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

May 12, 2023

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
Contact : Kazunori Shimada, Joint General Manager, Administration Division,
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Date of general meeting of shareholders : June 29, 2023
Date of filing of securities report : June 29, 2023
Scheduled date of dividend payment : June 30, 2023
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, 2023 (April 1, 2022 – March 31, 2023)

(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	%
FY2022	403,502	(5.1)	11,483	(49.5)	12,236	(48.4)	7,973	(49.7)
FY2021	425,216	(5.6)	22,743	(19.0)	23,732	(16.4)	15,850	(11.6)

(Note) Comprehensive income FY2022 10,007 million yen (34.5)% FY2021 15,267 million yen (28.7)%

	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	%	%	%
FY2022	179.64	—	4.7	3.3	2.8
FY2021	342.13	—	9.5	6.3	5.3

(Reference) Investment profit (loss) on equity method FY2022 146 million yen FY2021 245 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022	376,650	169,860	45.1	3,894.11
FY2021	371,096	169,302	45.6	3,751.09

(Reference) Owner's equity FY2022 169,860 million yen FY2021 169,302 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
FY2022	(18,826)	(8,458)	456	40,974
FY2021	8,258	(3,395)	(9,686)	67,404

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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2021	—	—	—	120.00	120.00	5,442	35.1	3.3
FY2022	—	—	—	130.00	130.00	5,698	72.4	3.4
FY2023 (forecast)	—	—	—	130.00	130.00		53.9	

3. Forecast of Consolidated Operating Results for FY2023 (April 1, 2023 – March 31, 2024)

(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		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2023	433,100	7.3	15,200	32.4	15,700	28.3	10,400	30.4	241.07

※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 : Yes

③ Changes in accounting estimates : Yes

④ Retrospective restatements : None

(Note) For details of “Yes” above, please refer to 3. Consolidated Financial Statements and Major Notes (5) Notes on the consolidated financial statements (Changes in accounting policies) on page 16 of the Attachments, and (Change in accounting policies which are difficult to distinguish from changes in accounting estimates) on page 17 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

FY2022	43,900,360	FY2021	45,411,660
FY2022	280,432	FY2021	277,460
FY2022	44,385,881	FY2021	46,327,955

(Reference) Summary of Nonconsolidated Financial Results

1. Nonconsolidated Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	%
FY2022	299,317	(9.6)	8,045	(54.7)	10,154	(49.1)	6,996	(49.0)
FY2021	331,021	(8.1)	17,772	(20.8)	19,960	(15.2)	13,730	(8.8)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2022	157.26	—
FY2021	295.72	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022	304,522	133,049	43.7	3,042.88
FY2021	303,997	133,749	44.0	2,956.56

(Reference) Owner's equity FY2022 133,049 million yen FY2021 133,749 million yen

2. Forecast of Nonconsolidated Operating Results for FY2023 (April 1, 2023 – March 31, 2024)

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

	Net sales of completed construction contracts		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
FY2023	311,000	3.9	11,400	12.3	7,800	11.5	180.37

※ 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, 2024” 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, 2023

During the fiscal year ended March 31, 2023, the Japanese economy saw signs of a recovery in consumer spending and experienced solid capital investment, mainly in industries related to software and machinery, amid progress in the establishment of lifestyles that assume co-existence with COVID-19. However, the pace of economic recovery was moderate at best, reflecting weak corporate earnings in some business areas, partly due to factors such as a rise in prices linked to the depreciation of the yen and higher resource costs, that exerted downward pressure on its economy.

In the construction industry, housing construction appeared to be slackening due to rising construction costs and concern over higher interest rates. Even so, the order environment was firm overall, as building investment by private sector enterprises continued to be solid against the backdrop of a rising appetite for capital investment, coupled with the continued robustness of public investment on the back of the execution of related budgets. On the profit front, however, generating a profit remained difficult in certain business areas, chiefly reflecting rising construction costs mainly due to higher materials prices and higher labor costs.

Under these operating conditions, the Kumagai Gumi Group sought to boost business to achieve 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 November 2021, the Group set a policy of a share buyback of around 10.0 billion yen in total in the period of the Medium-Term Management Plan (FY2021-FY2023) to enhance shareholder returns and improve capital efficiency. Based on this policy, the Group acquired treasury stock of approx. 4.0 billion yen in the fiscal year under review. Following the share buyback, the total payout ratio in the fiscal year under review will be 121.6%.

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

– Net sales (completed contracts)

Net sales fell 21.7 billion yen (5.1%) year on year, to 403.5 billion yen, mainly due to the suspension of construction projects and sluggish progress in projects on hand.

– Gross profit (gross profit on completed contracts)

Gross profit dropped 10.2 billion yen (23.6%) year on year, to 33.2 billion yen, reflecting decreased net sales and a lower gross profit margin (gross profit margin on completed contracts), among other factors.

– Operating profit

Operating profit decreased 11.2 billion yen (49.5%) year on year, to 11.4 billion yen, reflecting a decline in gross profit and an increase in selling, general and administrative expenses.

– Ordinary profit

Ordinary profit fell 11.4 billion yen (48.4%) year on year, to 12.2 billion yen, mainly reflecting a decline in operating profit.

– Profit attributable to owners of parent

Profit attributable to owners of parent was 7.9 billion yen, down 7.8 billion yen (49.7%) because of income taxes of 4.0 billion yen and other adjustments.

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

(Civil engineering)

Net sales declined 11.6% year on year, to 89.9 billion yen, and operating profit dropped 26.9% year on year, to 1.7 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 11.6% year on year, to 209.3 billion yen, and operating profit dropped 59.2% year on year, to

6.2 billion yen.

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

(Subsidiaries)

Net sales increased 11.8% year on year, to 114.3 billion yen, and operating profit fell 31.6% year on year, to 3.4 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

Japan Railway Construction, Transport and Technology Agency

Iwabetsu Viaduct on the Hokkaido Shinkansen line

Sapporo City

State-aided new sewerage work in the Soseigawa River treatment area IV-01000 (including Kita 45-jo Higashi 1-chome)

Ministry of Land, Infrastructure, Transport and Tourism

2022 Route 42 Kumano Tunnel 2 construction

East Nippon Expressway Company Limited

Shin-Tonegawa Bridge (substructure) west construction work on the Metropolitan Inter-City Expressway

Building construction

Mitsui Fudosan Residential Co., Ltd., Nomura Real Estate Development Co., Ltd.,

Mitsubishi Estate Residence Co., Ltd., ITOCHU Property Development, Ltd., Toho Jisho Co., Ltd.,

Fujimi-Jisyo Co., Ltd., Sodegaura Kogyo Co., Ltd.

Makuhari Shin Toshin Wakaba residential district plan (B-4 block) (tentative name)

Hanshin Electric Railway Co., Ltd.

Construction of new facilities in the Hanshin Tigers farm team's facilities relocation plan

Tokushukai Medical Corporation

Relocation of the Tokunoshima Tokushukai Hospital and construction of a new hospital building

Hyogo Prefecture

Construction outside the hospital building of the Prefectural Nishinomiya General Medical Center (provisional name)

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

– Major completed contracts

Civil engineering

West Nippon Expressway Company Limited

Harahagitani Tunnel west construction work on the Shin-Meishin Expressway

Japan Railway Construction, Transport and Technology Agency

Awaraonsen Station Viaduct, etc. on the Hokuriku Shinkansen line

Tokyo Metro Co., Ltd.

Civil engineering work associated with the extension of the return line of the Ginza Line at Asakusa station

Japan Railway Construction, Transport and Technology Agency

Murayama Tunnel, etc. on the Hokkaido Shinkansen line

Building construction

Pan Pacific International Holdings Corporation, Yoko Kusakabe, Saint-Etoile Co., Ltd.,

Koichi Hoshino, etc.

New construction in the Shibuya-ku Dogenzaka 2-chome development plan (provisional name)

Tokushukai Medical Corporation

Expansion of Trauma Center, Emergency Medical Center and Advanced Medical Center of Shonan Kamakura General Hospital

Nihon Densan Corp. (present NIDEK Co., Ltd.)

Nihon Densan Corp. Mukomachi Project Building C construction work (provisional name)

Nomura Real Estate Development Co., Ltd.

Reconstruction project close to Hankyu Tsukaguchi station (provisional name)

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

(2) Overview of financial position for the fiscal year ended March 31, 2023

Total assets increased 5.5 billion yen (1.5%) from the end of the previous fiscal year, to 376.6 billion yen.

Current assets decreased 3.5 billion yen (1.2%) from the end of the previous fiscal year, to 298.2 billion yen. Cash deposits decreased 26.4 billion yen due to advance payments in large-scale construction projects.

Non-current assets increased 9.1 billion yen (13.2%) from the end of the previous fiscal year, to 78.3 billion yen.

Investment securities increased 6.2 billion yen chiefly because of investment in the real estate development business in the United States and rises in the market prices of shares held by the Group.

Liabilities increased 4.9 billion yen (2.5%) from the end of the previous fiscal year, to 206.7 billion yen.

Current liabilities decreased 4.4 billion yen (2.6%) from the end of the previous fiscal year, to 170.9 billion yen.

Income taxes payable decreased 3.5 billion yen.

Non-current liabilities increased 9.4 billion yen (35.9%) from the end of the previous fiscal year, to 35.8 billion yen.

Long-term borrowings increased 9.2 billion yen.

Net assets increased 500 million yen (0.3%) from the end of the previous fiscal year, to 169.8 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 2.5 billion yen, despite a decrease of 5.4 billion yen attributable to dividends of surplus, which was more than offset by posting of 7.9 billion yen in profit attributable to owners of parent. The shareholders' equity ratio was 45.1%, declining 0.5 pt from the end of the previous fiscal year.

(3) Overview of cash flows for the fiscal year ended March 31, 2023

Net cash used in operating activities was 18.8 billion yen (net cash provided of 8.2 billion yen in the previous fiscal year), mainly reflecting advance payment in large-scale construction projects and income taxes paid and a low level of profit before income taxes, 12.0 billion yen.

Net cash used in investing activities was 8.4 billion yen (3.3 billion yen in the previous fiscal year) due in part to acquisition and renewal of equipment and investment in the real estate development business in the United States.

Net cash provided by financing activities was 0.4 billion yen (net cash used of 9.6 billion yen in the previous fiscal year), chiefly reflecting borrowings, partially offset by dividends paid and purchase of treasury shares.

Cash and cash equivalents at end of period decreased 26.4 billion yen from the end of the previous fiscal year, to 40.9 billion yen, including an increase attributable to foreign currency translation.

(Reference) Cash flow-related indicators

	FY2020	FY2021	FY2022
Capital adequacy ratio	43.2%	45.6%	45.1%
Capital adequacy ratio based on market value	36.9%	33.0%	30.8%
Interest-bearing debt to cash flow ratio	1.8 years	1.5 years	—
Interest coverage ratio	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, 2024

In the Japanese economy, consumer spending and corporate earnings are expected to recover going forward, reflecting the effects of a range of government policies and progress in the normalization of economic and social activities through the establishment of a lifestyle that assumes co-existence with COVID-19. However, the business outlook remains uncertain, reflecting risks such as the downturn of overseas economies, rising prices, and supply restrictions amidst the prolonged Russia-Ukraine crisis and the continuation of global monetary tightening.

In the construction industry, building investment by private-sector enterprises is expected to remain on a recovery trend, partly reflecting improvement of corporate earnings. Public investment is likely to remain firm because it is expected that investments will 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 FY2022 have been secured in the FY2023 budget. Meanwhile, attention should be paid to trends in risks, for example, high crude oil prices and rising construction material prices, that may cause a deterioration of profitability and a contraction of demand.

In this business environment, the Group will continue to work as one team to implement initiatives to achieve sustainable growth under the Medium-Term Management Plan (FY2021-FY2023). Unfortunately, however, the results forecasts for FY2023 are below the financial targets in the final year of the Medium-Term Management Plan as shown below, reflecting the significant effects of dramatic changes in the economic and social conditions that were not expected at the time of creating the Medium-Term Management Plan, including the prolonged effects of COVID-19 and rises in materials prices chiefly due to the war in Ukraine.

- Financial targets in the Medium-Term Management Plan (FY2023)

Consolidated net sales of 470.0 billion yen, a consolidated ordinary profit of 33.0 billion yen

- Results forecast (FY2023)

Consolidated net sales of 433.1 billion yen, a consolidated ordinary profit of 15.7 billion yen

From FY2024, the Company expects that the effects of changes in the external environment on its results will subside to a certain extent and that our initiatives to improve results will start to have effects. The Company will push hard to implement the four basic strategies set out in the Medium-Term Management Plan: deepen the construction business, accelerate the construction-related peripheral businesses, develop new business domains, and strengthen the management foundation. Meanwhile, the Company will strive to earn investment income, including the results of cooperation with Sumitomo Forestry Co., Ltd., with which the Company has formed a business and capital alliance. Through these initiatives, the Company aims to raise consolidated ordinary profit to the 30.0 billion yen level and then to 50.0 billion yen, which is included in our vision.

After the end of the fiscal year under review, it was revealed that the joint venture involving the Company that is involved in the construction of the Yotei Tunnel (Arishima), etc. on the Hokkaido Shinkansen line made false reports about unit water content and slump tests conducted under the conditions determined by it and the customer.

We offer sincere apologies to those involved, particularly the customer, for the great deal of trouble caused. The strength of the concrete is being examined. We are keenly aware of the gravity of the situation and will take measures to prevent any recurrence. We will provide thorough compliance education and will fully commit ourselves to restoring trust and credibility.

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)	
	FY2021	FY2022
	(As of March 31, 2022)	(As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	67,404	40,977
Notes receivable, accounts receivable from completed construction contracts and other	204,809	225,453
Costs on construction contracts in progress	10,205	10,437
Accounts receivable – other	16,989	19,169
Other	2,514	2,295
Allowance for doubtful accounts	(48)	(56)
Total current assets	301,874	298,276
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,317	23,530
Machinery, vehicles, tools, furniture and fixtures	18,968	19,124
Land	15,399	17,053
Leased assets	934	936
Construction in progress	182	93
Accumulated depreciation	(30,352)	(31,429)
Total property, plant and equipment	27,451	29,309
Intangible assets	876	1,478
Investments and other assets		
Investment securities	27,927	34,131
Long-term loans receivable	272	296
Long-term non-operating accounts receivable	94	101
Distressed receivables	34	25
Deferred tax assets	8,021	6,914
Other	4,705	6,277
Allowance for doubtful accounts	(162)	(160)
Total investments and other assets	40,893	47,586
Total non-current assets	69,221	78,374
Total assets	371,096	376,650

(millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	82,014	83,341
Electronically recorded obligations – operating	29,032	27,107
Short-term borrowings	3,145	3,893
Income taxes payable	4,330	766
Advances received on construction contracts in progress	12,920	12,789
Deposits received	26,402	26,043
Provision for warranties for completed construction	610	550
Provision for loss on construction contracts	849	994
Provision for contingent loss	41	4
Provision for bonuses	4,588	4,057
Other	11,464	11,372
Total current liabilities	175,399	170,922
Non-current liabilities		
Long-term borrowings	9,007	18,303
Provision for share awards	183	250
Retirement benefit liability	16,615	16,711
Other	587	601
Total non-current liabilities	26,394	35,867
Total liabilities	201,794	206,789
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus	21,145	17,133
Retained earnings	114,967	117,498
Treasury shares	(631)	(626)
Total shareholders' equity	165,589	164,113
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,758	4,512
Foreign currency translation adjustment	1,081	1,372
Remeasurements of defined benefit plans	(127)	(137)
Total accumulated other comprehensive income	3,712	5,747
Total net assets	169,302	169,860
Total liabilities and net assets	371,096	376,650

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

(millions of yen)

	FY2021 (Apr 1, 2021—Mar 31, 2022)	FY2022 (Apr 1, 2022—Mar 31, 2023)
Net sales of completed construction contracts	425,216	403,502
Cost of sales of completed construction contracts	381,750	370,291
Gross profit on completed construction contracts	43,466	33,211
Selling, general and administrative expenses	20,723	21,728
Operating profit	22,743	11,483
Non-operating income		
Interest income	26	36
Dividend income	572	816
Share of profit of entities accounted for using equity method	245	146
Foreign exchange gains	168	156
Reversal of provision for contingent loss	119	—
Other	166	194
Total non-operating income	1,298	1,349
Non-operating expenses		
Interest expenses	174	208
Loss on sale of receivables	—	18
Commission for syndicated loans	66	213
Loss on investments in investment partnerships	—	94
Other	68	61
Total non-operating expenses	309	596
Ordinary profit	23,732	12,236
Extraordinary income		
Gain on sales of non-current assets	59	6
Gain on sales of memberships	9	77
Subsidy income	67	—
Compensation for damage income	—	81
Other	1	1
Total extraordinary income	137	167
Extraordinary losses		
Loss on retirement of non-current assets	69	42
Loss on tax purpose reduction entry of non-current assets	67	—
Impairment loss	18	0
Compensation for damage	393	86
Loss on litigation	89	19
Infectious disease related costs	245	42
Additional taxes	—	155
Other	65	25
Total extraordinary losses	950	372
Profit before income taxes	22,919	12,030
Income taxes – current	7,278	3,718
Income taxes – deferred	(209)	339
Total income taxes	7,069	4,057
Profit	15,850	7,973
Profit attributable to owners of parent	15,850	7,973

Consolidated statement of comprehensive income

(millions of yen)

	FY2021 (Apr 1, 2021—Mar 31, 2022)	FY2022 (Apr 1, 2022—Mar 31, 2023)
Profit	15,850	7,973
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,478)	1,752
Foreign currency translation adjustment	697	290
Remeasurements of defined benefit plans, net of tax	203	(9)
Share of other comprehensive income of entities accounted for using equity method	(4)	1
Total other comprehensive income	(582)	2,034
Comprehensive income	15,267	10,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,267	10,007
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in equity
FY2021 (Apr 1, 2021 – Mar 31, 2022)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,108	25,156	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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,108	21,145	114,967	(631)	165,589
Changes during period					
Dividends of surplus			(5,442)		(5,442)
Profit attributable to owners of parent			7,973		7,973
Purchase of treasury shares				(4,014)	(4,014)
Disposal of treasury shares		(0)		7	7
Cancellation of treasury shares		(4,012)		4,012	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(4,012)	2,531	5	(1,476)
Balance at end of current period	30,108	17,133	117,498	(626)	164,113

	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	2,758	1,081	(127)	3,712	169,302
Changes during period					
Dividends of surplus					(5,442)
Profit attributable to owners of parent					7,973
Purchase of treasury shares					(4,014)
Disposal of treasury shares					7
Cancellation of treasury shares					—
Net changes of items other than shareholders' equity	1,754	290	(9)	2,034	2,034
Total changes of items during period	1,754	290	(9)	2,034	558
Balance at end of current period	4,512	1,372	(137)	5,747	169,860

(4) Consolidated statements of cash flows

(millions of yen)

	FY2021 (Apr 1, 2021—Mar 31, 2022)	FY2022 (Apr 1, 2022—Mar 31, 2023)
Cash flows from operating activities		
Profit before income taxes	22,919	12,030
Depreciation	2,028	1,898
Impairment losses	18	0
Increase (decrease) in allowance for doubtful accounts	(203)	2
Increase (decrease) in provision for contingent loss	(1,440)	(37)
Increase (decrease) in retirement benefit liability	263	81
Interest and dividend income	(599)	(852)
Interest expenses	174	208
Foreign exchange losses (gains)	(131)	(128)
Share of loss (profit) of entities accounted for using equity method	(245)	(146)
Loss (gain) on investments in investment partnerships	—	94
Loss (gain) on sale of non-current assets	(59)	(6)
Loss on retirement of non-current assets	69	42
Decrease (increase) in trade receivables	(7,305)	(20,421)
Decrease (increase) in costs on construction contracts in progress	(3,714)	(206)
Increase (decrease) in trade payables	(12,263)	(2,092)
Increase (decrease) in advances received on construction contracts in progress	868	(151)
Decrease (increase) in accounts receivable – other	12,496	(1,407)
Increase (decrease) in deposits received	(8,220)	(358)
Decrease (increase) in other assets and other	5,165	286
Other, net	4,821	(436)
Subtotal	14,641	(11,602)
Interest and dividends received	634	859
Interest paid	(179)	(211)
Income taxes paid	(6,838)	(7,871)
Net cash provided by (used in) operating activities	8,258	(18,826)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,158)	(4,343)
Proceeds from sale of property, plant and equipment	56	199
Purchase of investment securities	(20)	(358)
Purchase of shares of subsidiaries and associates	(123)	(50)
Purchase of Investments in other securities of subsidiaries and associates	—	(3,235)
Loan advances	(47)	(103)
Proceeds from collection of loans receivable	428	88
Other, net	(530)	(655)
Net cash provided by (used in) investing activities	(3,395)	(8,458)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(275)	300
Proceeds from long-term borrowings	1,685	10,150
Repayments of long-term borrowings	(1,146)	(405)
Purchase of treasury shares	(4,212)	(4,012)
Dividends paid	(5,598)	(5,430)
Other, net	(139)	(144)
Net cash provided by (used in) financing activities	(9,686)	456
Effect of exchange rate change on cash and cash equivalents	891	399
Net increase (decrease) in cash and cash equivalents	(3,931)	(26,429)
Cash and cash equivalents at beginning of period	71,335	67,404
Cash and cash equivalents at end of period	67,404	40,974

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

(Consolidated statement of changes in equity)
 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

(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.

FY2022 (Apr 1, 2022–Mar 31, 2023)

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	45,411	–	1,511	43,900

(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	277	1,516	1,513	280

(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 115 thousand shares and 112 thousand shares of the Company's shares held by the stock granting trust for officers.

2. The increase in common shares comprises 1,511 thousand shares reflecting the acquisition of own shares based on a resolution of the Board of Directors, 4 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.

3. The decrease in common shares is a decrease of 1,511 thousand shares that resulted from cancellation of own shares, 200 shares sold by the Company in response to claims to purchase additional odd-lot shares, and 1 thousand issued shares and 700 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, 2022	Common shares	5,442	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.

(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, 2023	Common shares	5,698	Retained earnings	130	March 31, 2023	June 30, 2023

(Note) The total amount of dividends includes the dividend of 14 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 332 million yen and the number of the said shares was 112,815.

(Application of Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and its domestic consolidated subsidiaries are applying the group tax sharing system from the fiscal year under review. Their accounting for income taxes and local corporate taxes and the related tax effect accounting and disclosure are in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Issues Task Force No. 42 issued on August 12, 2021).

(Changes in accounting policies)

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

Effective from the beginning of the fiscal year under review, the Group applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Accounting Standard Implementation Guidance"). It therefore has decided to apply the new accounting policies specified in the Fair Value Measurement Accounting Standard Implementation

Guidance prospectively in accordance with the transitional treatment set forth in Paragraph 27–2 of the Fair Value Measurement Accounting Standard Implementation Guidance.

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

(Changes in the method of depreciating property, plant and equipment)

The Company traditionally used the declining balance method as the method for the depreciation of buildings and structures. Now, as part of efforts promoted in the Medium–term Management Plan, the Company is in the process of accelerating initiatives for peripheral businesses related to the construction business in anticipation of full–scale investment in real estate development areas. On the other hand, the effect of investment in building and structures is produced stably for a long period of time. Therefore, to ensure that the use of buildings and structures is correctly reflected in periodic profits or losses, the Company decided that the straight–line method, in which expenses are allocated evenly over a usable period, was more reasonable, and adopted the straight–line method in the fiscal year under review. As a result, operating profit, ordinary profit and profit before income taxes each increased 203 million yen in the fiscal year under review in comparison with the previous method.

(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

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	236,909	93,038	424,025	–	424,025
Other revenue	–	34	1,156	1,190	–	1,190
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.
4. Other revenue is a rental income based on the Accounting Standard for Lease Transactions (ASBJ statement No. 13 issued on March 30, 2007).

FY2022 (Apr 1, 2022–Mar 31, 2023)

(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	89,936	209,160	102,733	401,831	–	401,831
Other revenue	–	216	1,455	1,671	–	1,671
Sales to customers	89,936	209,376	104,189	403,502	–	403,502
Intersegment sales and transfers	–	4	10,152	10,157	(10,157)	–
Total	89,936	209,381	114,342	413,660	(10,157)	403,502
Segment profit	1,795	6,249	3,401	11,447	36	11,483
Others						
Depreciation	270	628	934	1,834	(4)	1,830

(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.

4. Other revenue is a rental income based on the Accounting Standard for Lease Transactions (ASBJ statement No. 13 issued on March 30, 2007).

(Per share information)

FY2021 (Apr 1, 2021–Mar 31, 2022)		FY2022 (Apr 1, 2022–Mar 31, 2023)	
Net assets per share	3,751.09 yen	Net assets per share	3,894.11 yen
Basic earnings per share	342.13 yen	Basic earnings per share	179.64 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 (115 thousand shares for the previous consolidated fiscal year and 112 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 (72 thousand shares in the previous fiscal year and 113 thousand shares in the fiscal year under review).

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

	FY2021 (Apr 1, 2021–Mar 31, 2022)	FY2022 (Apr 1, 2022–Mar 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	15,850	7,973
Amount not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent concerning common shares (millions of yen)	15,850	7,973
Average number of common shares outstanding during the period (thousand shares)	46,327	44,385

(Significant subsequent events)

After the end of the fiscal year under review, it was revealed that the joint venture involving the Company that is involved in the construction of the Yotei Tunnel (Arishima), etc. on the Hokkaido Shinkansen line made false reports about unit water content and slump tests conducted under the conditions determined by it and the customer.

The strength of the concrete is being examined. The Company will announce the results of the examination and their impacts on the results at the Company as soon as they are determined.

4. Nonconsolidated Financial Statements

(1) Nonconsolidated balance sheet

(millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	42,744	18,586
Notes receivable – trade	3,253	662
Accounts receivable from completed construction contracts	173,335	190,477
Costs on construction contracts in progress	9,259	9,174
Accounts receivable – other	16,022	17,910
Other	1,130	1,423
Allowance for doubtful accounts	(19)	(20)
Total current assets	245,726	238,215
Non-current assets		
Property, plant and equipment		
Buildings	12,228	13,273
Accumulated depreciation	(7,536)	(7,810)
Buildings, net	4,691	5,463
Structures	1,219	1,245
Accumulated depreciation	(1,028)	(1,044)
Structures, net	191	200
Machinery and equipment	3,126	3,146
Accumulated depreciation	(2,150)	(2,365)
Machinery and equipment, net	976	780
Vehicles	55	54
Accumulated depreciation	(55)	(47)
Vehicles, net	0	6
Tools, furniture and fixtures	2,903	2,937
Accumulated depreciation	(2,549)	(2,554)
Tools, furniture and fixtures, net	353	382
Land	12,474	14,096
Leased assets	192	188
Accumulated depreciation	(167)	(177)
Leased assets, net	24	11
Construction in progress	2	20
Total property, plant and equipment	18,714	20,962
Intangible assets	749	1,378
Investments and other assets		
Investment securities	9,431	9,943
Shares of subsidiaries and associates	21,901	24,301
Investments in other securities of subsidiaries and associates	—	3,140
Long-term loans receivable from employees	208	174
Long-term loans receivable from subsidiaries and associates	53	112
Long-term prepaid expenses	93	72
Deferred tax assets	6,428	5,548
Other	689	673
Total investments and other assets	38,806	43,966
Total non-current assets	58,270	66,307
Total assets	303,997	304,522

(millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes payable – trade	3,189	1,920
Electronically recorded obligations – operating	25,050	23,170
Accounts payable for construction contracts	61,635	58,488
Short-term borrowings	2,945	5,693
Lease obligations	13	4
Income taxes payable	3,927	202
Advances received on construction contracts in progress	11,005	10,763
Deposits received	24,570	24,135
Provision for warranties for completed construction	566	518
Provision for loss on construction contracts	835	964
Provision for contingent loss	38	—
Provision for bonuses	3,083	2,746
Deposits received from employees	2,997	3,075
Other	7,137	6,883
Total current liabilities	146,996	138,567
Non-current liabilities		
Long-term borrowings	9,007	18,303
Lease obligations	11	7
Provision for stock payments	183	250
Provision for retirement benefits	13,922	14,078
Other	125	264
Total non-current liabilities	23,251	32,904
Total liabilities	170,247	171,472
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus		
Legal capital surplus	16,767	7,000
Other capital surplus	4,378	10,133
Total capital surpluses	21,145	17,133
Retained earnings		
Legal retained earnings	559	559
Other retained earnings		
Retained earnings brought forward	79,703	81,257
Total retained earnings	80,263	81,817
Treasury shares	(506)	(499)
Total shareholders' equity	131,011	128,560
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,738	4,489
Total valuation and translation adjustments	2,738	4,489
Total net assets	133,749	133,049
Total liabilities and net assets	303,997	304,522

(2) Nonconsolidated statement of income

(millions of yen)

	FY2021 (Apr 1, 2021—Mar 31, 2022)	FY2022 (Apr 1, 2022—Mar 31, 2023)
Net sales of completed construction contracts	331,021	299,317
Cost of sales of completed construction contracts	297,687	274,760
Gross profit on completed construction contracts	33,333	24,557
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	292	320
Employees' salaries and allowances	5,993	5,988
Retirement benefit expenses	272	252
Legal welfare expenses	928	954
Welfare expenses	147	108
Repair and maintenance expenses	114	111
Stationery expenses	543	619
Communication and transportation expenses	611	763
Power utilities expenses	83	100
Research study expenses	2,358	2,470
Advertising expenses	217	525
Provision of allowance for doubtful accounts	—	1
Entertainment expenses	259	377
Donations	36	70
Rent expenses on land and buildings	517	547
Depreciation	202	179
Taxes and dues	911	820
Insurance expenses	92	85
Miscellaneous expenses	1,977	2,214
Total selling, general and administrative expenses	15,561	16,512
Operating profit	17,772	8,045
Non-operating income		
Interest income	16	14
Dividend income	2,048	2,376
Rental income	97	54
Foreign exchange gains	146	149
Provision for contingent loss	114	—
Other	72	124
Total non-operating income	2,496	2,719
Non-operating expenses		
Interest expenses	173	228
Commission for syndicated loans	66	213
Loss on investments in investment partnerships	—	94
Other	68	72
Total non-operating expenses	308	609
Ordinary profit	19,960	10,154
Extraordinary income		
Gain on sale of memberships	9	77
Subsidy income	67	—
Other	0	3
Total extraordinary income	77	80
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	67	—
Compensation for damage	367	86
Loss on litigation	89	19
Infectious disease related costs	215	30
Additional taxes	—	155
Other	115	26
Total extraordinary losses	855	318
Profit before income taxes	19,181	9,917
Income taxes – current	5,861	2,814
Income taxes – deferred	(410)	106
Total income taxes	5,451	2,921
Profit	13,730	6,996

(3) Nonconsolidated statements of changes in equity
 FY2021 (Apr 1, 2021—Mar 31, 2022)

(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
					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

	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	4,378	21,145	559	79,703	80,263
Changes during period							
Transfer from legal capital surplus to other capital surplus		(9,767)	9,767	—			
Dividends of surplus						(5,442)	(5,442)
Profit						6,996	6,996
Purchase of treasury shares							
Disposal of treasury shares			(0)	(0)			
Cancellation of treasury shares			(4,012)	(4,012)			
Net changes of items other than shareholders' equity							
Total changes of items during period	—	(9,767)	5,754	(4,012)	—	1,554	1,554
Balance at end of current period	30,108	7,000	10,133	17,133	559	81,257	81,817

	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	(506)	131,011	2,738	2,738	133,749
Changes during period					
Transfer from legal capital surplus to other capital surplus		—			—
Dividends of surplus		(5,442)			(5,442)
Profit		6,996			6,996
Purchase of treasury shares	(4,012)	(4,012)			(4,012)
Disposal of treasury shares	7	7			7
Cancellation of treasury shares	4,012	—			—
Net changes of items other than shareholders' equity			1,750	1,750	1,750
Total changes of items during period	7	(2,451)	1,750	1,750	(700)
Balance at end of current period	(499)	128,560	4,489	4,489	133,049

5. Supplementary Information

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

(millions of yen)

	FY2021 Apr 1, 2021—Mar 31, 2022		FY2022 Apr 1, 2021—Mar 31, 2022		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	59,591	17.0	64,940	18.6	5,349	9.0
Private	51,235	14.6	36,333	10.4	(14,902)	(29.1)
Domestic	110,826	31.6	101,273	29.0	(9,552)	(8.6)
Overseas	—	—	—	—	—	—
Civil engineering	110,826	31.6	101,273	29.0	(9,552)	(8.6)
Public	35,917	10.3	34,674	10.0	(1,243)	(3.5)
Private	203,404	58.1	212,575	61.0	9,171	4.5
Domestic	239,321	68.4	247,249	71.0	7,927	3.3
Overseas	87	0.0	123	0.0	36	41.3
Building construction	239,409	68.4	247,373	71.0	7,963	3.3
Public	95,508	27.3	99,614	28.6	4,105	4.3
Private	254,639	72.7	248,908	71.4	(5,730)	(2.3)
Domestic	350,148	100.0	348,523	100.0	(1,625)	(0.5)
Overseas	87	0.0	123	0.0	36	41.3
Orders received—Total	350,236	100	348,647	100	(1,588)	(0.5)
Public	44,742	13.5	41,502	13.9	(3,239)	(7.2)
Private	49,335	14.9	48,434	16.2	(901)	(1.8)
Domestic	94,077	28.4	89,936	30.1	(4,141)	(4.4)
Overseas	—	—	—	—	—	—
Civil engineering	94,077	28.4	89,936	30.1	(4,141)	(4.4)
Public	20,790	6.3	19,004	6.3	(1,786)	(8.6)
Private	214,917	64.9	189,049	63.2	(25,867)	(12.0)
Domestic	235,708	71.2	208,053	69.5	(27,654)	(11.7)
Overseas	1,235	0.4	1,327	0.4	92	7.5
Building construction	236,943	71.6	209,381	69.9	(27,562)	(11.6)
Public	65,532	19.8	60,506	20.2	(5,026)	(7.7)
Private	264,253	79.8	237,483	79.4	(26,769)	(10.1)
Domestic	329,786	99.6	297,990	99.6	(31,795)	(9.6)
Overseas	1,235	0.4	1,327	0.4	92	7.5
Net sales—Total	331,021	100	299,317	100	(31,703)	(9.6)
Public	58,207	12.0	81,645	15.3	23,437	40.3
Private	125,564	25.9	113,463	21.2	(12,100)	(9.6)
Domestic	183,772	37.9	195,109	36.5	11,336	6.2
Overseas	—	—	—	—	—	—
Civil engineering	183,772	37.9	195,109	36.5	11,336	6.2
Public	40,987	8.4	56,658	10.6	15,670	38.2
Private	259,225	53.4	282,751	52.9	23,525	9.1
Domestic	300,213	61.8	339,409	63.5	39,196	13.1
Overseas	1,471	0.3	323	0.0	(1,147)	(78.0)
Building construction	301,684	62.1	339,733	63.5	38,048	12.6
Public	99,195	20.4	138,303	25.9	39,108	39.4
Private	384,789	79.3	396,214	74.1	11,424	3.0
Domestic	483,985	99.7	534,518	100.0	50,533	10.4
Overseas	1,471	0.3	323	0.0	(1,147)	(78.0)
Carried-forward—Total	485,457	100	534,842	100	49,385	10.2

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

FY2021 : Increased by 120 million yen FY2022 : Increased by 55 million yen

(2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2021	B FY2022	B - A		C FY2023 (Forecasts)	C - B	
				%			%
Net sales	4,252	4,035	(217)	(5.1)	4,331	296	7.3
Gross profit	435	332	(103)	(23.6)	378	46	13.8
(Ratio)	10.2%	8.2%	(2.0)%		8.7%	0.5%	
SG&A expenses	207	217	10		226	9	
Operating profit	227	115	(113)	(49.5)	152	37	32.4
(Ratio)	5.3%	2.8%	(2.5)%		3.5%	0.7%	
Non-operating income - net	10	8	(2)		5	(3)	
Ordinary profit	237	122	(115)	(48.4)	157	35	28.3
Extraordinary income - net	(8)	(2)	6		(1)	1	
Profit before income taxes	229	120	(109)	(47.5)	156	36	29.7
Income taxes and others	71	41	(30)		52	11	
Profit attributable to owners of parent	159	80	(79)	(49.7)	104	24	30.4

Nonconsolidated

(Operating Results)

	A FY2021	B FY2022	B - A		C FY2023 (Forecasts)	C - B	
				%			%
Civil engineering	1,108	1,013	(96)		1,100	87	
Building construction	2,393	2,472	79		2,450	(22)	
Domestic	3,501	3,485	(16)		3,550	65	
Overseas	1	1	0		180	179	
Orders received	3,502	3,486	(16)	(0.5)	3,730	244	7.0
Civil engineering	941	899	(41)		900	1	
Building construction	2,357	2,081	(277)		2,200	119	
Domestic	3,298	2,980	(318)		3,100	120	
Overseas	12	13	1		10	(3)	
Net sales	3,310	2,993	(317)	(9.6)	3,110	117	3.9
Civil engineering	91	85	(6)		90	5	
(Ratio)	9.7%	9.4%	(0.3)%		10.0%	0.6%	
Building construction	242	160	(82)		178	18	
(Ratio)	10.3%	7.7%	(2.6)%		8.1%	0.4%	
Domestic	333	244	(88)		268	24	
(Ratio)	10.1%	8.2%	(1.9)%		8.6%	0.4%	
Overseas	1	1	0		1	(0)	
(Ratio)	5.7%	8.7%	3.0%		10.0%	1.3%	
Gross profit	333	246	(88)	(26.3)	269	23	9.5
(Ratio)	10.1%	8.2%	(1.9)%		8.6%	0.4%	
SG&A expenses	156	165	10		169	4	
Operating profit	178	80	(97)	(54.7)	100	20	24.3
(Ratio)	5.4%	2.7%	(2.7)%		3.2%	0.5%	
Non-operating income - net	22	21	(1)		14	(7)	
Ordinary profit	200	102	(98)	(49.1)	114	12	12.3
Extraordinary income - net	(8)	(2)	5		0	2	
Profit before income taxes	192	99	(93)	(48.3)	114	15	14.9
Income taxes and others	55	29	(25)		36	7	
Profit	137	70	(67)	(49.0)	78	8	11.5