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## Consolidated Financial Results for the First Quarter Ended June 30, 2022 [Japanese GAAP]

August 9, 2022

Company name : Kumagai Gumi Co., Ltd.  
 Stock exchange listings : Tokyo Stock Exchange, Prime Market  
 Securities code : 1861 URL : <https://www.kumagaigumi.co.jp/>  
 Representative : Yasunori Sakurano, President  
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 Date of filing of quarterly securities report : August 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 First Quarter Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

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

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022 1st Quarter	91,669	3.7	505	(82.1)	771	(74.0)	575	(71.5)
FY2021 1st Quarter	88,382	(11.4)	2,824	(33.7)	2,965	(33.0)	2,023	(25.6)

(Note) Comprehensive income FY2022 1st Quarter 150 million yen (79.2)% FY2021 1st Quarter 721 million yen (68.6)%

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
FY2022 1st Quarter	12.79		—	
FY2021 1st Quarter	43.43		—	

#### (2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	Net assets per share
	Million yen		Million yen		%	Yen
FY2022 1st Quarter	362,103		163,207		45.1	3,640.20
FY2021	371,096		169,302		45.6	3,751.09

(Reference) Owner's equity FY2022 1st Quarter 163,207 million yen FY2021 169,302 million yen

### 2. Dividends

	Annual cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
FY2021	—	—	—	120.00	120.00
FY2022	—	—	—	—	—
FY2022 (forecast)	—	—	—	130.00	130.00

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

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

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

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2022	442,000	3.9	23,200	2.0	23,500	(1.0)	16,200	2.2	364.56

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

※Basic earnings per share reflects the impact of the "Acquisition and Cancellation of Own Shares" announced on May 13, 2022.

※ 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 : Yes

③ Changes in accounting estimates : Yes

④ Retrospective restatements : None

(Note) For details of "Yes" above, please refer to 2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies),and (Changes in accounting policies which are difficult to distinguish from changes in accounting estimates) 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)

FY2022 Q1	45,411,660	FY2021	45,411,660
FY2022 Q1	576,998	FY2021	277,460
FY2022 Q1	45,040,706	FY2021 Q1	46,598,279

※ "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 First Quarter Ended June 30, 2022; (3) Explanation of information on future forecasts, including the consolidated earnings forecasts" on page 3 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 First Quarter Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(1) Nonconsolidated Operating Results

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

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022 1st Quarter	70,147	0.6	328	(86.8)	2,077	(48.7)	1,872	(42.6)
FY2021 1st Quarter	69,717	(13.4)	2,491	(33.5)	4,049	(17.2)	3,262	(4.5)

  

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2022 1st Quarter	41.47	—
FY2021 1st Quarter	69.86	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022 1st Quarter	293,752	128,714	43.8	2,864.22
FY2021	303,997	133,749	44.0	2,956.56

(Reference) Owner's equity FY2022 1st Quarter 128,714 million yen FY2021 133,749 million yen

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

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

	Net sales of completed construction contracts		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
FY2022	334,000	0.9	18,700	(6.3)	13,300	(3.1)	298.60

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

※Basic earnings per share reflects the impact of the "Acquisition and Cancellation of Own Shares" announced on May 13, 2022.

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## 1. Qualitative Information on Consolidated Operating Results for the First Quarter Ended June 30, 2022

### (1) Explanation of operating results

During the first quarter of the fiscal year under review, the Japanese economy recovered moderately, reflecting lingering weakness in the corporate earnings of some types of business due to the surge in raw materials prices and the disruption of supply chains linked mainly to the impact of the Ukraine situation and lockdowns in China. This was despite the fact that business sentiment improved in the personal service, hotel and restaurant industries in particular, reflecting signs of the recovery of consumer spending due to the implementation of measures aimed to promote economic and social activities and simultaneously limit the COVID-19 pandemic. In the construction industry, the order environment remained reasonable because building investment by private-sector enterprises and housing construction remained solid thanks to the recovery of companies' appetite for capital investment and demand for housing, coupled with public investment that held firm despite some signs of weakness.

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 first quarter under review, net sales (completed contracts) rose 3.2 billion yen (3.7%) year on year, to 91.6 billion yen, mainly due to an increase in the order backlog at the beginning of the fiscal year. On the profit front, operating profit decreased 2.3 billion yen (82.1%) year on year, to 0.5 billion yen, and ordinary profit dropped 2.1 billion yen (74.0%) year on year, to 0.7 billion yen, reflecting decreased gross profit (gross profit on completed contracts) as a result of a lower gross profit margin (gross profit margin on completed contracts) and higher selling, general and administrative expenses. Profit attributable to owners of parent was 0.5 billion yen, down 1.4 billion yen (71.5%) due to income taxes of 0.3 billion yen and other adjustments. The low profit margin was mainly attributable to the following factors. Costs were not reduced to the expected levels because of the continuing increase of construction material prices. In the civil engineering segment, net sales did not grow due to the suspension of construction projects and and sluggish progress in them. In addition, the acquisition of approvals for additional design changes to implemented projects was delayed. In the building construction segment, the profitability of a number of projects deteriorated primarily due to work process delays, and as in the civil engineering segment, the acquisition of approvals for additional design changes was delayed.

### (2) Explanation of the financial position

Total assets at the end of the first quarter came to 362.1 billion yen, a decrease of 8.9 billion yen (2.4%) from the end of the previous fiscal year, mainly due to the collection of receivables such as notes receivable, accounts receivable from completed construction contracts and other and accounts receivable – other, offsetting an increase in cash and deposits attributable to the collection of receivables.

Total liabilities fell 2.8 billion yen (1.4%) from the end of the previous fiscal year, to 198.8 billion yen, chiefly owing to the payment of payables such as notes payable, accounts payable for construction contracts and other. These changes in assets and liabilities are attributable to the fact that, in the construction industry, contract completions/handovers tend to be concentrated on the end of the fiscal year.

Net assets stood at 163.2 billion yen, a decrease of 6.0 billion yen (3.6%) from the end of the previous fiscal year, mainly reflecting a decline in retained earnings due to the payment of dividends, as well as the acquisition of treasury shares, despite the posting of profit attributable to owner of parent. The shareholders' equity ratio was 45.1%, declining 0.5 pt from 45.6% at the end of the previous fiscal year.

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

In the Japanese economy, the recovery of consumer spending and corporate earnings is expected, reflecting progress in the normalization of economic and social activities through government efforts including a range of effective policies while simultaneously implementing COVID-19 countermeasures. Still, the future of the economy remains uncertain, reflecting risks such as fluctuations in the financial and capital markets due to the Ukraine situation and global monetary tightening and new waves of COVID-19 infection.

In the construction industry, private-sector enterprises will invest in buildings in response to growth in demand for warehousing and logistics facilities and the recovery of companies' appetite for investing in production equipment and demand for housing, as well as redevelopment projects in urban areas. Public investment will remain solid due to well-planned investment in disaster prevention, disaster mitigation, and national resilience because investments almost on a par with the budget for FY2021 were secured in the FY2022 budget. However, attention should be paid to trends in risks such as rising construction material prices attributable to high crude oil prices and the depreciation of the yen that may cause the deterioration of profitability and the contraction of demand.

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 addition to the conditions described above, the Company expects a recovery in operating profit, reflecting the full-scale resumption of projects that have been suspended or whose progress has been sluggish, the start of the operations of new highly profitable projects and the acquisition of approvals for additional design changes in the civil engineering segment, and the reduction of costs and acquisition of approvals for additional design changes in the building construction segment. Accordingly, it has decided not to make changes to the consolidated earnings forecasts or the non-consolidated earnings forecasts for the fiscal year ending March 31, 2023 announced on May 13, 2022. Regarding the impact of the COVID-19 pandemic, the Company has assumed companies' appetite for capital investment is increasing with the recovery of economic activity both in Japan and abroad, and this recovery trend is expected to continue going forward.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly consolidated balance sheet

	(millions of yen)	
	Prior Fiscal Year (As of March 31, 2022)	Current 1st Quarter (As of June 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	67,404	72,115
Notes receivable, accounts receivable from completed construction contracts and other	204,809	191,329
Costs on construction contracts in progress	10,205	10,630
Accounts receivable – other	16,989	13,554
Other	2,514	3,201
Allowance for doubtful accounts	(48)	(43)
Total current assets	301,874	290,788
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,989	8,927
Land	15,399	15,314
Other, net	3,062	3,105
Total property, plant and equipment	27,451	27,346
Intangible assets	876	941
Investments and other assets		
Investment securities	27,927	27,926
Deferred tax assets	8,021	8,216
Other	5,107	7,040
Allowance for doubtful accounts	(162)	(156)
Total investments and other assets	40,893	43,026
Total non-current assets	69,221	71,314
Total assets	371,096	362,103

(millions of yen)

	Prior Fiscal Year (As of March 31, 2022)	Current 1st Quarter (As of June 30, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	82,014	64,869
Electronically recorded obligations – operating	29,032	36,524
Short-term borrowings	3,145	3,145
Income taxes payable	4,330	537
Advances received on construction contracts in progress	12,920	21,967
Deposits received	26,402	31,233
Provision for warranties for completed construction	610	534
Provision for loss on construction contracts	849	790
Provision for contingent loss	41	40
Provision for bonuses	4,588	2,226
Other	11,464	10,548
<b>Total current liabilities</b>	<b>175,399</b>	<b>172,418</b>
<b>Non-current liabilities</b>		
Long-term borrowings	9,007	9,007
Provision for share awards	183	195
Retirement benefit liability	16,615	16,720
Other	587	554
<b>Total non-current liabilities</b>	<b>26,394</b>	<b>26,478</b>
<b>Total liabilities</b>	<b>201,794</b>	<b>198,896</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	30,108	30,108
Capital surplus	21,145	21,145
Retained earnings	114,967	110,100
Treasury shares	(631)	(1,434)
<b>Total shareholders' equity</b>	<b>165,589</b>	<b>159,920</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,758	2,094
Foreign currency translation adjustment	1,081	1,313
Remeasurements of defined benefit plans	(127)	(121)
<b>Total accumulated other comprehensive income</b>	<b>3,712</b>	<b>3,286</b>
<b>Total net assets</b>	<b>169,302</b>	<b>163,207</b>
<b>Total liabilities and net assets</b>	<b>371,096</b>	<b>362,103</b>



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

(millions of yen)

	FY2021 1st Quarter (Apr 1, 2021—Jun 30, 2021)	FY2022 1st Quarter (Apr 1, 2022—Jun 30, 2022)
Net sales of completed construction contracts	88,382	91,669
Cost of sales of completed construction contracts	80,880	86,034
Gross profit on completed construction contracts	7,502	5,634
Selling, general and administrative expenses	4,677	5,129
Operating profit	2,824	505
Non-operating income		
Interest income	5	4
Dividend income	108	60
Share of profit of entities accounted for using equity method	59	53
Foreign exchange gains	8	215
Reversal of allowance for doubtful accounts	1	8
Other	25	14
Total non-operating income	209	357
Non-operating expenses		
Interest expenses	41	44
Commission for syndicated loans	10	10
Loss on investments in investment partnerships	—	22
Other	16	13
Total non-operating expenses	68	90
Ordinary profit	2,965	771
Extraordinary income		
Gain on sales of non-current assets	0	2
Gain on sales of memberships	—	64
Compensation for damage income	—	81
Other	0	—
Total extraordinary income	0	147
Extraordinary losses		
Loss on retirement of non-current assets	18	14
Compensation for damage	0	3
Infectious disease related costs	16	12
Other	3	1
Total extraordinary losses	39	31
Profit before income taxes	2,926	886
Income taxes – current	121	215
Income taxes – deferred	781	95
Total income taxes	902	310
Profit	2,023	575
Profit attributable to owners of parent	2,023	575

Quarterly consolidated statement of comprehensive income (Cumulative total)

(millions of yen)

	FY2021 1st Quarter (Apr 1, 2021—Jun 30, 2021)	FY2022 1st Quarter (Apr 1, 2022—Jun 30, 2022)
Profit	2,023	575
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,684)	(663)
Foreign currency translation adjustment	347	231
Remeasurements of defined benefit plans, net of tax	31	6
Share of other comprehensive income of entities accounted for using equity method	3	(1)
Total other comprehensive income	(1,302)	(425)
Comprehensive income	721	150
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	721	150
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 May 13, 2022. During the first three months of the fiscal year under review, it has acquired 301,500 treasury shares. Due to this acquisition, the value of Company's treasury shares has increased 808 million yen.

(Changes in accounting policies)

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company began adopting the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021, hereinafter the "Implementation Guidance") at the beginning of the first quarter. Accordingly, the Company has decided to apply the new accounting policies prescribed in the Implementation Guidance in the future in accordance with the transitional handling stipulated in Section 27-2 of the Implementation Guidance. Application of the Implementation Guidance has no impact on quarterly consolidated financial statements.

(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 at the beginning of the fiscal year under review.

Accordingly, operating profit, ordinary profit and profit before income taxes increased 36 million yen respectively from the levels calculated using the previous method.

(Additional information)

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

Starting from the first quarter of the fiscal year under review, the Company and its domestic consolidated subsidiaries made the shift to being companies with the group tax sharing system. Accordingly, the Group complies with provisions in the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Issues Task Force No. 42, issued August, 2021, hereinafter PITF No. 42) in conjunction with the accounting treatment and disclosure of income taxes, local corporate taxes and tax effect accounting. In addition, based on PITF No. 42 Section 32-1, it believes that there is no impact from the changes in accounting policies due to the adoption of PITF No.42.

(Segment information)

FY2021 1st Quarter (Apr 1, 2021 — Jun 30, 2021)

1 Reportable segment sales, profit or loss and revenue breakdown information

(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	21,946	47,770	20,047	89,765	(1,382)	88,382
Sales to customers	21,946	47,770	18,665	88,382	—	88,382
Intersegment sales and transfers	—	—	1,382	1,382	(1,382)	—
Total	21,946	47,770	20,047	89,765	(1,382)	88,382
Segment profit	549	1,942	314	2,806	18	2,824

(Note1) The segment profit adjustment is for the elimination of intersegment transactions.

(Note2) Segment profit is adjusted with operating profit recorded under the quarterly consolidated statement of income.

FY2022 1st Quarter (Apr 1, 2022 — Jun 30, 2022)

1 Reportable segment sales, profit or loss and revenue breakdown information

(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	19,022	51,088	21,201	91,311	—	91,311
Other revenue	—	32	324	357	—	357
Sales to customers	19,022	51,121	21,526	91,669	—	91,669
Intersegment sales and transfers	—	3	2,446	2,450	(2,450)	—
Total	19,022	51,125	23,972	94,119	(2,450)	91,669
Segment profit (loss)	(587)	915	172	500	4	505

(Note1) The segment profit (loss) adjustment is for the elimination of intersegment transactions.

(Note2) Segment profit (loss) is adjusted with operating profit recorded under the quarterly consolidated statement of income.

(Note3) Other revenue is a rental income based on the Accounting Standard for Lease Transactions (ASBJ statement No. 13 issued on March 30, 2007).

2 Matters related to changes in reporting segments

As described in the Changes in accounting policies which are difficult to distinguish from changes in accounting estimates, the Company traditionally used the declining balance method as a method for the depreciation of buildings and structures. However, it started adopting the straight-line method at the beginning of the first quarter under review.

As a result of this change, in the first quarter of the fiscal year under review, segment loss decreased 7 million yen in the civil engineering segment and segment income increased 29 million yen in the building construction segment compared with the results calculated using the previous method.

### 3. Quarterly Nonconsolidated Financial Statements

#### (1) Quarterly nonconsolidated balance sheet

	(millions of yen)	
	Prior Fiscal Year (As of March 31, 2022)	Current 1st Quarter (As of June 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	42,744	44,350
Notes receivable, accounts receivable from completed construction contracts and other	176,589	168,188
Costs on construction contracts in progress	9,259	8,673
Other	17,152	14,191
Allowance for doubtful accounts	(19)	(17)
Total current assets	245,726	235,386
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,883	4,713
Land	12,474	12,389
Other, net	1,356	1,593
Total property, plant and equipment	18,714	18,696
Intangible assets	749	818
Investments and other assets		
Investment securities	9,431	9,753
Deferred tax assets	6,428	6,532
Other	22,947	22,564
Total investments and other assets	38,806	38,849
Total non-current assets	58,270	58,365
Total assets	303,997	293,752

(millions of yen)

	Prior Fiscal Year (As of March 31, 2022)	Current 1st Quarter (As of June 30, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	64,825	46,172
Electronically recorded obligations – operating	25,050	32,763
Short-term borrowings	2,945	2,945
Lease obligations	13	10
Income taxes payable	3,927	154
Advances received on construction contracts in progress	11,005	19,871
Deposits received	24,570	28,779
Provision for warranties for completed construction	566	487
Provision for loss on construction contracts	835	783
Provision for contingent loss	38	37
Provision for bonuses	3,083	1,487
Other	10,135	8,193
<b>Total current liabilities</b>	<b>146,996</b>	<b>141,687</b>
<b>Non-current liabilities</b>		
Long-term borrowings	9,007	9,007
Lease obligations	11	10
Provision for stock payments	183	195
Provision for retirement benefits	13,922	14,010
Other	125	125
<b>Total non-current liabilities</b>	<b>23,251</b>	<b>23,349</b>
<b>Total liabilities</b>	<b>170,247</b>	<b>165,037</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	30,108	30,108
Capital surplus	21,145	21,145
Retained earnings	80,263	76,693
Treasury shares	(506)	(1,309)
<b>Total shareholders' equity</b>	<b>131,011</b>	<b>126,638</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	2,738	2,076
<b>Total valuation and translation adjustments</b>	<b>2,738</b>	<b>2,076</b>
<b>Total net assets</b>	<b>133,749</b>	<b>128,714</b>
<b>Total liabilities and net assets</b>	<b>303,997</b>	<b>293,752</b>

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

(millions of yen)

	FY2021 1st Quarter (Apr 1, 2021—Jun 30, 2021)	FY2022 1st Quarter (Apr 1, 2022—Jun 30, 2022)
Net sales of completed construction contracts	69,717	70,147
Cost of sales of completed construction contracts	63,827	66,029
Gross profit on completed construction contracts	5,889	4,117
Selling, general and administrative expenses	3,397	3,788
Operating profit	2,491	328
Non-operating income		
Interest income	3	1
Dividend income	1,587	1,623
Foreign exchange gains	3	195
Other	30	17
Total non-operating income	1,625	1,837
Non-operating expenses		
Interest expenses	40	43
Commission for syndicated loans	10	10
Loss on investments in investment partnerships	—	22
Other	15	11
Total non-operating expenses	66	88
Ordinary profit	4,049	2,077
Extraordinary income		
Gain on sales of non-current assets	—	2
Gain on sales of memberships	—	64
Total extraordinary income	—	66
Extraordinary losses		
Compensation for damage	0	3
Infectious disease related costs	12	9
Other	3	0
Total extraordinary losses	15	13
Profit before income taxes	4,034	2,130
Income taxes – current	60	70
Income taxes – deferred	711	187
Total income taxes	771	257
Profit	3,262	1,872

#### 4. Supplementary Information

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

(millions of yen)

	FY2021 1st Quarter Apr 1, 2021—Jun 30, 2021		FY2022 1st Quarter Apr 1, 2022—Jun 30, 2022		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	4,863	10.1	8,829	23.4	3,966	81.5
Private	7,102	14.6	7,823	20.8	721	10.2
Domestic	11,965	24.7	16,653	44.2	4,687	39.2
Overseas	—	—	—	—	—	—
<b>Civil engineering</b>	<b>11,965</b>	<b>24.7</b>	<b>16,653</b>	<b>44.2</b>	<b>4,687</b>	<b>39.2</b>
Public	2,484	5.1	932	2.5	(1,552)	(62.5)
Private	34,043	70.2	20,062	53.2	(13,980)	(41.1)
Domestic	36,528	75.3	20,995	55.7	(15,533)	(42.5)
Overseas	—	—	27	0.1	27	—
<b>Building construction</b>	<b>36,528</b>	<b>75.3</b>	<b>21,022</b>	<b>55.8</b>	<b>(15,505)</b>	<b>(42.4)</b>
Public	7,348	15.2	9,762	25.9	2,414	32.9
Private	41,146	84.8	27,886	74.0	(13,259)	(32.2)
Domestic	48,494	100.0	37,649	99.9	(10,845)	(22.4)
Overseas	—	—	27	0.1	27	—
<b>Orders received—Total</b>	<b>48,494</b>	<b>100</b>	<b>37,676</b>	<b>100</b>	<b>(10,818)</b>	<b>(22.3)</b>
Public	9,658	13.9	8,420	12.0	(1,238)	(12.8)
Private	12,287	17.6	10,601	15.1	(1,685)	(13.7)
Domestic	21,946	31.5	19,022	27.1	(2,924)	(13.3)
Overseas	—	—	—	—	—	—
<b>Civil engineering</b>	<b>21,946</b>	<b>31.5</b>	<b>19,022</b>	<b>27.1</b>	<b>(2,924)</b>	<b>(13.3)</b>
Public	4,182	6.0	3,170	4.5	(1,012)	(24.2)
Private	43,389	62.3	47,586	67.9	4,196	9.7
Domestic	47,572	68.3	50,756	72.4	3,183	6.7
Overseas	198	0.2	368	0.5	170	85.8
<b>Building construction</b>	<b>47,770</b>	<b>68.5</b>	<b>51,125</b>	<b>72.9</b>	<b>3,354</b>	<b>7.0</b>
Public	13,841	19.9	11,590	16.5	(2,251)	(16.3)
Private	55,677	79.9	58,187	83.0	2,510	4.5
Domestic	69,518	99.8	69,778	99.5	259	0.4
Overseas	198	0.2	368	0.5	170	85.8
<b>Net sales—Total</b>	<b>69,717</b>	<b>100</b>	<b>70,147</b>	<b>100</b>	<b>429</b>	<b>0.6</b>
Public	38,563	8.7	58,617	12.9	20,053	52.0
Private	118,479	26.6	122,786	27.1	4,306	3.6
Domestic	157,043	35.3	181,403	40.0	24,360	15.5
Overseas	—	—	—	—	—	—
<b>Civil engineering</b>	<b>157,043</b>	<b>35.3</b>	<b>181,403</b>	<b>40.0</b>	<b>24,360</b>	<b>15.5</b>
Public	24,162	5.4	38,750	8.6	14,587	60.4
Private	261,392	58.8	231,702	51.1	(29,690)	(11.4)
Domestic	285,555	64.2	270,452	59.7	(15,103)	(5.3)
Overseas	2,293	0.5	1,217	0.3	(1,076)	(46.9)
<b>Building construction</b>	<b>287,849</b>	<b>64.7</b>	<b>271,670</b>	<b>60.0</b>	<b>(16,179)</b>	<b>(5.6)</b>
Public	62,726	14.1	97,367	21.5	34,641	55.2
Private	379,872	85.4	354,488	78.2	(25,383)	(6.7)
Domestic	442,598	99.5	451,856	99.7	9,257	2.1
Overseas	2,293	0.5	1,217	0.3	(1,076)	(46.9)
<b>Carried-forward—Total</b>	<b>444,892</b>	<b>100</b>	<b>453,074</b>	<b>100</b>	<b>8,181</b>	<b>1.8</b>

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

FY2021 1st Quarter : Decreased by 6 million yen      FY2022 1st Quarter : Increased by 88 million yen



## (2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2021 1st Quarter	B FY2022 1st Quarter	B - A	
				%
Net sales	884	917	33	3.7
Gross profit	75	56	(19)	(24.9)
(Ratio)	8.5%	6.1%	(2.4)%	
SG&A expenses	47	51	5	
Operating profit	28	5	(23)	(82.1)
(Ratio)	3.2%	0.6%	(2.6)%	
Non-operating income - net	1	3	1	
Ordinary profit	30	8	(22)	(74.0)
Extraordinary income - net	(0)	1	2	
Profit before income taxes	29	9	(20)	(69.7)
Income taxes and others	9	3	(6)	
Profit attributable to owners of parent	20	6	(14)	(71.5)

(Forecasts of Operating Results for Full year)

	C FY2021 Result	D FY2022 (Forecasts)	D - C	
				%
	4,252	4,420	168	3.9
	435	458	23	5.4
	10.2%	10.4%	0.2%	
	207	226	19	
	227	232	5	2.0
	5.3%	5.2%	(0.1)%	
	10	3	(7)	
	237	235	(2)	(1.0)
	(8)	(1)	7	
	229	234	5	2.1
	71	72	1	
	159	162	3	2.2

Nonconsolidated

(Operating Results)

	A FY2021 1st Quarter	B FY2022 1st Quarter	B - A	
				%
Civil engineering	120	167	47	
Building construction	365	210	(155)	
Domestic	485	376	(108)	
Overseas	—	0	0	
Orders received	485	377	(108)	(22.3)
Civil engineering	219	190	(29)	
Building construction	476	508	32	
Domestic	695	698	3	
Overseas	2	4	2	
Net sales	697	701	4	0.6
Civil engineering	19	9	(9)	
(Ratio)	8.6%	4.9%	(3.7)%	
Building construction	40	33	(7)	
(Ratio)	8.4%	6.4%	(2.0)%	
Domestic	59	42	(17)	
(Ratio)	8.4%	6.0%	(2.4)%	
Overseas	0	(1)	(1)	
(Ratio)	10.4%	(22.5)%	(32.9)%	
Gross profit	59	41	(18)	(30.1)
(Ratio)	8.4%	5.9%	(2.5)%	
SG&A expenses	34	38	4	
Operating profit	25	3	(22)	(86.8)
(Ratio)	3.6%	0.5%	(3.1)%	
Non-operating income - net	16	17	2	
Ordinary profit	40	21	(20)	(48.7)
Extraordinary income - net	(0)	1	1	
Profit before income taxes	40	21	(19)	(47.2)
Income taxes and others	8	3	(5)	
Profit	33	19	(14)	(42.6)

(Forecasts of Operating Results for Full year)

	C FY2021 Result	D FY2022 (Forecasts)	D - C	
				%
	1,108	1,150	42	
	2,393	2,450	57	
	3,501	3,600	99	
	1	120	119	
	3,502	3,720	218	6.2
	941	1,000	59	
	2,357	2,320	(37)	
	3,298	3,320	22	
	12	20	8	
	3,310	3,340	30	0.9
	91	105	14	
	9.7%	10.5%	0.8%	
	242	234	(8)	
	10.3%	10.1%	(0.2)%	
	333	339	6	
	10.1%	10.2%	0.1%	
	1	2	1	
	5.7%	10.0%	4.3%	
	333	341	8	2.3
	10.1%	10.2%	0.1%	
	156	170	14	
	178	171	(7)	(3.8)
	5.4%	5.1%	(0.3)%	
	22	16	(6)	
	200	187	(13)	(6.3)
	(8)	0	8	
	192	187	(5)	(2.5)
	55	54	(1)	
	137	133	(4)	(3.1)