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Consolidated Financial Results for the Third Quarter Ended December 31, 2021 [Japanese GAAP]

February 9, 2022

Company name : Kumagai Gumi Co., Ltd.
 Stock exchange listings : Tokyo Stock Exchange, 1st Section
 Securities code : 1861 URL : <https://www.kumagaigumi.co.jp/>
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Date of filing of quarterly securities report : February 9, 2022
 Scheduled date of dividend payment : —
 Supplemental materials for quarterly financial results : None
 Presentation on quarterly financial results : None

(Rounded down to the nearest million yen)

1. Consolidated Results for the Third Quarter Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

(1) Consolidated Operating Results

(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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021 3rd Quarter	300,573	(4.3)	15,244	(20.4)	15,846	(17.7)	10,781	(11.0)
FY2020 3rd Quarter	313,967	2.2	19,156	22.3	19,244	20.1	12,108	(1.8)

(Note) Comprehensive income FY2021 3rd Quarter 9,901 million yen (32.0)% FY2020 3rd Quarter 14,559 million yen 14.6%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2021 3rd Quarter	231.56	—
FY2020 3rd Quarter	259.86	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021 3rd Quarter	357,909	166,813	46.6	3,616.29
FY2020	379,573	163,835	43.2	3,516.07

(Reference) Owner's equity FY2021 3rd Quarter 166,813 million yen FY2020 163,835 million yen

2. Dividends

	Annual cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	—	—	—	120.00	120.00
FY2021	—	—	—		
FY2021 (forecast)				120.00	120.00

(Note) Revision to the latest forecasts of cash dividends announced : None

3. Forecast of Consolidated Operating Results for FY2021 (April 1, 2021 – March 31, 2022)

(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
FY2021	451,000	0.2	27,000	(3.8)	27,400	(3.5)	18,600	3.8	401.47

(Note) Revision to the latest forecasts of consolidated operating results announced : None

※Basic earnings per share reflects the impact of the Company's decision to acquire own shares announced on November 11, 2021.

※ 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) Application of specific accounting for quarterly consolidated financial statements : None

(3) 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 "2. Quarterly Consolidated Financial Statements; (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)" on page 8 of the Attachments.

(4) Number of shares issued (common stock)

(Shares)

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

FY2021 Q3	46,805,660	FY2020	46,805,660
FY2021 Q3	677,288	FY2020	209,338
FY2021 Q3	46,558,331	FY2020 Q3	46,598,682

※ "Kessan Tanshin" is not subject to the quarterly review.

※ 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. Qualitative Information on Consolidated Operating Results for the Third Quarter Ended December 31, 2021; (3) Explanation of information on future forecasts, including the consolidated earnings forecasts" on page 2 of the Attachments for matters related to earnings forecasts.

(Reference) Summary of Nonconsolidated Financial Results

(Rounded down to the nearest million yen)

1. Nonconsolidated Results for the Third Quarter Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

(1) Nonconsolidated Operating Results

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

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021 3rd Quarter	234,009	(7.5)	11,888	(25.6)	13,759	(18.9)	9,830	(10.7)
FY2020 3rd Quarter	253,049	2.8	15,984	29.3	16,963	31.7	11,008	22.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2021 3rd Quarter	210.67	—
FY2020 3rd Quarter	235.71	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021 3rd Quarter	296,566	132,701	44.7	2,870.32
FY2020	316,659	131,287	41.5	2,811.32

(Reference) Owner's equity FY2021 3rd Quarter 132,701 million yen FY2020 131,287 million yen

2. Forecast of Nonconsolidated Operating Results for FY2021 (April 1, 2021 – March 31, 2022)

(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
FY2021	344,000	(4.5)	22,600	(4.0)	15,800	5.0	340.27

(Note) Revision to the latest forecasts of nonconsolidated operating results announced : None

※Basic earnings per share reflects the impact of the Company's decision to acquire own shares announced on November 11, 2021.

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1. Qualitative Information on Consolidated Operating Results for the Third Quarter Ended December 31, 2021

(1) Explanation of operating results

During the third quarter ended December 31, 2021, the Japanese economy saw signs of a recovery in production and consumer activities as the impact of COVID-19 dragged on, and business confidence was improving against the backdrop of a recovery in overseas demand and the easing of supply restrictions. However, with the number of infections starting to rise again following the emergence of the Omicron variant, business conditions remained uncertain.

In the construction industry, housing construction remained flat and private sector investment in construction slowed due to the resurgence of COVID-19, among other factors. Nevertheless, the volume of orders remained at a reasonable level as public investment remained at a high level, even if execution was slow, thanks to the implementation of construction budgets.

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.

Looking at the consolidated results for the third quarter ended December 31, 2021, net sales (completed contracts) fell 13.3 billion yen (4.3%) year on year, to 300.5 billion yen, mainly due to a decrease in the order backlog at the beginning of the fiscal year. On the profit front, operating income decreased 3.9 billion yen (20.4%) year on year, to 15.2 billion yen, and ordinary income dropped 3.3 billion yen (17.7%) year on year, to 15.8 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. Profit attributable to owners of parent was 10.7 billion yen, down 1.3 billion yen (11.0%) due to income taxes of 4.9 billion yen and other adjustments.

(2) Explanation of the financial position

Non-current assets at the end of the third quarter under review decreased 21.6 billion yen (5.7%) from the end of the previous fiscal year, to 357.9 billion yen, primarily reflecting a decrease in cash and deposits due to advance payments in large-scale construction projects and a decline in investment securities attributable to a fall in the market price of shares held by the Group.

Total liabilities fell 24.6 billion yen (11.4%) from the end of the previous fiscal year, to 191 billion yen, chiefly owing to the payment of payables such as notes payable, accounts payable for construction contracts and other and electronically recorded obligations – operating.

Net assets edged up 2.9 billion yen (1.8%), to 166.8 billion yen, mainly reflecting decreases due to the payment of dividends, acquisition of own shares and a fall in valuation difference on available-for-sale securities, more than offsetting increases due to the recording of profit attributable to owners of parent and foreign currency translation adjustment. The shareholders' equity ratio was 46.6%, improving 3.4 pt from 43.2% at the end of the previous fiscal year.

(3) Explanation of information on future forecasts, including the consolidated earnings forecasts

The Japanese economy is expected to see a sustained upward trend in exports and production going forward, as the world economy picks up due to the easing of restrictions and domestic consumer spending and corporate earnings recover largely due to progress in an array of government policies and booster

vaccinations. Even so, the economic outlook remains unclear, reflecting concern over an economic slowdown due to the resurgence of infections as a result of Omicron or the emergence of other new variants.

In the construction industry, the amount of private sector investments in construction will continue to recover at a moderate pace, albeit with variation depending on the type of business, on the back of growing demand. With respect to public investment, the same level of investments covered in the initial budget for FY2021 has been secured in the initial budget draft for FY2022, featuring the facilitation of priority measures for disaster prevention, disaster mitigation and national resilience such as the implementation of measures to address the issue of aging infrastructure through drone-based inspections, among other means, and prevention of disasters attributable to flooding and earthquakes by strengthening intangible factors such as land use restrictions and evacuation planning. 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. The rising cost of COVID countermeasures, delays in the supply of equipment and materials and other risks that might emerge if the COVID-19 pandemic drags on also need to be borne in mind.

Recent developments such as the increased severity and frequency of natural disasters and the aging of the social infrastructure established during Japan's high growth period are having major impacts on the foundations underpinning people's lives and industrial development. In addition, the COVID-19 pandemic has changed people's values and norms of behavior and the future is definitely more uncertain.

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 income of 33 billion yen. The Group will continue striving for sustainable growth by working as a team on this plan.

In view of the conditions described above and business results for the third quarter ended December 31, 2021, there are currently no changes to the consolidated earnings forecasts and the non-consolidated earnings forecasts for the fiscal year ending March 31, 2022 announced on May 13, 2021. With respect to the impact of the COVID-19 pandemic, the Group assumed that the amount of private sector investments, which remained low due to the spread of COVID-19, would rise again with a recovery in economic activities both in Japan and abroad, despite lingering weakness in some types of business. To date, the situation has developed largely in line with this assumption.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(millions of yen)

	Prior Fiscal Year (As of March 31, 2021)	Current 3rd Quarter (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	71,335	50,207
Notes receivable, accounts receivable from completed construction contracts and other	197,175	203,480
Costs on construction contracts in progress	6,454	11,221
Accounts receivable – other	29,477	20,707
Other	7,554	5,371
Allowance for doubtful accounts	(226)	(46)
Total current assets	311,770	290,942
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,491	8,722
Land	15,105	15,351
Other, net	3,061	2,906
Total property, plant and equipment	25,658	26,980
Intangible assets	558	668
Investments and other assets		
Investment securities	29,711	27,771
Deferred tax assets	7,245	6,498
Other	4,807	5,239
Allowance for doubtful accounts	(177)	(190)
Total investments and other assets	41,587	39,318
Total non-current assets	67,803	66,967
Total assets	379,573	357,909

(millions of yen)

	Prior Fiscal Year (As of March 31, 2021)	Current 3rd Quarter (As of December 31, 2021)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	84,610	68,678
Electronically recorded obligations – operating	37,435	34,924
Short-term borrowings	4,161	3,210
Advances received on construction contracts in progress	11,929	15,698
Deposits received	34,622	33,088
Provision for warranties for completed construction	473	497
Provision for loss on construction contracts	156	234
Provision for contingent loss	1,482	71
Provision for bonuses	4,256	2,200
Other	11,475	6,299
Total current liabilities	190,604	164,903
Non-current liabilities		
Long-term borrowings	7,728	8,600
Provision for share awards	140	167
Retirement benefit liability	16,644	16,807
Other	620	618
Total non-current liabilities	25,133	26,192
Total liabilities	215,737	191,095
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus	25,156	25,156
Retained earnings	104,727	109,898
Treasury shares	(451)	(1,765)
Total shareholders' equity	159,540	163,397
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,241	2,733
Foreign currency translation adjustment	384	917
Remeasurements of defined benefit plans	(330)	(235)
Total accumulated other comprehensive income	4,294	3,415
Total net assets	163,835	166,813
Total liabilities and net assets	379,573	357,909

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly consolidated statement of income (Cumulative total)

(millions of yen)

	FY2020 3rd Quarter (Apr 1, 2020—Dec 31, 2020)	FY2021 3rd Quarter (Apr 1, 2021—Dec 31, 2021)
Net sales of completed construction contracts	313,967	300,573
Cost of sales of completed construction contracts	280,143	270,359
Gross profit on completed construction contracts	33,824	30,213
Selling, general and administrative expenses	14,668	14,969
Operating profit	19,156	15,244
Non-operating income		
Interest income	34	19
Dividend income	240	337
Share of profit of entities accounted for using equity method	101	184
Foreign exchange gains	—	61
Reversal of provision for contingent loss	—	114
Other	179	120
Total non-operating income	555	838
Non-operating expenses		
Interest expenses	133	124
Foreign exchange losses	40	—
Commission for syndicated loans	202	58
Amortization of share issuance costs	33	—
Other	57	54
Total non-operating expenses	467	237
Ordinary profit	19,244	15,846
Extraordinary income		
Gain on sale of non-current assets	4	6
Gain on sale of membership	2	9
Subsidy income	—	61
Other	—	1
Total extraordinary income	7	78
Extraordinary losses		
Loss on retirement of non-current assets	18	49
Loss on tax purpose reduction entry of non-current assets	—	61
Infectious disease related costs	250	61
Provision for contingent loss	311	—
Loss on transfer of receivables	458	—
Other	178	13
Total extraordinary losses	1,218	186
Profit before income taxes	18,033	15,738
Income taxes – current	3,245	3,586
Income taxes – deferred	2,679	1,371
Total income taxes	5,924	4,957
Profit	12,108	10,781
Profit attributable to owners of parent	12,108	10,781

Quarterly consolidated statement of comprehensive income (Cumulative total)

(millions of yen)

	FY2020 3rd Quarter (Apr 1, 2020—Dec 31, 2020)	FY2021 3rd Quarter (Apr 1, 2021—Dec 31, 2021)
Profit	12,108	10,781
Other comprehensive income		
Valuation difference on available-for-sale securities	2,364	(1,503)
Foreign currency translation adjustment	(3)	533
Remeasurements of defined benefit plans, net of tax	93	95
Share of other comprehensive income of entities accounted for using equity method	(4)	(4)
Total other comprehensive income	2,450	(879)
Comprehensive income	14,559	9,901
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,559	9,901
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes related to the going concern assumption)

Not applicable

(Notes in the case of significant changes in shareholders' equity)

The Company has been proceeding with the acquisition of own shares based on a resolution at the meeting of the Board of Directors held on November 11, 2021. During the first nine months of the fiscal year under review, it has acquired 401,400 treasury shares. Due to this acquisition, the value of Company's treasury shares has increased 1,127 million yen.

(Changes in accounting policies)

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

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. since the beginning of the first quarter and recognizes 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 is 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 of the Company's subsidiaries, 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 Company applies the Revenue Recognition Accounting Standard in accordance with the transitional handling stipulated in the proviso of Paragraph 84 of the standard. The Company adds or subtracts the amount of the cumulative effects on retained earnings at the beginning of the first quarter to or from the retained earnings in cases where the new accounting policies are applied retroactively to periods before the beginning of the first quarter. The Company began applying the new accounting policies to balances at the start of the first quarter. However, the Company applied the procedure provided for in Paragraph 86 of the Revenue Recognition Accounting Standards and did not retroactively apply the new accounting policy to contracts under which almost all revenue had been recognized before the beginning of the first quarter in accordance with the procedure before the application of the new accounting policy. 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 first quarter and added the cumulative effect of the procedures to retained earnings at the beginning of the first quarter.

As a result, completed contracts and the cost of completed contracts during the first nine months ended December 31, 2021 each increased by 925 million yen.

There is no cumulative effect which needs to be reflected in retained earnings at the beginning of the first quarter.

In addition, in accordance with the provisional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information that breaks down revenues arising in relation to contracts with customers for the third quarter of the previous fiscal year is not stated.

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

The Company began applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019, hereinafter the “Fair Value Measurement Accounting Standard”) and related measures at the beginning of the first quarter. Accordingly, the Company will apply the new accounting policies prescribed in the Fair Value Measurement Accounting Standard and related measures in the future in accordance with the transitional handling stipulated in Section 19 of the same standard and Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019). Application of this standard has no impact on quarterly consolidated financial statements.

(Segment Information)

FY2020 3rd Quarter (Apr 1, 2020— December31, 2020)

1 Information on Net Sales and Profit of Each Reportable Segment

(millions of yen)

	Reportable segments				Adjustments (Note1)	Amounts on Quarterly consolidated statement of income (Note2)
	Civil engineering	Building construction	Subsidiaries	Total		
Net Sales						
Sales to customers	87,050	165,998	60,918	313,967	—	313,967
Intersegment sales and transfers	—	0	12,709	12,709	(12,709)	—
Total	87,050	165,999	73,627	326,677	(12,709)	313,967
Segment income	5,267	10,717	3,145	19,130	25	19,156

(Note1) The adjustments on segment income are eliminations of intersegment transactions.

(Note2) The segment income is reconciled with operating income in the quarterly consolidated statement of income.

FY2021 3rd Quarter (Apr 1, 2021—December 31, 2021)

1 Information on Net Sales and Profit of Each Reportable Segment and Disaggregation of Revenue

(millions of yen)

	Reportable segments				Adjustments (Note1)	Amounts on Quarterly consolidated statement of income (Note2)
	Civil engineering	Building construction	Subsidiaries	Total		
Net Sales						
Revenue from contracts with customers	69,685	164,324	72,078	306,088	(5,514)	300,573
Sales to customers	69,685	164,324	66,563	300,573	—	300,573
Intersegment sales and transfers	—	—	5,514	5,514	(5,514)	—
Total	69,685	164,324	72,078	306,088	(5,514)	300,573
Segment income	2,348	9,540	3,350	15,239	5	15,244

(Note1) The adjustments on segment income are eliminations of intersegment transactions.

(Note2) The segment income is reconciled with operating income in the quarterly consolidated statement of income.

2 Matters related to changes in reporting segments

As stated in Changes in Accounting Policies, the Company began applying the Revenue Recognition Accounting Standard, etc., and changed the method of accounting in connection with revenue recognition from the first quarter. Accordingly, the Company changed the method of calculating profits and losses for its business segments.

As a result of this change, net sales for the first nine months ended December 31, 2021 increased 14 million yen in the "Civil Works Segment" and 910 million yen in the "Construction Segment" compared to the previous method. Intersegment sales and transfers which are included in the "Subsidiaries Segment" decreased by 1,788 million yen compared to the previous method. The impact of this change on segment income is minor.

3. Quarterly Nonconsolidated Financial Statements

(1) Quarterly nonconsolidated balance sheet

(millions of yen)

	Prior Fiscal Year (As of March 31, 2021)	Current 3rd Quarter (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	51,767	28,516
Notes receivable, accounts receivable from completed construction contracts and other	165,254	178,166
Costs on construction contracts in progress	5,443	10,046
Other	36,824	23,291
Allowance for doubtful accounts	(195)	(19)
Total current assets	259,095	240,002
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,557	4,871
Land	12,207	12,474
Other, net	1,248	1,032
Total property, plant and equipment	17,012	18,379
Intangible assets	434	535
Investments and other assets		
Investment securities	10,408	9,091
Deferred tax assets	5,369	5,092
Other	24,340	23,466
Allowance for doubtful accounts	(1)	—
Total investments and other assets	40,116	37,650
Total non-current assets	57,563	56,564
Total assets	316,659	296,566

(millions of yen)

	Prior Fiscal Year (As of March 31, 2021)	Current 3rd Quarter (As of December 31, 2021)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	69,871	54,120
Electronically recorded obligations – operating	32,973	31,174
Short-term borrowings	3,942	3,005
Lease obligations	15	15
Advances received on construction contracts in progress	9,943	14,482
Deposits received	33,325	30,994
Provision for warranties for completed construction	428	450
Provision for loss on construction contracts	155	209
Provision for contingent loss	1,462	68
Provision for bonuses	2,760	1,438
Other	8,914	5,134
Total current liabilities	163,793	141,092
Non-current liabilities		
Long-term borrowings	7,728	8,600
Lease obligations	19	14
Provision for share awards	140	167
Provision for retirement benefits	13,624	13,866
Other	65	125
Total non-current liabilities	21,577	22,773
Total liabilities	185,371	163,865
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus	25,156	25,156
Retained earnings	72,143	76,363
Treasury shares	(328)	(1,641)
Total shareholders' equity	127,079	129,987
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,208	2,713
Total valuation and translation adjustments	4,208	2,713
Total net assets	131,287	132,701
Total liabilities and net assets	316,659	296,566

(2) Quarterly nonconsolidated statement of income (Cumulative total)

(millions of yen)

	FY2020 3rd Quarter (Apr 1, 2020—Dec 31, 2020)	FY2021 3rd Quarter (Apr 1, 2021—Dec 31, 2021)
Net sales of completed construction contracts	253,049	234,009
Cost of sales of completed construction contracts	225,989	210,993
Gross profit on completed construction contracts	27,060	23,016
Selling, general and administrative expenses	11,076	11,127
Operating profit	15,984	11,888
Non-operating income		
Interest income	28	12
Dividend income	1,223	1,814
Foreign exchange gains	—	48
Reversal of provision for contingent loss	—	109
Other	172	119
Total non-operating income	1,424	2,104
Non-operating expenses		
Interest expenses	130	122
Foreign exchange losses	38	—
Commission for syndicated loans	202	58
Amortization of share issuance costs	33	—
Other	39	53
Total non-operating expenses	444	233
Ordinary profit	16,963	13,759
Extraordinary income		
Gain on sale of non-current assets	0	—
Gain on sale of membership	2	9
Subsidy income	—	61
Total extraordinary income	2	71
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	—	61
Compensation expenses	—	35
Infectious disease related costs	206	42
Provision for contingent loss	311	—
Loss on transfer of receivables	458	—
Other	136	8
Total extraordinary losses	1,112	147
Profit before income taxes	15,853	13,682
Income taxes – current	2,566	2,915
Income taxes – deferred	2,279	936
Total income taxes	4,845	3,852
Profit	11,008	9,830

4. Supplementary Information

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

(millions of yen)

	FY2020 3rd Quarter Apr 1, 2020—Dec 31, 2020		FY2021 3rd Quarter Apr 1, 2021—Dec 31, 2021		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	23,762	12.7	45,866	20.4	22,104	93.0
Private	39,707	21.3	30,732	13.7	(8,974)	(22.6)
Domestic	63,469	34.0	76,599	34.1	13,129	20.7
Overseas	—	—	—	—	—	—
Civil engineering	63,469	34.0	76,599	34.1	13,129	20.7
Public	8,972	4.8	22,514	10.0	13,542	150.9
Private	112,274	60.2	125,509	55.9	13,235	11.8
Domestic	121,246	65.0	148,023	65.9	26,777	22.1
Overseas	1,841	1.0	85	0.0	(1,756)	(95.3)
Building construction	123,088	66.0	148,109	65.9	25,021	20.3
Public	32,734	17.5	68,380	30.4	35,646	108.9
Private	151,981	81.5	156,242	69.6	4,260	2.8
Domestic	184,716	99.0	224,623	100.0	39,906	21.6
Overseas	1,841	1.0	85	0.0	(1,756)	(95.3)
Orders received—Total	186,558	100	224,708	100	38,150	20.4
Public	42,187	16.7	30,797	13.2	(11,390)	(27.0)
Private	44,863	17.7	38,888	16.6	(5,974)	(13.3)
Domestic	87,050	34.4	69,685	29.8	(17,365)	(19.9)
Overseas	—	—	—	—	—	—
Civil engineering	87,050	34.4	69,685	29.8	(17,365)	(19.9)
Public	23,786	9.4	15,245	6.5	(8,541)	(35.9)
Private	141,000	55.7	148,590	63.5	7,590	5.4
Domestic	164,787	65.1	163,836	70.0	(950)	(0.6)
Overseas	1,211	0.5	487	0.2	(724)	(59.8)
Building construction	165,999	65.6	164,324	70.2	(1,674)	(1.0)
Public	65,974	26.1	46,042	19.7	(19,931)	(30.2)
Private	185,863	73.4	187,479	80.1	1,615	0.9
Domestic	251,838	99.5	233,522	99.8	(18,315)	(7.3)
Overseas	1,211	0.5	487	0.2	(724)	(59.8)
Net sales—Total	253,049	100	234,009	100	(19,039)	(7.5)
Public	37,523	7.9	58,428	12.8	20,905	55.7
Private	127,383	26.7	115,509	25.3	(11,873)	(9.3)
Domestic	164,906	34.6	173,937	38.1	9,031	5.5
Overseas	—	—	—	—	—	—
Civil engineering	164,906	34.6	173,937	38.1	9,031	5.5
Public	29,454	6.2	33,129	7.3	3,675	12.5
Private	279,136	58.6	247,657	54.2	(31,479)	(11.3)
Domestic	308,590	64.8	280,786	61.5	(27,804)	(9.0)
Overseas	2,979	0.6	2,147	0.5	(832)	(27.9)
Building construction	311,570	65.4	282,933	61.9	(28,636)	(9.2)
Public	66,977	14.1	91,557	20.0	24,580	36.7
Private	406,520	85.3	363,166	79.5	(43,353)	(10.7)
Domestic	473,497	99.4	454,724	99.5	(18,773)	(4.0)
Overseas	2,979	0.6	2,147	0.5	(832)	(27.9)
Carried-forward—Total	476,476	100	456,871	100	(19,605)	(4.1)

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

FY2020 3rd Quarter : Decreased by 145 million yen FY2021 3rd Quarter : Increased by 50 million yen

(2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2020 3rd Quarter	B FY2021 3rd Quarter	B - A	
				%
Net sales	3,140	3,006	(134)	(4.3)
Gross profit	338	302	(36)	(10.7)
(Ratio)	10.8%	10.1%	(0.7)%	
SG&A expenses	147	150	3	
Operating income	192	152	(39)	(20.4)
(Ratio)	6.1%	5.1%	(1.0)%	
Non-operating income - net	1	6	5	
Ordinary income	192	158	(34)	(17.7)
Extraordinary income - net	(12)	(1)	11	
Profit before income taxes	180	157	(23)	(12.7)
Income taxes and others	59	50	(10)	
Profit attributable to owners of parent	121	108	(13)	(11.0)

(Forecasts of Operating Results for Full year)

	C FY2020 Result	D FY2021 (Forecasts)	D - C	
				%
	4,502	4,510	8	0.2
	481	478	(3)	(0.6)
	10.7%	10.6%	(0.1)%	
	200	208	8	
	281	270	(11)	(3.8)
	6.2%	6.0%	(0.2)%	
	3	4	1	
	284	274	(10)	(3.5)
	(23)	(1)	22	
	261	273	12	4.6
	82	87	5	
	179	186	7	3.8

Nonconsolidated

(Operating Results)

	A FY2020 3rd Quarter	B FY2021 3rd Quarter	B - A	
				%
Civil engineering	635	766	131	
Building construction	1,212	1,480	268	
Domestic	1,847	2,246	399	
Overseas	18	1	(18)	
Orders received	1,866	2,247	382	20.4
Civil engineering	871	697	(174)	
Building construction	1,648	1,638	(10)	
Domestic	2,518	2,335	(183)	
Overseas	12	5	(7)	
Net sales	2,530	2,340	(190)	(7.5)
Civil engineering	97	70	(27)	
(Ratio)	11.1%	10.1%	(1.0)%	
Building construction	173	160	(14)	
(Ratio)	10.5%	9.7%	(0.8)%	
Domestic	270	230	(41)	
(Ratio)	10.7%	9.8%	(0.9)%	
Overseas	0	1	0	
(Ratio)	4.1%	11.6%	7.5%	
Gross profit	271	230	(40)	(14.9)
(Ratio)	10.7%	9.8%	(0.9)%	
SG&A expenses	111	111	1	
Operating income	160	119	(41)	(25.6)
(Ratio)	6.3%	5.1%	(1.2)%	
Non-operating income - net	10	19	9	
Ordinary income	170	138	(32)	(18.9)
Extraordinary income - net	(11)	(1)	10	
Profit before income taxes	159	137	(22)	(13.7)
Income taxes and others	48	39	(10)	
Profit	110	98	(12)	(10.7)

(Forecasts of Operating Results for Full year)

	C FY2020 Result	D FY2021 (Forecasts)	D - C	
				%
	1,001	1,100	99	
	1,814	2,200	386	
	2,815	3,300	485	
	18	50	32	
	2,834	3,350	516	18.2
	1,214	1,050	(164)	
	2,369	2,370	1	
	3,584	3,420	(164)	
	18	20	2	
	3,602	3,440	(162)	(4.5)
	137	118	(19)	
	11.3%	11.2%	(0.1)%	
	238	250	12	
	10.0%	10.5%	0.5%	
	375	368	(7)	
	10.5%	10.8%	0.3%	
	1	1	0	
	5.0%	5.0%	0.0%	
	376	369	(7)	(1.9)
	10.4%	10.7%	0.3%	
	152	156	4	
	224	213	(11)	(5.1)
	6.2%	6.2%	0.0%	
	11	13	2	
	235	226	(9)	(4.0)
	(21)	0	21	
	215	226	11	5.2
	64	68	4	
	150	158	8	5.0