal year, to 69.2 billion yen. Investment securities fell 1.7 billion yen, chiefly due to a fall in the market price of shares held by the Group.

Liabilities fell 13.9 billion yen (6.5%) from the end of the previous fiscal year, to 201.7 billion yen.

Current liabilities decreased 15.2 billion yen (8.0%) from the end of the previous fiscal year, to 175.3 billion yen. Trade payables, which is the sum of electronically recorded obligations – operating, notes payable – trade, and accounts payable for construction contracts, fell 11.0 billion yen. Deposits received decreased 8.2 billion yen due to a decrease in accounts payable to JV members.

Non-current liabilities increased 1.2 billion yen (5.0%) from the end of the previous fiscal year, to 26.3 billion yen. Long-term borrowings increased 1.2 billion yen.

Net assets increased 5.4 billion yen (3.3%) from the end of the previous fiscal year, to 169.3 billion yen. Capital surplus decreased 4.0 billion yen due to the cancellation of own shares that were acquired during the fiscal year. In addition, retained earnings increased 10.2 billion yen, despite a decrease of 5.6 billion yen attributable to dividends of surplus, which was more than offset by posting of 15.8 billion yen in profit attributable to owners of parent. The capital adequacy ratio was 45.6%, improving 2.4 pt from the end of the previous fiscal year.

(3) Overview of cash flows for the fiscal year ended March 31, 2022

Net cash provided by operating activities was 8.2 billion yen (6.5 billion yen in the previous fiscal year), mainly reflecting the posting of 22.9 billion yen in profit before income taxes and collection of accounts receivable – other.

Net cash used in investing activities was 3.3 billion yen (4.3 billion yen in the previous fiscal year) due in part to acquisition and renewal of equipment.

Net cash used in financing activities was 9.6 billion yen (6.1 billion yen in the previous fiscal year), chiefly reflecting dividends paid and purchase of own shares.

Cash and cash equivalents at end of period decreased 3.9 billion yen from the end of the previous fiscal year, to 67.4 billion yen, including an increase attributable to foreign currency translation.

(Reference) Cash flow-related indicators

	FY2019	FY2020	FY2021
Capital adequacy ratio	39.5%	43.2%	45.6%
Capital adequacy ratio based on market value	31.1%	36.9%	33.0%
Interest-bearing debt to cash flow ratio	35.5 years	1.8 years	1.5 years
Interest coverage ratio	1.8 times	34.5 times	46.0 times

Capital adequacy ratio: Owner's equity / Total assets

Capital adequacy ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest expenses

(Notes) 1. Each indicator is calculated based on consolidated financial data.

2. Market capitalization is the closing stock price at the end of the fiscal year multiplied by the number of shares issued at the end of the period (own shares are not included).

3. Data on operating cash flow are from the consolidated statement of cash flows. Data on interest expenses are from the consolidated statement of cash flows.

(4) Outlook for the fiscal year ending March 31, 2023

The Japanese economy is expected to see a normalization of economic and social activities due to the effects of various government policies and the end of the pandemic. However, the future of the economy remains uncertain because it is likely that the economy will slow again with the emergence of a new COVID-19 variant, rising commodity prices resulting from the Russian invasion of Ukraine, and other events.

In the construction industry, building investment by private-sector enterprises is expected to remain on a recovery trend, partly reflecting improvement of corporate earnings. With respect to public investment, it is expected that investments will continue to be made in disaster prevention, disaster mitigation, and national resilience in a well-planned manner, partly because investments almost on a par with the budget for FY2021 have been secured in the FY2022 budget. In addition, moves to develop infrastructure for the COVID-era and the post-COVID era are also likely to bolster public- and private-sector capital spending to some extent going forward. However, the delay in the procurement of construction materials and the continuous rise in raw material prices, which were seen in the fiscal year under review, need to be monitored as downward risks.

Under such conditions, the Group formulated The Kumagai Gumi Group Medium-Term Management Plan (FY2021-FY2023) – Proactive Measures for Sustainable Growth– in May 2021. The plan defines the Group's Long-term Vision as “A leader in the construction service industry that is sought by society, contributing to the realization of a society in which limited resources are recycled, and people, the community, and nature continue to be enriched” and sets FY2023 financial targets of consolidated net sales of 470 billion yen and consolidated ordinary profit of 33 billion yen. The Group will continue striving for sustainable growth by working as a team on this plan.

With respect to the impact of the Russo-Ukrainian crisis, the Group does not operate business in either of the countries. However, the impact of price hike has begun to emerge in iron and steel products, other equipment and materials, and oil and fuels, among others, and there is concern that increases in prices of cement, wet concrete, aluminum, wood, hard polyvinyl chloride pipes, glass, light oil, and other materials will result in an increase in construction costs and put pressure on profit.

2. Basic Policy for Selecting Accounting Standards

The Group uses Japanese accounting standards because there is limited need for the Group to procure funds from overseas.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

(millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	71,335	67,404
Notes receivable, accounts receivable from completed construction contracts and other	197,175	204,809
Costs on construction contracts in progress	6,454	10,205
Accounts receivable – other	29,477	16,989
Other	7,554	2,514
Allowance for doubtful accounts	(226)	(48)
Total current assets	311,770	301,874
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,216	22,317
Machinery, vehicles, tools, furniture and fixtures	18,189	18,968
Land	15,105	15,399
Leased assets	900	934
Construction in progress	375	182
Accumulated depreciation	(29,128)	(30,352)
Total property, plant and equipment	25,658	27,451
Intangible assets	558	876
Investments and other assets		
Investment securities	29,711	27,927
Long-term loans receivable	641	272
Long-term non-operating accounts receivable	116	94
Distressed receivables	26	34
Deferred tax assets	7,245	8,021
Other	4,022	4,705
Allowance for doubtful accounts	(177)	(162)
Total investments and other assets	41,587	40,893
Total non-current assets	67,803	69,221
Total assets	379,573	371,096

(millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	84,610	82,014
Electronically recorded obligations – operating	37,435	29,032
Short-term borrowings	4,161	3,145
Income taxes payable	3,841	4,330
Advances received on construction contracts in progress	11,929	12,920
Deposits received	34,622	26,402
Provision for warranties for completed construction	473	610
Provision for loss on construction contracts	156	849
Provision for contingent loss	1,482	41
Provision for bonuses	4,256	4,588
Other	7,633	11,464
Total current liabilities	190,604	175,399
Non-current liabilities		
Long-term borrowings	7,728	9,007
Provision for share awards	140	183
Retirement benefit liability	16,644	16,615
Other	620	587
Total non-current liabilities	25,133	26,394
Total liabilities	215,737	201,794
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus	25,156	21,145
Retained earnings	104,727	114,967
Treasury shares	(451)	(631)
Total shareholders' equity	159,540	165,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,241	2,758
Foreign currency translation adjustment	384	1,081
Remeasurements of defined benefit plans	(330)	(127)
Total accumulated other comprehensive income	4,294	3,712
Total net assets	163,835	169,302
Total liabilities and net assets	379,573	371,096

(2) Consolidated statement of income and Consolidated statement of comprehensive income
Consolidated statement of income

(millions of yen)

	FY2020 (Apr 1, 2020—Mar 31, 2021)	FY2021 (Apr 1, 2021—Mar 31, 2022)
Net sales of completed construction contracts	450,232	425,216
Cost of sales of completed construction contracts	402,147	381,750
Gross profit on completed construction contracts	48,084	43,466
Selling, general and administrative expenses	20,015	20,723
Operating profit	28,069	22,743
Non-operating income		
Interest income	40	26
Dividend income	370	572
Share of profit of entities accounted for using equity method	226	245
Foreign exchange gains	24	168
Reversal of provision for contingent loss	—	119
Other	243	166
Total non-operating income	906	1,298
Non-operating expenses		
Interest expenses	190	174
Loss on sale of receivables	45	—
Commission for syndicated loans	210	66
Amortization of share issuance costs	33	—
Other	95	68
Total non-operating expenses	574	309
Ordinary profit	28,400	23,732
Extraordinary income		
Gain on sales of non-current assets	10	59
Gain on sales of investment securities	14	—
Gain on sales of memberships	2	9
Subsidy income	—	67
Compensation for expropriation	14	—
Settlement received	100	—
Other	—	1
Total extraordinary income	142	137
Extraordinary losses		
Loss on sale of non-current assets	12	0
Impairment loss	1	18
Loss on retirement of non-current assets	58	69
Loss on tax purpose reduction entry of non-current assets	—	67
Compensation for damage	240	393
Loss on litigation	—	89
Infectious disease related costs	269	245
Provision for contingent loss	1,281	—
Loss on transfer of receivables	458	—
Loss on change in equity	44	—
Other	83	65
Total extraordinary losses	2,449	950
Profit before income taxes	26,093	22,919
Income taxes – current	6,629	7,278
Income taxes – deferred	1,538	(209)
Total income taxes	8,168	7,069
Profit	17,925	15,850
Profit attributable to owners of parent	17,925	15,850

Consolidated statement of comprehensive income

(millions of yen)

	FY2020 (Apr 1, 2020—Mar 31, 2021)	FY2021 (Apr 1, 2021—Mar 31, 2022)
Profit	17,925	15,850
Other comprehensive income		
Valuation difference on available-for-sale securities	3,429	(1,478)
Foreign currency translation adjustment	(6)	697
Remeasurements of defined benefit plans, net of tax	70	203
Share of other comprehensive income of entities accounted for using equity method	(4)	(4)
Total other comprehensive income	3,488	(582)
Comprehensive income	21,414	15,267
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,414	15,267
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in equity
 FY2020 (Apr 1, 2020—Mar 31, 2021)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,108	25,157	92,413	(450)	147,228
Changes during period					
Dividends of surplus			(5,611)		(5,611)
Profit attributable to owners of parent			17,925		17,925
Purchase of treasury shares				(21)	(21)
Disposal of treasury shares		(0)		19	19
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	12,314	(1)	12,312
Balance at end of current period	30,108	25,156	104,727	(451)	159,540

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	816	391	(401)	806	148,034
Changes during period					
Dividends of surplus					(5,611)
Profit attributable to owners of parent					17,925
Purchase of treasury shares					(21)
Disposal of treasury shares					19
Net changes of items other than shareholders' equity	3,425	(6)	70	3,488	3,488
Total changes of items during period	3,425	(6)	70	3,488	15,800
Balance at end of current period	4,241	384	(330)	4,294	163,835

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,108	25,156	104,727	(451)	159,540
Changes during period					
Dividends of surplus			(5,610)		(5,610)
Profit attributable to owners of parent			15,850		15,850
Purchase of treasury shares				(4,214)	(4,214)
Disposal of treasury shares		(0)		23	23
Cancellation of treasury shares		(4,010)		4,010	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(4,010)	10,239	(180)	6,048
Balance at end of current period	30,108	21,145	114,967	(631)	165,589

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	4,241	384	(330)	4,294	163,835
Changes during period					
Dividends of surplus					(5,610)
Profit attributable to owners of parent					15,850
Purchase of treasury shares					(4,214)
Disposal of treasury shares					23
Cancellation of treasury shares					—
Net changes of items other than shareholders' equity	(1,482)	697	203	(582)	(582)
Total changes of items during period	(1,482)	697	203	(582)	5,466
Balance at end of current period	2,758	1,081	(127)	3,712	169,302

(4) Consolidated statements of cash flows

(millions of yen)

	FY2020 (Apr 1, 2020—Mar 31, 2021)	FY2021 (Apr 1, 2021—Mar 31, 2022)
Cash flows from operating activities		
Profit before income taxes	26,093	22,919
Depreciation	2,029	2,028
Impairment losses	1	18
Amortization of share issuance costs	33	—
Increase (decrease) in allowance for doubtful accounts	(19)	(203)
Increase (decrease) in provision for contingent loss	(6,131)	(1,440)
Increase (decrease) in retirement benefit liability	324	263
Interest and dividend income	(411)	(599)
Interest expenses	190	174
Foreign exchange losses (gains)	(36)	(131)
Share of loss (profit) of entities accounted for using equity method	(226)	(245)
Loss (gain) on sale of investment securities	(14)	—
Loss (gain) on sale of non-current assets	1	(59)
Loss on retirement of non-current assets	58	69
Decrease (increase) in trade receivables	(6,535)	(7,305)
Decrease (increase) in costs on construction contracts in progress	1,410	(3,714)
Increase (decrease) in trade payables	(3,607)	(12,263)
Increase (decrease) in advances received on construction contracts in progress	(8,004)	868
Decrease (increase) in accounts receivable – other	350	12,496
Increase (decrease) in deposits received	5,133	(8,220)
Decrease (increase) in other assets and other	(137)	5,165
Other, net	1,704	4,821
Subtotal	12,207	14,641
Interest and dividends received	410	634
Interest paid	(190)	(179)
Income taxes paid	(5,855)	(6,838)
Net cash provided by (used in) operating activities	6,572	8,258
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,094)	(3,158)
Proceeds from sale of property, plant and equipment	102	56
Purchase of investment securities	(21)	(20)
Proceeds from sale of investment securities	30	1
Purchase of shares of subsidiaries and associates	(1,723)	(123)
Loan advances	(517)	(47)
Proceeds from collection of loans receivable	214	428
Other, net	(297)	(531)
Net cash provided by (used in) investing activities	(4,306)	(3,395)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000	(275)
Proceeds from long-term borrowings	690	1,685
Repayments of long-term borrowings	(2,059)	(1,146)
Purchase of treasury shares	(19)	(4,212)
Proceeds from disposal of treasury shares	5	7
Dividends paid	(5,595)	(5,598)
Other, net	(134)	(146)
Net cash provided by (used in) financing activities	(6,112)	(9,686)
Effect of exchange rate change on cash and cash equivalents	27	891
Net increase (decrease) in cash and cash equivalents	(3,819)	(3,931)
Cash and cash equivalents at beginning of period	75,155	71,335
Cash and cash equivalents at end of period	71,335	67,404

(5) Notes on the consolidated financial statements
 (Notes related to the going concern assumption)
 Not applicable

(Consolidated statement of changes in equity)
 FY2020 (Apr 1, 2020–Mar 31, 2021)

1. Matters concerning the class and the number of shares issued and own shares

(1) Matters related to the class and number of shares outstanding (thousands of shares)

Class of shares	Number of shares at the beginning of the consolidated fiscal year under review	Increase in shares in the consolidated fiscal year under review	Decrease in shares in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	46,805	–	–	46,805

(2) Matters related to the class and number of own shares (thousands of shares)

Class of shares	Number of shares at the beginning of the consolidated fiscal year under review	Increase in shares in the consolidated fiscal year under review	Decrease in shares in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	213	8	11	209

(Notes) 1. The number of common shares at the beginning of the consolidated fiscal year under review and that at the end of the consolidated fiscal year under review respectively include 58 thousand shares and 53 thousand shares of the Company's shares held by the stock granting trust for officers.

2. The increase in common shares comprises 7 thousand shares acquired by the Company in response to request that it purchase odd-lot shares, and 700 shares of the own shares (the Company's shares) acquired by equity-method affiliates which are attributable to the Company.

3. The decrease in common shares comprises 800 shares sold by the Company in response to claims to purchase additional odd-lot shares, 3 thousand issued shares and 1 thousand sold shares of the Company's shares held by the stock granting trust for officers, and 6 thousand shares of owned shares (the Company's shares) reflecting fluctuations in the ratios of ownership of equity-method affiliates which are attributable to the Company.

2. Matters concerning dividends

(1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 26, 2020	Common shares	5,611	120	March 31, 2020	June 29, 2020

(Note) The total amount of dividends includes the dividend of 7 million yen for the shares of the Company held by the stock granting trust for officers.

(2) Dividends with a record date in the fiscal year under review but an effective date in the following fiscal year.

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 29, 2021	Common shares	5,610	Retained earnings	120	March 31, 2021	June 30, 2021

(Note) The total amount of dividends includes the dividend of 6 million yen for the shares of the Company held by the stock granting trust for officers.

FY2021 (Apr 1, 2021–Mar 31, 2022)

1. Matters concerning the class and the number of shares issued and own shares

(1) Matters related to the class and number of shares outstanding (thousands of shares)

Class of shares	Number of shares at the beginning of the consolidated fiscal year under review	Increase in shares in the consolidated fiscal year under review	Decrease in shares in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	46,805	–	1,394	45,411

(Note) The decrease in outstanding common shares is a decrease of 1,394 thousand shares that resulted from cancellation of own shares.

(2) Matters related to the class and number of own shares (thousands of shares)

Class of shares	Number of shares at the beginning of the consolidated fiscal year under review	Increase in shares in the consolidated fiscal year under review	Decrease in shares in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	209	1,469	1,401	277

(Notes) 1. The number of common shares at the beginning of the consolidated fiscal year under review and that at the end of the consolidated fiscal year under review respectively include 53 thousand shares and 115 thousand shares of the Company's shares held by the stock granting trust for officers.

2. The increase in common shares comprises 1,394 thousand shares reflecting the acquisition of own shares based on a resolution of the Board of Directors, 6 thousand shares acquired by the Company in response to request that it purchase odd-lot shares, 700 shares of the own shares (the Company's shares) acquired by equity-method affiliates which are attributable to the Company, and 68 thousand own shares (the Company's shares) acquired by the stock granting trust for officers.

3. The decrease in common shares is a decrease of 1,394 thousand shares that resulted from cancellation of own shares, 300 shares sold by the Company in response to claims to purchase additional odd-lot shares, and 4 thousand issued shares and 2 thousand sold shares of the Company's shares held by the stock granting trust for officers.

2. Matters concerning dividends

(1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 29, 2021	Common shares	5,610	120	March 31, 2021	June 30, 2021

(Note) The total amount of dividends includes the dividend of 6 million yen for the shares of the Company held by the stock granting trust for officers.

(2) Dividends with a record date in the fiscal year under review but an effective date in the following fiscal year.

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 29, 2022	Common shares	5,442	Retained earnings	120	March 31, 2022	June 30, 2022

(Note) The total amount of dividends includes the dividend of 13 million yen for the shares of the Company held by the stock granting trust for officers.

(Additional information)

(Stock compensation plan using a trust for directors and executive officers)

The Company has introduced a stock compensation plan using a trust (the "Plan") to make a clearer link between the compensation for its directors (excluding outside directors; the same applies hereinafter) and the share value of the Company, to raise the awareness of directors of their contribution to improving the Company's medium- to long-term business performance and corporate value. The Company has also introduced the same stock compensation plan for its executive officers.

1. Transaction overview

The Plan is a stock compensation plan where a trust (the "Trust") established and paid for by the Company acquires shares of the Company and delivers shares to each director and executive officer according to the number of points that the Company grants to each director and executive officer.

2. The Company's shares remaining in the Trust

The Company's shares remaining in the Trust are posted as treasury shares in the net assets section at the book value in the Trust. As of the end of the consolidated fiscal year under review, the book value of the said treasury shares was 339 million yen and the number of the said shares was 115,088.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has decided to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. from the beginning of the fiscal year under review and recognize revenue from goods or services which the Group promised to provide at an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services has been transferred to a customer. The main changes in the way revenue is recognized as a result of application are as follows.

1. Revenue recognition for construction contracts

For construction contracts where performance obligations are fulfilled over a certain period and where the progress in the fulfillment of performance obligations cannot be estimated reasonably, if the generated cost is expected to be recovered, revenue is recognized by applying the cost recovery method. For construction contracts with a very short duration or with an insignificant amount of contract revenue, revenue is recognized at the point in time when the performance obligations are completely fulfilled.

2. Revenue recognition related to agent transactions

For some transactions, previously, the total amount of considerations received from the customer was recognized as revenue. As a result of the application of the above standard, however, for transactions where the role of the Group's subsidiaries in providing assets or service to the customer falls into the role of an agent, the net amount, which is obtained by deducting the amount paid to the supplier from the amount received from the customer, is recognized as revenue.

The application of the Revenue Recognition Accounting Standard, etc. follows the provisional treatment provided for in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effects in case of retroactively applying the new accounting policy to before the beginning of the fiscal year under review are adjusted in retained earnings at the beginning of the fiscal year, and the new accounting policy is applied from this initial balance. However, applying the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standard, the Company does not retroactively apply the new accounting policy to the contracts almost all of whose revenue was recognized in compliance with the conventional method before the beginning of the fiscal year under review. Applying the procedures provided for in (1) of Paragraph 86 of the Revenue Recognition Accounting Standards, the Company performed accounting procedures based on contract terms reflecting all changes made before the beginning of the fiscal year under review and added the cumulative effect of the procedures to retained earnings at the beginning of the fiscal year under review.

As a result, net sales of completed construction contracts and cost of sales of completed construction contracts in the consolidated statement of income for the consolidated fiscal year under review each decreased 776 million yen from the level before the application of the Revenue Recognition Accounting Standards, etc. There is no cumulative effect which needs to be reflected in retained earnings at the beginning of the fiscal year in the consolidated statement of changes in equity for the consolidated fiscal year under review.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has decided to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the fiscal year under review and apply the new accounting policy stipulated in the Fair Value Measurement Accounting Standard, etc. according to the provisional treatment provided for in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019) into the future. The adoption of the accounting standard has no impact on the consolidated financial statements.

(Segment information)

(1) Overview of reportable segments

The reportable segments of the Company are units constituting the Company that are to be regularly examined by the Board of Directors, etc. to determine the allocation of management resources and evaluate the business results, as their financial information is available separately from that of others. The Company has divisions at head office, which are divided according to the type of construction project, and each division conducts business activities in Japan and other countries under comprehensive strategies. In addition, the Company gives directions and support for planning of comprehensive strategies by Group companies. The Company's business is thus divided into segments based on divisions and consolidated subsidiaries, and the Company has three reportable segments of civil engineering, building construction, and subsidiaries.

In the civil engineering segment, the Company engages in investigations, planning, design, construction, supervision, and other general engineering management, etc. of civil engineering work, including forest conservation, flood control, and work on railways and roads. In the building construction segment, the Company engages in investigations, planning, design, construction, supervision, and other general engineering management, etc. of construction work, including the construction of housing complexes, offices, government buildings, factories, and power plants. Businesses in the segment of subsidiaries include construction, manufacturing and sales of construction materials and equipment, and the provision of construction technology products.

(2) Methods for calculating net sales, profit or loss, assets, liabilities, and other items in each reportable segment

The accounting method for reported business segments is generally the same as the details stated in the "Important basic matters for the preparation of consolidated financial statements" in the recent annual securities report (submitted on June 29, 2021).

The profit figures stated in the reportable segments are based on operating profit. The intersegment revenues and transfers are based on actual market prices or prices used in transactions between third parties. Assets are not allocated to business segments but depreciation is allocated to them.

(3) Reportable segment sales, profit or loss, assets, liabilities and other information and revenue breakdown information

FY2020 (Apr 1, 2020–Mar 31, 2021)

(millions of yen)

	Reportable segments				Adjustments (Note 1) (Note 2)	Amounts on consolidated financial statements (Note 3)
	Civil engineering	Building construction	Subsidiaries	Total		
Net sales						
Sales to customers	121,446	238,794	89,991	450,232	–	450,232
Intersegment sales and transfers	–	0	15,770	15,770	(15,770)	–
Total	121,446	238,794	105,762	466,003	(15,770)	450,232
Segment profit	7,723	14,723	5,566	28,013	55	28,069
Others						
Depreciation	277	535	1,182	1,995	(4)	1,990

(Notes) 1. The segment profit adjustment is for the elimination of intersegment transactions.

2. The depreciation adjustment is for the write-off of unrealized gains.
3. Segment profit is adjusted with operating profit recorded under the consolidated financial statements.

FY2021 (Apr 1, 2021–Mar 31, 2022)

(millions of yen)

	Reportable segments				Adjustments (Note 1) (Note 2)	Amounts on consolidated financial statements (Note 3)
	Civil engineering	Building construction	Subsidiaries	Total		
Net sales						
Revenue from contracts with customers	94,077	236,943	102,303	433,324	(8,107)	425,216
Sales to customers	94,077	236,943	94,195	425,216	–	425,216
Intersegment sales and transfers	–	–	8,107	8,107	(8,107)	–
Total	94,077	236,943	102,303	433,324	(8,107)	425,216
Segment profit	2,458	15,314	4,972	22,744	(1)	22,743
Others						
Depreciation	272	663	1,059	1,996	(4)	1,992

(Notes) 1. The segment profit adjustment is for the elimination of intersegment transactions.

2. The depreciation adjustment is for the write-off of unrealized gains.

3. Segment profit is adjusted with operating profit recorded under the consolidated financial statements.

Matters concerning changes in reportable segments and others

As described in the “Change in Accounting Policy,” the Company adopted the Revenue Recognition Accounting Standard, etc. and changed accounting methods for revenue recognition at the beginning of the fiscal year under review. Reflecting this change, it modified the method for the measurement of profits and losses of its business segments.

As a result of this change, net sales for the consolidated fiscal year under review decreased 123 million yen in the civil engineering segment and fell 652 million yen in the building construction segment compared to the previous method. Intersegment sales and transfers which are included in the subsidiaries segment decreased by 2,509 million yen compared to the previous method. The impact of this change on segment profit is minor.

(Per share information)

FY2020 (Apr 1, 2020–Mar 31, 2021)		FY2021 (Apr 1, 2021–Mar 31, 2022)	
Net assets per share	3,516.07 yen	Net assets per share	3,751.09 yen
Basic earnings per share	384.69 yen	Basic earnings per share	342.13 yen

(Notes) 1. Diluted earnings per share is not stated because there are no dilutive shares.

2. In the calculation of net assets per share, the shares of the Company that are held by the stock granting trust for officers are included in the own shares that are deducted from the total number of shares issued and outstanding at the end of the fiscal year (53 thousand shares for the previous consolidated fiscal year and 115 thousand shares for the consolidated fiscal year under review). They are included in the own shares that are deducted in the calculation of the average number of shares during the fiscal year, which is used in the calculation of basic earnings per share (54 thousand shares in the previous fiscal year and 72 thousand shares in the fiscal year under review).

3. The basis of calculating basic earnings per share is as follows.

	FY2020 (Apr 1, 2020–Mar 31, 2021)	FY2021 (Apr 1, 2021–Mar 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	17,925	15,850
Amount not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent concerning common shares (millions of yen)	17,925	15,850
Average number of common shares outstanding during the period (thousand shares)	46,597	46,327

(Significant subsequent events)

Not applicable

4. Nonconsolidated Financial Statements

(1) Nonconsolidated balance sheet

(millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	51,767	42,744
Notes receivable – trade	1,628	3,253
Accounts receivable from completed construction contracts	163,625	173,335
Costs on construction contracts in progress	5,443	9,259
Accounts receivable – other	29,456	16,022
Other	7,368	1,130
Allowance for doubtful accounts	(195)	(19)
Total current assets	259,095	245,726
Non-current assets		
Property, plant and equipment		
Buildings	10,573	12,228
Accumulated depreciation	(7,170)	(7,536)
Buildings, net	3,402	4,691
Structures	1,160	1,219
Accumulated depreciation	(1,005)	(1,028)
Structures, net	154	191
Machinery and equipment	2,494	3,126
Accumulated depreciation	(1,900)	(2,150)
Machinery and equipment, net	594	976
Vehicles	55	55
Accumulated depreciation	(55)	(55)
Vehicles, net	0	0
Tools, furniture and fixtures	2,786	2,903
Accumulated depreciation	(2,487)	(2,549)
Tools, furniture and fixtures, net	298	353
Land	12,207	12,474
Leased assets	191	192
Accumulated depreciation	(158)	(167)
Leased assets, net	33	24
Construction in progress	321	2
Total property, plant and equipment	17,012	18,714
Intangible assets	434	749
Investments and other assets		
Investment securities	10,408	9,431
Shares of subsidiaries and associates	22,940	21,901
Long-term loans receivable from employees	230	208
Long-term loans receivable from subsidiaries and associates	447	53
Long-term prepaid expenses	77	93
Deferred tax assets	5,369	6,428
Other	644	689
Allowance for doubtful accounts	(1)	–
Total investments and other assets	40,116	38,806
Total non-current assets	57,563	58,270
Total assets	316,659	303,997

(millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes payable – trade	3,459	3,189
Electronically recorded obligations – operating	32,973	25,050
Accounts payable for construction contracts	66,412	61,635
Short-term borrowings	3,942	2,945
Lease obligations	15	13
Income taxes payable	3,470	3,927
Advances received on construction contracts in progress	9,943	11,005
Deposits received	33,325	24,570
Provision for warranties for completed construction	428	566
Provision for loss on construction contracts	155	835
Provision for contingent loss	1,462	38
Provision for bonuses	2,760	3,083
Deposits received from employees	2,822	2,997
Other	2,621	7,137
Total current liabilities	163,793	146,996
Non-current liabilities		
Long-term borrowings	7,728	9,007
Lease obligations	19	11
Provision for stock payments	140	183
Provision for retirement benefits	13,624	13,922
Other	65	125
Total non-current liabilities	21,577	23,251
Total liabilities	185,371	170,247
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus		
Legal capital surplus	16,767	16,767
Other capital surplus	8,389	4,378
Total capital surpluses	25,156	21,145
Retained earnings		
Legal retained earnings	559	559
Other retained earnings		
Retained earnings brought forward	71,583	79,703
Total retained earnings	72,143	80,263
Treasury shares	(328)	(506)
Total shareholders' equity	127,079	131,011
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,208	2,738
Total valuation and translation adjustments	4,208	2,738
Total net assets	131,287	133,749
Total liabilities and net assets	316,659	303,997

(2) Nonconsolidated statement of income

(millions of yen)

	FY2020 (Apr 1, 2020—Mar 31, 2021)	FY2021 (Apr 1, 2021—Mar 31, 2022)
Net sales of completed construction contracts	360,240	331,021
Cost of sales of completed construction contracts	322,639	297,687
Gross profit on completed construction contracts	37,600	33,333
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	215	292
Employees' salaries and allowances	5,970	5,993
Retirement benefit expenses	280	272
Legal welfare expenses	927	928
Welfare expenses	147	147
Repair and maintenance expenses	45	114
Stationery expenses	500	543
Communication and transportation expenses	517	611
Power utilities expenses	70	83
Research study expenses	2,258	2,358
Advertising expenses	189	217
Provision of allowance for doubtful accounts	1	—
Entertainment expenses	191	259
Donations	59	36
Rent expenses on land and buildings	505	517
Depreciation	180	202
Taxes and dues	907	911
Insurance expenses	88	92
Miscellaneous expenses	2,095	1,977
Total selling, general and administrative expenses	15,153	15,561
Operating profit	22,447	17,772
Non-operating income		
Interest income	32	16
Dividend income	1,354	2,048
Rental income	103	97
Foreign exchange gains	18	146
Provision for contingent loss	—	114
Other	135	72
Total non-operating income	1,644	2,496
Non-operating expenses		
Interest expenses	187	173
Loss on sale of receivables	45	—
Commission for syndicated loans	210	66
Amortization of share issuance costs	33	—
Other	71	68
Total non-operating expenses	547	308
Ordinary profit	23,543	19,960
Extraordinary income		
Gain on sale of non-current assets	6	0
Gain on sale of investment securities	14	—
Gain on sale of memberships	2	9
Subsidy income	—	67
Settlement income	100	—
Total extraordinary income	122	77
Extraordinary losses		
Loss on retirement of non-current assets	4	8
Loss on tax purpose reduction entry of non-current assets	—	67
Compensation for damage	162	367
Loss on litigation	—	89
Infectious disease related costs	220	215
Provision for contingent loss	1,278	—
Loss on transfer of receivables	458	—
Other	57	107
Total extraordinary losses	2,182	855
Profit before income taxes	21,484	19,181
Income taxes – current	5,116	5,861
Income taxes – deferred	1,319	(410)
Total income taxes	6,436	5,451
Profit	15,047	13,730

(3) Nonconsolidated statements of changes in equity
 FY2020 (Apr 1, 2020—Mar 31, 2021)

(millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
Balance at beginning of current period	30,108	16,767	8,389	25,157	559	62,146	62,706
Changes during period							
Dividends of surplus						(5,611)	(5,611)
Profit						15,047	15,047
Purchase of treasury shares							
Disposal of treasury shares			(0)	(0)			
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	(0)	(0)	—	9,436	9,436
Balance at end of current period	30,108	16,767	8,389	25,156	559	71,583	72,143

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(327)	117,645	793	793	118,438
Changes during period					
Dividends of surplus		(5,611)			(5,611)
Profit		15,047			15,047
Purchase of treasury shares	(19)	(19)			(19)
Disposal of treasury shares	17	17			17
Net changes of items other than shareholders' equity			3,414	3,414	3,414
Total changes of items during period	(1)	9,434	3,414	3,414	12,849
Balance at end of current period	(328)	127,079	4,208	4,208	131,287

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
		Retained earnings brought forward					
Balance at beginning of current period	30,108	16,767	8,389	25,156	559	71,583	72,143
Changes during period							
Dividends of surplus						(5,610)	(5,610)
Profit						13,730	13,730
Purchase of treasury shares							
Disposal of treasury shares			(0)	(0)			
Cancellation of treasury shares			(4,010)	(4,010)			
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	(4,010)	(4,010)	—	8,120	8,120
Balance at end of current period	30,108	16,767	4,378	21,145	559	79,703	80,263

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(328)	127,079	4,208	4,208	131,287
Changes during period					
Dividends of surplus		(5,610)			(5,610)
Profit		13,730			13,730
Purchase of treasury shares	(4,212)	(4,212)			(4,212)
Disposal of treasury shares	23	23			23
Cancellation of treasury shares	4,010	—			—
Net changes of items other than shareholders' equity			(1,469)	(1,469)	(1,469)
Total changes of items during period	(177)	3,931	(1,469)	(1,469)	2,462
Balance at end of current period	(506)	131,011	2,738	2,738	133,749

5. Supplementary Information

(1) Orders received, net sales and carried-forward (Nonconsolidated)

(millions of yen)

	FY2020 Apr 1, 2020—Mar 31, 2021		FY2021 Apr 1, 2021—Mar 31, 2022		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	45,382	16.0	59,591	17.0	14,209	31.3
Private	54,724	19.3	51,235	14.6	(3,488)	(6.4)
Domestic	100,106	35.3	110,826	31.6	10,720	10.7
Overseas	—	—	—	—	—	—
Civil engineering	100,106	35.3	110,826	31.6	10,720	10.7
Public	13,981	4.9	35,917	10.3	21,936	156.9
Private	167,430	59.1	203,404	58.1	35,973	21.5
Domestic	181,411	64.0	239,321	68.4	57,910	31.9
Overseas	1,843	0.7	87	0.0	(1,755)	(95.3)
Building construction	183,255	64.7	239,409	68.4	56,154	30.6
Public	59,363	20.9	95,508	27.3	36,145	60.9
Private	222,155	78.4	254,639	72.7	32,484	14.6
Domestic	281,518	99.3	350,148	100.0	68,630	24.4
Overseas	1,843	0.7	87	0.0	(1,755)	(95.3)
Orders received—Total	283,361	100	350,236	100	66,874	23.6
Public	57,847	16.0	44,742	13.5	(13,105)	(22.7)
Private	63,598	17.7	49,335	14.9	(14,262)	(22.4)
Domestic	121,446	33.7	94,077	28.4	(27,368)	(22.5)
Overseas	—	—	—	—	—	—
Civil engineering	121,446	33.7	94,077	28.4	(27,368)	(22.5)
Public	32,389	9.0	20,790	6.3	(11,598)	(35.8)
Private	204,555	56.8	214,917	64.9	10,362	5.1
Domestic	236,944	65.8	235,708	71.2	(1,236)	(0.5)
Overseas	1,849	0.5	1,235	0.4	(614)	(33.2)
Building construction	238,794	66.3	236,943	71.6	(1,850)	(0.8)
Public	90,237	25.0	65,532	19.8	(24,704)	(27.4)
Private	268,153	74.5	264,253	79.8	(3,900)	(1.5)
Domestic	358,390	99.5	329,786	99.6	(28,604)	(8.0)
Overseas	1,849	0.5	1,235	0.4	(614)	(33.2)
Net sales—Total	360,240	100	331,021	100	(29,219)	(8.1)
Public	43,482	9.3	58,207	12.0	14,725	33.9
Private	123,664	26.5	125,564	25.9	1,899	1.5
Domestic	167,147	35.8	183,772	37.9	16,625	9.9
Overseas	—	—	—	—	—	—
Civil engineering	167,147	35.8	183,772	37.9	16,625	9.9
Public	25,860	5.6	40,987	8.4	15,127	58.5
Private	270,738	58.1	259,225	53.4	(11,513)	(4.3)
Domestic	296,599	63.7	300,213	61.8	3,613	1.2
Overseas	2,498	0.5	1,471	0.3	(1,027)	(41.1)
Building construction	299,098	64.2	301,684	62.1	2,586	0.9
Public	69,343	14.9	99,195	20.4	29,852	43.1
Private	394,403	84.6	384,789	79.3	(9,613)	(2.4)
Domestic	463,746	99.5	483,985	99.7	20,238	4.4
Overseas	2,498	0.5	1,471	0.3	(1,027)	(41.1)
Carried-forward—Total	466,245	100	485,457	100	19,211	4.1

(Note) 1. The carried-forward amount of overseas work has been translated at the closing rate.

FY2020 : Increased by 11 million yen FY2021 : Increased by 120 million yen

2. Applying Accounting Standard for Revenue Recognition, etc., the amount of domestic public works of civil engineering carried forward in the previous fiscal year has decreased by 123 million yen at the beginning of the current fiscal year.

(2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2020	B FY2021	B - A		C FY2022 (Forecasts)	C - B	
				%			%
Net sales	4,502	4,252	(250)	(5.6)	4,420	168	3.9
Gross profit	481	435	(46)	(9.6)	458	23	5.4
(Ratio)	10.7%	10.2%	(0.5)%		10.4%	0.2%	
SG&A expenses	200	207	7		226	19	
Operating profit	281	227	(53)	(19.0)	232	5	2.0
(Ratio)	6.2%	5.3%	(0.9)%		5.2%	(0.1)%	
Non-operating income - net	3	10	7		3	(7)	
Ordinary profit	284	237	(47)	(16.4)	235	(2)	(1.0)
Extraordinary income - net	(23)	(8)	15		(1)	7	
Profit before income taxes	261	229	(32)	(12.2)	234	5	2.1
Income taxes and others	82	71	(11)		72	1	
Profit attributable to owners of parent	179	159	(21)	(11.6)	162	3	2.2

Nonconsolidated

(Operating Results)

	A FY2020	B FY2021	B - A		C FY2022 (Forecasts)	C - B	
				%			%
Civil engineering	1,001	1,108	107		1,150	42	
Building construction	1,814	2,393	579		2,450	57	
Domestic	2,815	3,501	686		3,600	99	
Overseas	18	1	(18)		120	119	
Orders received	2,834	3,502	669	23.6	3,720	218	6.2
Civil engineering	1,214	941	(274)		1,000	59	
Building construction	2,369	2,357	(12)		2,320	(37)	
Domestic	3,584	3,298	(286)		3,320	22	
Overseas	18	12	(6)		20	8	
Net sales	3,602	3,310	(292)	(8.1)	3,340	30	0.9
Civil engineering	137	91	(47)		105	14	
(Ratio)	11.3%	9.7%	(1.6)%		10.5%	0.8%	
Building construction	238	242	4		234	(8)	
(Ratio)	10.0%	10.3%	0.3%		10.1%	(0.2)%	
Domestic	375	333	(42)		339	6	
(Ratio)	10.5%	10.1%	(0.4)%		10.2%	0.1%	
Overseas	1	1	(0)		2	1	
(Ratio)	5.0%	5.7%	0.7%		10.0%	4.3%	
Gross profit	376	333	(43)	(11.3)	341	8	2.3
(Ratio)	10.4%	10.1%	(0.3)%		10.2%	0.1%	
SG&A expenses	152	156	4		170	14	
Operating profit	224	178	(47)	(20.8)	171	(7)	(3.8)
(Ratio)	6.2%	5.4%	(0.8)%		5.1%	(0.3)%	
Non-operating income - net	11	22	11		16	(6)	
Ordinary profit	235	200	(36)	(15.2)	187	(13)	(6.3)
Extraordinary income - net	(21)	(8)	13		0	8	
Profit before income taxes	215	192	(23)	(10.7)	187	(5)	(2.5)
Income taxes and others	64	55	(10)		54	(1)	
Profit	150	137	(13)	(8.8)	133	(4)	(3.1)