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



April 27, 2022

Company name: YONDENKO CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 1939

URL: <https://www.yondenko.co.jp/en/>

Representative: Yukio Sekiya, Representative Director & President

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Scheduled date of annual general meeting of shareholders: June 29, 2022

Scheduled date of commencing dividend payments: June 30, 2022

Scheduled date of filing securities report: June 30, 2022

Availability of supplementary explanatory materials on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (Video streaming is scheduled.)

(Amounts of less than one million yen are rounded down.)

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

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	92,648	3.4	5,415	6.4	6,145	10.5	3,779	3.5
March 31, 2021	89,629	8.3	5,089	48.9	5,563	42.4	3,652	59.5

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥3,606 million [(36.8)%]

Fiscal year ended March 31, 2021: ¥5,708 million [659.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	240.53	–	7.2	6.3	5.8
March 31, 2021	232.74	–	7.5	5.9	5.7

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2022: ¥– million

Fiscal year ended March 31, 2021: ¥– million

(Note) The Company conducted a 2-for-1 share split of common shares on October 1, 2021. Basic earnings per share have been calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2021.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	96,517	54,175	56.1	3,443.05
As of March 31, 2021	98,998	51,567	52.0	3,282.96

(Reference) Equity: As of March 31, 2022: ¥54,122 million

As of March 31, 2021: ¥51,526 million

(Note) The Company conducted a 2-for-1 share split of common shares on October 1, 2021. Net assets per share have been calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2021.

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	9,918	(1,586)	(2,554)	19,095
March 31, 2021	9,422	(1,747)	(2,371)	13,318

### 2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	–	40.00	–	60.00	100.00	784	21.5	1.6
March 31, 2022	–	70.00	–	55.00	–	1,414	37.4	2.7
March 31, 2023 (Forecast)	–	45.00	–	45.00	90.00		40.4	

(Note) The Company conducted a 2-for-1 share split of common shares on October 1, 2021. The figures for dividend periods until the second quarter of the fiscal year ended March 31, 2022 show actual dividend amounts before conducting the share split. The annual dividend per share converted on a post-share-split basis is 50 yen for the fiscal year ended March 31, 2021 and 90 yen for the fiscal year ended March 31, 2022.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	93,000	0.4	5,000	(7.7)	5,400	(12.1)	3,500	(7.4)	222.66

#### \* Notes:

- (1) Changes in significant subsidiaries during the fiscal year under review: None  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (3) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the year (including treasury shares):

March 31, 2022:	16,255,470 shares
March 31, 2021:	16,255,470 shares
  - 2) Total number of treasury shares at the end of the year:

March 31, 2022:	536,121 shares
March 31, 2021:	560,300 shares
  - 3) Average number of shares outstanding during the year:

Year ended March 31, 2022:	15,712,040 shares
Year ended March 31, 2021:	15,691,487 shares

(Note) The Company conducted a 2-for-1 share split of common shares on October 1, 2021. The total number of issued shares at the end of the year, the total number of treasury shares at the end of the year, and the average number of shares outstanding during the year have been calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2021.

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)**

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	77,965	2.0	3,675	22.6	4,802	28.0	3,268	21.3
March 31, 2021	76,412	7.5	2,997	71.1	3,750	44.6	2,695	61.2

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	208.05	—
March 31, 2021	171.78	—

(Note) The Company conducted a 2-for-1 share split of common shares on October 1, 2021. Basic earnings per share have been calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2021.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	77,642	47,475	61.1	3,020.19
As of March 31, 2021	77,709	45,655	58.8	2,908.87

(Reference) Equity: As of March 31, 2022: ¥47,475 million

As of March 31, 2021: ¥45,655 million

(Note) The Company conducted a 2-for-1 share split of common shares on October 1, 2021. Net assets per share have been calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2021.

**2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)**

(% indicates changes from the previous corresponding period.)

Full year	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	78,000	0.0	3,300	(10.2)	4,000	(16.7)	2,800	(14.3)	178.12

\* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

The above forecasts are prepared on the basis of the Company's current outlook and plans as of the date of publication of this document and do not represent a promise or commitment by the Company to achieve them. Actual results may be different from the forecast figures due to various factors in the future.

Please refer to page 3 of the attached document (available only in Japanese) for the assumptions and other matters related to the above forecasts.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	8,467	8,323
Notes receivable, accounts receivable from completed construction contracts and other	22,179	20,639
Electronically recorded monetary claims - operating	1,642	1,463
Investments in leases	3,521	3,633
Costs on construction contracts in progress	6,136	2,047
Other inventories	2,195	1,495
Deposits paid to subsidiaries and associates	5,600	11,800
Other	2,427	1,013
Allowance for doubtful accounts	(42)	(72)
Total current assets	52,127	50,343
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,081	19,986
Machinery, vehicles, tools, furniture and fixtures	21,511	21,724
Land	12,121	12,095
Construction in progress	7	–
Accumulated depreciation	(24,600)	(25,807)
Total property, plant and equipment	28,120	28,000
Intangible assets		
Goodwill	2,031	1,633
Other	575	544
Total intangible assets	2,606	2,178
Investments and other assets		
Investment securities	11,029	10,088
Long-term loans receivable	628	624
Retirement benefit asset	2,160	2,572
Deferred tax assets	1,974	2,167
Other	548	774
Allowance for doubtful accounts	(197)	(232)
Total investments and other assets	16,143	15,995
Total non-current assets	46,870	46,173
Total assets	98,998	96,517

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	14,812	12,440
Short-term borrowings	340	360
Current portion of bonds payable	116	140
Current portion of long-term borrowings	3,023	3,013
Accounts payable - other	5,303	5,289
Income taxes payable	1,920	1,655
Advances received on construction contracts in progress	4,707	2,390
Provision for loss on construction contracts	31	6
Other	3,160	4,103
Total current liabilities	33,414	29,400
Non-current liabilities		
Bonds payable	110	111
Long-term borrowings	10,505	9,390
Provision for retirement benefits for directors (and other officers)	275	298
Retirement benefit liability	2,967	2,953
Other	156	186
Total non-current liabilities	14,015	12,941
Total liabilities	47,430	42,341
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,451	3,451
Capital surplus	4,222	4,234
Retained earnings	43,869	46,627
Treasury shares	(649)	(622)
Total shareholders' equity	50,894	53,691
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	582	120
Remeasurements of defined benefit plans	49	310
Total accumulated other comprehensive income	632	431
Non-controlling interests	41	53
Total net assets	51,567	54,175
Total liabilities and net assets	98,998	96,517

(2) Consolidated Statements of Income and Comprehensive Income  
 Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Net sales</b>		
Net sales of completed construction contracts	82,239	86,524
Sales in other businesses	7,389	6,123
<b>Total net sales</b>	<b>89,629</b>	<b>92,648</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	69,934	73,591
Cost of sales in other businesses	5,615	4,436
<b>Total cost of sales</b>	<b>75,550</b>	<b>78,027</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	12,305	12,933
Gross profit - other business	1,774	1,687
<b>Total gross profit</b>	<b>14,079</b>	<b>14,620</b>
<b>Selling, general and administrative expenses</b>	<b>8,989</b>	<b>9,204</b>
<b>Operating profit</b>	<b>5,089</b>	<b>5,415</b>
<b>Non-operating income</b>		
Interest income	16	16
Dividend income	217	345
Gain on sale of securities	–	30
Gain on sale of goods	105	170
Dividend income of life insurance	72	66
Rental income from real estate	60	63
Other	76	106
<b>Total non-operating income</b>	<b>549</b>	<b>799</b>
<b>Non-operating expenses</b>		
Interest expenses	53	46
Condolence money	5	13
Other	16	9
<b>Total non-operating expenses</b>	<b>75</b>	<b>69</b>
<b>Ordinary profit</b>	<b>5,563</b>	<b>6,145</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	13	0
Gain on sale of investment securities	19	–
Other	–	1
<b>Total extraordinary income</b>	<b>32</b>	<b>2</b>
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	0	–
Impairment losses	26	93
Loss on retirement of non-current assets	4	22
Loss on valuation of investment securities	95	222
Other	8	2
<b>Total extraordinary losses</b>	<b>134</b>	<b>341</b>
<b>Profit before income taxes</b>	<b>5,461</b>	<b>5,807</b>
<b>Income taxes - current</b>	<b>2,256</b>	<b>2,092</b>
<b>Income taxes - deferred</b>	<b>(474)</b>	<b>(92)</b>
<b>Total income taxes</b>	<b>1,781</b>	<b>2,000</b>
<b>Profit</b>	<b>3,679</b>	<b>3,807</b>
<b>Profit attributable to non-controlling interests</b>	<b>27</b>	<b>27</b>
<b>Profit attributable to owners of parent</b>	<b>3,652</b>	<b>3,779</b>

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	3,679	3,807
Other comprehensive income		
Valuation difference on available-for-sale securities	1,042	(462)
Remeasurements of defined benefit plans, net of tax	986	261
Total other comprehensive income	2,028	(200)
Comprehensive income	5,708	3,606
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,680	3,578
Comprehensive income attributable to non-controlling interests	27	27

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,451	4,221	40,899	(664)	47,907
Changes during period					
Dividends of surplus			(627)		(627)
Profit attributable to owners of parent			3,652		3,652
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		1		17	18
Change in scope of consolidation			(54)		(54)
Increase in consolidated subsidiaries - non-controlling interests					–
Net changes in items other than shareholders' equity					
Total changes during period	–	1	2,970	15	2,986
Balance at end of period	3,451	4,222	43,869	(649)	50,894

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans		
Balance at beginning of period	(459)	(936)	–	46,511
Changes during period				
Dividends of surplus				(627)
Profit attributable to owners of parent				3,652
Purchase of treasury shares				(2)
Disposal of treasury shares				18
Change in scope of consolidation				(54)
Increase in consolidated subsidiaries - non-controlling interests			41	41
Net changes in items other than shareholders' equity	1,042	986	–	2,028
Total changes during period	1,042	986	41	5,056
Balance at end of period	582	49	41	51,567



Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,451	4,222	43,869	(649)	50,894
Changes during period					
Dividends of surplus			(1,021)		(1,021)
Profit attributable to owners of parent			3,779		3,779
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		11		30	41
Change in scope of consolidation					–
Increase in consolidated subsidiaries - non-controlling interests					–
Net changes in items other than shareholders' equity					
Total changes during period	–	11	2,758	27	2,796
Balance at end of period	3,451	4,234	46,627	(622)	53,691

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans		
Balance at beginning of period	582	49	41	51,567
Changes during period				
Dividends of surplus			(16)	(1,037)
Profit attributable to owners of parent				3,779
Purchase of treasury shares				(3)
Disposal of treasury shares				41
Change in scope of consolidation				–
Increase in consolidated subsidiaries - non-controlling interests				–
Net changes in items other than shareholders' equity	(462)	261	27	(173)
Total changes during period	(462)	261	11	2,607
Balance at end of period	120	310	53	54,175

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,461	5,807
Depreciation	2,027	2,003
Impairment losses	26	93
Amortization of goodwill	398	584
Increase (decrease) in retirement benefit liability	220	110
Increase (decrease) in allowance for doubtful accounts	161	(18)
Increase (decrease) in provision for loss on construction contracts	(8)	(25)
Loss (gain) on valuation of investment securities	95	222
Decrease (increase) in retirement benefit asset	264	(161)
Interest and dividend income	(234)	(362)
Loss (gain) on sale of securities	–	(30)
Decrease (increase) in trade receivables	(452)	1,919
Decrease (increase) in investments in leases	(173)	(58)
Decrease (increase) in costs on construction contracts in progress	(1,457)	4,091
Decrease (increase) in other inventories	(506)	700
Increase (decrease) in trade payables	3,498	(2,573)
Decrease (increase) in accounts receivable - other	(838)	1,576
Increase (decrease) in accounts payable - other	103	(44)
Increase (decrease) in advances received on construction contracts in progress	1,549	(2,322)
Increase (decrease) in accrued consumption taxes	(77)	508
Other, net	656	(137)
Subtotal	10,714	11,883
Interest and dividends received	234	358
Interest paid	(70)	(62)
Income taxes paid	(1,455)	(2,260)
Net cash provided by (used in) operating activities	9,422	9,918
<b>Cash flows from investing activities</b>		
Proceeds from sale and redemption of securities	100	–
Purchase of property, plant and equipment	(1,246)	(1,350)
Proceeds from sale of property, plant and equipment	168	19
Purchase of investment securities	(99)	(2,032)
Proceeds from sale and redemption of investment securities	64	2,169
Purchase of shares of subsidiaries and associates	(30)	(5)
Purchase of intangible assets	(70)	(57)
Loan advances	(600)	(56)
Proceeds from collection of loans receivable	6	186
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	22
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(305)
Other, net	(40)	(175)
Net cash provided by (used in) investing activities	(1,747)	(1,586)

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(640)	–
Proceeds from long-term borrowings	2,120	1,860
Repayments of long-term borrowings	(3,187)	(3,251)
Redemption of bonds	(16)	(119)
Purchase of treasury shares	(2)	(3)
Dividends paid	(626)	(1,019)
Dividends paid to non-controlling interests	(12)	(16)
Other, net	(6)	(6)
Net cash provided by (used in) financing activities	(2,371)	(2,554)
Net increase (decrease) in cash and cash equivalents	5,303	5,776
Cash and cash equivalents at beginning of period	7,774	13,318
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	240	–
Cash and cash equivalents at end of period	13,318	19,095

## Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,705	3,102
Notes receivable - trade	2,571	2,338
Accounts receivable from completed construction contracts	18,235	15,711
Costs on construction contracts in progress	2,997	1,618
Raw materials and supplies	2,174	1,477
Prepaid expenses	53	57
Short-term loans receivable from subsidiaries and associates	150	47
Accounts receivable - other	1,987	666
Deposits paid to subsidiaries and associates	5,600	11,800
Other	151	129
Allowance for doubtful accounts	(11)	(4)
<b>Total current assets</b>	<b>37,615</b>	<b>36,944</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	15,340	16,070
Accumulated depreciation	(10,115)	(10,369)
Buildings, net	5,225	5,701
Structures	2,133	2,272
Accumulated depreciation	(1,568)	(1,628)
Structures, net	565	644
Machinery and vehicles	727	758
Accumulated depreciation	(472)	(501)
Machinery and vehicles, net	255	256
Tools, furniture and fixtures	1,022	1,077
Accumulated depreciation	(942)	(960)
Tools, furniture and fixtures, net	79	116
Land	11,449	11,345
Leased assets	3,927	3,866
Accumulated depreciation	(2,075)	(2,098)
Leased assets, net	1,852	1,768
Construction in progress	6	—
<b>Total property, plant and equipment</b>	<b>19,433</b>	<b>19,832</b>

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Intangible assets</b>		
Leasehold interests in land	7	7
Software	97	103
Other	36	35
<b>Total intangible assets</b>	<b>140</b>	<b>146</b>
<b>Investments and other assets</b>		
Investment securities	8,176	7,350
Shares of subsidiaries and associates	8,120	8,704
Long-term loans receivable from subsidiaries and associates	600	600
Long-term loans receivable from employees	27	23
Distressed receivables	0	0
Long-term prepaid expenses	0	0
Prepaid pension costs	2,027	2,189
Deferred tax assets	1,436	1,709
Other	303	312
Allowance for doubtful accounts	(171)	(171)
<b>Total investments and other assets</b>	<b>20,520</b>	<b>20,718</b>
<b>Total non-current assets</b>	<b>40,094</b>	<b>40,697</b>
<b>Total assets</b>	<b>77,709</b>	<b>77,642</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable - trade	2,459	2,121
Accounts payable for construction contracts	11,210	9,487
Lease liabilities	670	671
Accounts payable - other	5,063	5,002
Accrued expenses	1,422	1,442
Income taxes payable	1,438	1,183
Accrued consumption taxes	1,086	1,111
Advances received on construction contracts in progress	1,964	1,702
Deposits received	2,270	2,398
Provision for loss on construction contracts	31	6
Other	2	572
<b>Total current liabilities</b>	<b>27,621</b>	<b>25,700</b>

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Non-current liabilities</b>		
Lease liabilities	1,513	1,417
Provision for retirement benefits	2,838	2,968
Other	80	80
<b>Total non-current liabilities</b>	<b>4,432</b>	<b>4,466</b>
<b>Total liabilities</b>	<b>32,054</b>	<b>30,166</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,451	3,451
<b>Capital surplus</b>		
Legal capital surplus	4,209	4,209
Other capital surplus	13	25
<b>Total capital surplus</b>	<b>4,222</b>	<b>4,234</b>
<b>Retained earnings</b>		
Legal retained earnings	862	862
<b>Other retained earnings</b>		
Reserve for tax purpose reduction entry of non-current assets	706	703
General reserve	29,700	29,700
Retained earnings brought forward	6,762	9,013
<b>Total retained earnings</b>	<b>38,031</b>	<b>40,279</b>
Treasury shares	(649)	(622)
<b>Total shareholders' equity</b>	<b>45,056</b>	<b>47,343</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	598	132
<b>Total valuation and translation adjustments</b>	<b>598</b>	<b>132</b>
<b>Total net assets</b>	<b>45,655</b>	<b>47,475</b>
<b>Total liabilities and net assets</b>	<b>77,709</b>	<b>77,642</b>

## (2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Net sales</b>		
Net sales of completed construction contracts	73,859	75,828
Net sales in sideline businesses	2,552	2,136
<b>Total net sales</b>	<b>76,412</b>	<b>77,965</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	63,780	65,200
Cost of sales in sideline businesses	2,242	1,768
<b>Total cost of sales</b>	<b>66,022</b>	<b>66,969</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	10,079	10,627
Gross profit on sideline business	310	368
<b>Total gross profit</b>	<b>10,389</b>	<b>10,996</b>
<b>Selling, general and administrative expenses</b>		
Remuneration for directors (and other officers)	221	241
Employees' salaries and allowances	3,465	3,460
Retirement benefit expenses	321	208
Legal welfare expenses	582	580
Welfare expenses	281	329
Repair and maintenance expenses	31	28
Stationery expenses	219	236
Communication and transportation expenses	136	154
Power utilities expenses	66	70
Research study expenses	57	74
Education and training expenses	315	369
Advertising expenses	36	69
Provision of allowance for doubtful accounts	155	(6)
Entertainment expenses	29	35
Donations	12	12
Rent expenses on land and buildings	119	121
Depreciation	453	431
Taxes and dues	387	370
Insurance expenses	9	9
Bad debt expenses	0	—
Administrative outsourcing expenses	12	8
Miscellaneous expenses	478	514
<b>Total selling, general and administrative expenses</b>	<b>7,391</b>	<b>7,320</b>
<b>Operating profit</b>	<b>2,997</b>	<b>3,675</b>

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Non-operating income		
Interest income	8	12
Interest on securities	7	3
Dividend income	596	846
Gain on sale of securities	—	30
Gain on sale of goods	105	168
Dividend income of life insurance	72	66
Rental income from real estate	75	77
Other	24	50
Total non-operating income	890	1,255
Non-operating expenses		
Interest expenses	117	110
Condolence money	5	9
Other	15	7
Total non-operating expenses	137	128
Ordinary profit	3,750	4,802
Extraordinary income		
Gain on sale of non-current assets	13	—
Gain on sale of investment securities	19	—
Total extraordinary income	32	—
Extraordinary losses		
Loss on sale of non-current assets	0	—
Impairment losses	26	105
Loss on retirement of non-current assets	2	19
Loss on valuation of investment securities	94	222
Total extraordinary losses	123	347
Profit before income taxes	3,660	4,455
Income taxes - current	1,481	1,254
Income taxes - deferred	(516)	(68)
Total income taxes	964	1,186
Profit	2,695	3,268



## (3) Non-consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity			
	Share capital	Capital surplus		Retained earnings
		Legal capital surplus	Other capital surplus	Legal retained earnings
Balance at beginning of period	3,451	4,209	12	862
Changes during period				
Reversal of reserve for tax purpose reduction entry of non-current assets				
Reversal of reserve for special depreciation				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Disposal of treasury shares			1	
Net changes in items other than shareholders' equity				
Total changes during period	—	—	1	—
Balance at end of period	3,451	4,209	13	862

	Shareholders' equity						Valuation difference on available-for-sale securities	Total net assets	
	Retained earnings					Treasury shares	Total shareholders' equity		Valuation difference on available-for-sale securities
	Other retained earnings				Retained earnings brought forward				
	Reserve for tax purpose reduction entry of non-current assets	Reserve for special depreciation	General reserve						
Balance at beginning of period	711	56	29,700	4,633	(664)	42,972	(453)	42,518	
Changes during period									
Reversal of reserve for tax purpose reduction entry of non-current assets	(5)			5		—		—	
Reversal of reserve for special depreciation		(56)		56		—		—	
Dividends of surplus				(627)		(627)		(627)	
Profit				2,695		2,695		2,695	
Purchase of treasury shares					(2)	(2)		(2)	
Disposal of treasury shares					17	18		18	
Net changes in items other than shareholders' equity							1,051	1,051	
Total changes during period	(5)	(56)	—	2,129	15	2,084	1,051	3,136	
Balance at end of period	706	—	29,700	6,762	(649)	45,056	598	45,655	

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity			
	Share capital	Capital surplus		Retained earnings
		Legal capital surplus	Other capital surplus	Legal retained earnings
Balance at beginning of period	3,451	4,209	13	862
Changes during period				
Reversal of reserve for tax purpose reduction entry of non-current assets				
Reversal of reserve for special depreciation				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Disposal of treasury shares			11	
Net changes in items other than shareholders' equity				
Total changes during period	—	—	11	—
Balance at end of period	3,451	4,209	25	862

	Shareholders' equity						Valuation difference on available-for-sale securities	Total net assets
	Retained earnings				Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
	Other retained earnings							
	Reserve for tax purpose reduction entry of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward				
Balance at beginning of period	706	—	29,700	6,762	(649)	45,056	(598)	45,655
Changes during period								
Reversal of reserve for tax purpose reduction entry of non-current assets	(3)			3		—		—
Reversal of reserve for special depreciation						—		—
Dividends of surplus				(1,021)		(1,021)		(1,021)
Profit				3,268		3,268		3,268
Purchase of treasury shares					(3)	(3)		(3)
Disposal of treasury shares					30	41		41
Net changes in items other than shareholders' equity							(466)	(466)
Total changes during period	(3)	—	—	2,251	27	2,286	(466)	1,820
Balance at end of period	703	—	29,700	9,013	(622)	47,343	132	47,475