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Consolidated Financial Results for the Nine Months Ended December 31, 2020 [Japanese GAAP]



February 10, 2021

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1719
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 Scheduled date of filing quarterly securities report: February 10, 2021
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2020	262,927	(2.4)	19,764	16.9	18,316	11.6	12,509	13.3
December 31, 2019	269,360	6.4	16,910	38.7	16,410	45.4	11,043	124.1

(Note) Comprehensive income: Nine months ended December 31, 2020: ¥13,615 million [14.8%]

Nine months ended December 31, 2019: ¥11,856 million [193.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2020	64.93	64.92
December 31, 2019	55.29	55.27

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2020	321,215	142,764	44.2
As of March 31, 2020	339,772	136,900	40.0

(Reference) Equity: As of December 31, 2020: ¥142,019 million

As of March 31, 2020: ¥136,058 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	Yen —	Yen 15.00	Yen —	Yen 15.00	Yen 30.00
Fiscal year ending March 31, 2021	—	15.00	—		
Fiscal year ending March 31, 2021 (Forecast)				15.00	30.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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
	365,000	(3.5)	23,600	(4.5)	21,900	(8.7)	14,800	(11.9)	77.06

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2020 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - December 31, 2020: 200,343,397 shares
 - March 31, 2020: 200,343,397 shares
 - 2) Total number of treasury shares at the end of the period:
 - December 31, 2020: 10,035,323 shares
 - March 31, 2020: 7,315,545 shares
 - 3) Average number of shares during the period:
 - Nine months ended December 31, 2020: 192,654,680 shares
 - Nine months ended December 31, 2019: 199,756,042 shares

The Company has adopted a performance-linked stock remuneration plan using a trust. The Company's shares held by the trust (357,131 shares) are included in the total number of treasury shares at the end of the period and the average number of shares during the period is calculated and stated taking into account shares held by the trust.

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

- (1) The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly due to a wide range of factors.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	102,971	95,595
Notes receivable, accounts receivable from completed construction contracts and other	137,730	139,341
Securities	14,000	—
Costs on construction contracts in progress	4,927	5,382
Other inventories	4,686	6,100
Other	13,279	9,605
Allowance for doubtful accounts	(14)	(14)
Total current assets	277,582	256,011
Non-current assets		
Property, plant and equipment		
Land	15,505	16,684
Other, net	13,642	13,769
Total property, plant and equipment	29,148	30,454
Intangible assets	1,572	1,474
Investments and other assets		
Investment securities	18,698	20,588
Deferred tax assets	9,527	8,809
Other	3,244	3,878
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	31,469	33,275
Total non-current assets	62,190	65,204
Total assets	339,772	321,215

(Million yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	78,930	56,489
Short-term borrowings	17,391	16,882
Current portion of bonds	341	291
Advances received on construction contracts in progress	30,862	30,725
Provision for warranties for completed construction	2,371	2,404
Provision for bonuses	2,679	666
Provision for loss on construction contracts	955	1,278
Provision for loss on damage due to fire	6,699	6,024
Other	39,155	38,993
Total current liabilities	179,386	153,756
Non-current liabilities		
Bonds payable	691	546
Long-term borrowings	8,712	10,211
Deferred tax liabilities	45	43
Retirement benefit liability	12,776	12,539
Provision for environmental measures	148	139
Provision for management board incentive plan trust	93	100
Other	1,016	1,113
Total non-current liabilities	23,485	24,694
Total liabilities	202,872	178,450
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	19,926	19,922
Retained earnings	103,699	110,406
Treasury shares	(5,284)	(7,224)
Total shareholders' equity	135,348	140,110
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,880	2,967
Foreign currency translation adjustment	116	34
Remeasurements of defined benefit plans	(1,287)	(1,092)
Total accumulated other comprehensive income	709	1,909
Share acquisition rights	4	3
Non-controlling interests	837	741
Total net assets	136,900	142,764
Total liabilities and net assets	339,772	321,215

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Net sales		
Net sales of completed construction contracts	252,757	249,644
Sales in other businesses	16,603	13,283
Total net sales	269,360	262,927
Cost of sales		
Cost of sales of completed construction contracts	221,116	216,975
Cost of sales in other businesses	14,462	10,767
Total cost of sales	235,578	227,742
Gross profit		
Gross profit on completed construction contracts	31,640	32,668
Gross profit - other business	2,140	2,516
Total gross profit	33,781	35,185
Selling, general and administrative expenses	16,871	15,421
Operating profit	16,910	19,764
Non-operating income		
Dividend income	163	154
Other	253	130
Total non-operating income	416	284
Non-operating expenses		
Interest expenses	324	250
Commission expenses	130	812
Foreign exchange losses	253	153
Other	207	516
Total non-operating expenses	916	1,732
Ordinary profit	16,410	18,316
Extraordinary income		
Subsidy income	—	354
Gain on sales of non-current assets	77	10
Gain on sales of investment securities	110	160
Total extraordinary income	188	525
Extraordinary losses		
Loss on damage due to fire	299	21
Loss on tax purpose reduction entry of non current assets	—	354
Loss on retirement of non-current assets	—	15
Loss on valuation of investment securities	—	26
Loss on litigation	20	66
Total extraordinary losses	319	483
Profit before income taxes	16,279	18,357
Income taxes	5,309	5,873
Profit	10,970	12,484
Loss attributable to non-controlling interests	(73)	(24)
Profit attributable to owners of parent	11,043	12,509

(Quarterly Consolidated Statements of Comprehensive Income)

(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Profit	10,970	12,484
Other comprehensive income		
Valuation difference on available-for-sale securities	631	1,086
Deferred gains or losses on hedges	2	—
Foreign currency translation adjustment	48	(151)
Remeasurements of defined benefit plans	204	195
Total other comprehensive income	886	1,131
Comprehensive income	11,856	13,615
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,906	13,709
Comprehensive income attributable to non-controlling interests	(49)	(93)

2. (Reference) Quarterly Non-Consolidated Financial Statements

(1) Quarterly Non-Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	95,467	88,706
Notes receivable, accounts receivable from completed construction contracts and other	135,698	138,225
Securities	14,000	—
Costs on construction contracts in progress	4,555	4,932
Other inventories	1,254	1,662
Other	12,975	9,096
Allowance for doubtful accounts	(13)	(13)
Total current assets	263,937	242,608
Non-current assets		
Property, plant and equipment		
Land	13,559	13,868
Other, net	10,978	10,253
Total property, plant and equipment	24,538	24,122
Intangible assets	1,332	1,217
Investments and other assets		
Investment securities	21,141	23,016
Deferred tax assets	8,370	7,722
Other	2,949	5,141
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	32,460	35,879
Total non-current assets	58,331	61,219
Total assets	322,269	303,828

(Million yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	78,603	59,159
Short-term borrowings	17,305	16,796
Current portion of bonds	341	291
Advances received on construction contracts in progress	29,999	30,168
Provision for warranties for completed construction	2,369	2,402
Provision for bonuses	2,561	624
Provision for loss on construction contracts	953	1,276
Provision for loss on damage due to fire	6,699	6,024
Other	34,158	30,903
Total current liabilities	172,991	147,648
Non-current liabilities		
Bonds payable	691	546
Long-term borrowings	8,155	9,718
Provisions for retirement benefits	9,899	9,907
Provision for environmental measures	148	139
Provision for management board incentive plan trust	93	100
Other	955	1,060
Total non-current liabilities	19,944	21,471
Total liabilities	192,936	169,120
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	19,992	19,987
Retained earnings	95,737	101,981
Treasury shares	(5,284)	(7,224)
Total shareholders' equity	127,451	131,750
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,876	2,954
Total valuation and translation adjustments	1,876	2,954
Share acquisition rights	4	3
Total net assets	129,332	134,707
Total liabilities and net assets	322,269	303,828

(2) Quarterly Non-Consolidated Statements of Income
(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Net sales		
Net sales of completed construction contracts	248,207	247,302
Sales in other businesses	3,262	2,758
Total net sales	251,469	250,060
Cost of sales		
Cost of sales of completed construction contracts	217,378	214,825
Cost of sales in other businesses	2,672	2,348
Total cost of sales	220,050	217,174
Gross profit		
Gross profit on completed construction contracts	30,828	32,476
Gross profit - other business	590	410
Total gross profit	31,418	32,886
Selling, general and administrative expenses	15,525	14,119
Operating profit	15,893	18,767
Non-operating income	612	455
Non-operating expenses	891	1,717
Ordinary profit	15,614	17,506
Extraordinary income	165	525
Extraordinary losses	319	468
Profit before income taxes	15,460	17,563
Income taxes	4,873	5,516
Profit	10,586	12,046

3. Supplementary Information

(1) Results for the nine months ended December 31, 2020 and forecasts for full year

1. Non-consolidated

(Unit: Million yen. Rounded down to the unit)

Items		Results for the nine months ended December 31, 2019	Results for the nine months ended December 31, 2020	Full year	
				Results for the fiscal year ended March 31, 2020	Forecasts for the fiscal year ending March 31, 2021 (announced in August 2020)
Orders received	Civil engineering	137,437	49,241	193,575	120,000
	Building construction	139,006	92,631	186,706	215,000
	Total orders received	276,444	141,872	380,281	335,000
Net sales of completed construction contracts	Civil engineering	86,035	100,763	124,314	135,000
	Building construction	162,172	146,538	227,213	200,000
	Total net sales of completed construction contracts	248,207	247,302	351,527	335,000
Gross profit on completed construction contracts	Civil engineering	16,138 [18.8%]	17,551 [17.4%]	21,960 [17.7%]	21,900 [16.2%]
	Building construction	14,689 [9.1%]	14,925 [10.2%]	21,214 [9.3%]	18,400 [9.2%]
	Total gross profit on completed construction contracts	30,828 [12.4%]	32,476 [13.1%]	43,174 [12.3%]	40,300 [12.0%]

Gross sales	251,469	250,060	356,446	342,000
Gross profit	31,418 [12.5%]	32,886 [13.2%]	44,019 [12.3%]	41,100 [12.0%]
Selling, general and administrative expenses	15,525	14,119	20,716	19,000
Operating profit	15,893 [6.3%]	18,767 [7.5%]	23,302 [6.5%]	22,100 [6.5%]
Non-operating income/expenses [Interest income/expenses]	(279) [159]	(1,261) [130]	(515) [227]	(1,500) [50]
Ordinary profit	15,614 [6.2%]	17,506 [7.0%]	22,787 [6.4%]	20,600 [6.0%]
Extraordinary income/losses	(154)	56	441	—
Profit before income taxes	15,460 [6.1%]	17,563 [7.0%]	23,228 [6.5%]	20,600 [6.0%]
Tax expenses	4,873	5,516	7,060	6,500
Profit	10,586 [4.2%]	12,046 [4.8%]	16,168 [4.5%]	14,100 [4.1%]

2. Consolidated

(Unit: Million yen. Rounded down to the unit)

Items	Results for the nine months ended December 31, 2019	Results for the nine months ended December 31, 2020	Full year	
			Results for the fiscal year ended March 31, 2020	Forecasts for the fiscal year ending March 31, 2021 (announced in August 2020)
Gross sales	269,360	262,927	378,135	365,000
Selling, general and administrative expenses	16,871	15,421	22,517	20,500
Operating profit	16,910 [6.3%]	19,764 [7.5%]	24,699 [6.5%]	23,600 [6.5%]
Ordinary profit	16,410 [6.1%]	18,316 [7.0%]	23,983 [6.3%]	21,900 [6.0%]
Profit attributable to owners of parent	11,043 [4.1%]	12,509 [4.8%]	16,803 [4.4%]	14,800 [4.1%]

(2) Non-consolidated orders received, net sales, and backlog

(Orders received for the construction business)

(Unit: Million yen, %)

Category		For the nine months ended December 31, 2019		For the nine months ended December 31, 2020		Increase/decrease		Results for the fiscal year ended March 31, 2020	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	28,284	[23.4]	33,991	[69.7]	5,706	20.2	71,828	[40.9]
	Private sector	92,611	[76.6]	14,811	[30.3]	(77,800)	(84.0)	103,899	[59.1]
	Total	120,896	43.7	48,802	34.4	(72,093)	(59.6)	175,727	46.2
Domestic building construction	Government sector	5,612	[4.5]	22,511	[24.7]	16,898	301.1	8,713	[5.1]
	Private sector	119,106	[95.5]	68,758	[75.3]	(50,347)	(42.3)	163,580	[94.9]
	Total	124,718	45.1	91,269	64.3	(33,449)	(26.8)	172,293	45.3
Domestic	Government sector	33,897	[13.8]	56,502	[40.3]	22,605	66.7	80,541	[23.1]
	Private sector	211,717	[86.2]	83,569	[59.7]	(128,148)	(60.5)	267,479	[76.9]
	Total	245,615	88.8	140,072	98.7	(105,542)	(43.0)	348,021	91.5
Overseas	Civil engineering	16,541	[53.7]	438	[24.4]	(16,102)	(97.3)	17,847	[55.3]
	Building construction	14,287	[46.3]	1,362	[75.6]	(12,925)	(90.5)	14,412	[44.7]
	Total	30,828	11.2	1,800	1.3	(29,028)	(94.2)	32,259	8.5
Sum total	Civil engineering	137,437	[49.7]	49,241	[34.7]	(88,196)	(64.2)	193,575	[50.9]
	Building construction	139,006	[50.3]	92,631	[65.3]	(46,374)	(33.4)	186,706	[49.1]
	Total	276,444	100.0	141,872	100.0	(134,571)	(48.7)	380,281	100.0

(Net sales for the construction business)

(Unit: Million yen, %)

Category		For the nine months ended December 31, 2019		For the nine months ended December 31, 2020		Increase/decrease		Results for the fiscal year ended March 31, 2020	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	54,312	[69.1]	63,500	[66.6]	9,187	16.9	78,588	[68.6]
	Private sector	24,318	[30.9]	31,796	[33.4]	7,478	30.8	35,982	[31.4]
	Total	78,630	31.7	95,296	38.5	16,665	21.2	114,570	32.6
Domestic building construction	Government sector	21,820	[14.6]	14,324	[10.4]	(7,496)	(34.4)	30,130	[14.3]
	Private sector	127,431	[85.4]	123,781	[89.6]	(3,650)	(2.9)	180,720	[85.7]
	Total	149,252	60.1	138,106	55.8	(11,146)	(7.5)	210,850	60.0
Domestic	Government sector	76,133	[33.4]	77,825	[33.3]	1,691	2.2	108,718	[33.4]
	Private sector	151,749	[66.6]	155,577	[66.7]	3,827	2.5	216,702	[66.6]
	Total	227,883	91.8	233,402	94.4	5,519	2.4	325,421	92.6
Overseas	Civil engineering	7,404	[36.4]	5,466	[39.3]	(1,937)	(26.2)	9,743	[37.3]
	Building construction	12,919	[63.6]	8,432	[60.7]	(4,486)	(34.7)	16,362	[62.7]
	Total	20,323	8.2	13,899	5.6	(6,424)	(31.6)	26,106	7.4
Sum total	Civil engineering	86,035	[34.7]	100,763	[40.7]	14,728	17.1	124,314	[35.4]
	Building construction	162,172	[65.3]	146,538	[59.3]	(15,633)	(9.6)	227,213	[64.6]
	Total	248,207	100.0	247,302	100.0	(905)	(0.4)	351,527	100.0

(Backlog for the construction business)

(Unit: Million yen, %)

Category		For the nine months ended December 31, 2019		For the nine months ended December 31, 2020		Increase/decrease		Results for the fiscal year ended March 31, 2020	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	138,625	[43.2]	128,384	[43.8]	(10,241)	(7.4)	157,893	[46.5]
	Private sector	181,995	[56.8]	164,634	[56.2]	(17,361)	(9.5)	181,619	[53.5]
	Total	320,621	58.7	293,019	66.5	(27,602)	(8.6)	339,512	62.1
Domestic building construction	Government sector	25,797	[13.9]	28,775	[23.1]	2,977	11.5	20,589	[12.0]
	Private sector	159,714	[86.1]	95,877	[76.9]	(63,837)	(40.0)	150,900	[88.0]
	Total	185,512	34.0	124,652	28.3	(60,859)	(32.8)	171,489	31.4
Domestic	Government sector	164,423	[32.5]	157,159	[37.6]	(7,263)	(4.4)	178,482	[34.9]
	Private sector	341,710	[67.5]	260,511	[62.4]	(81,198)	(23.8)	332,519	[65.1]
	Total	506,133	92.7	417,671	94.7	(88,461)	(17.5)	511,002	93.5
Overseas	Civil engineering	25,604	[63.8]	19,350	[83.5]	(6,253)	(24.4)	24,607	[68.9]
	Building construction	14,518	[36.2]	3,821	[16.5]	(10,697)	(73.7)	11,089	[31.1]
	Total	40,123	7.3	23,171	5.3	(16,951)	(42.2)	35,696	6.5
Sum total	Civil engineering	346,225	[63.4]	312,369	[70.9]	(33,855)	(9.8)	364,119	[66.6]
	Building construction	200,031	[36.6]	128,473	[29.1]	(71,557)	(35.8)	182,578	[33.4]
	Total	546,256	100.0	440,843	100.0	(105,413)	(19.3)	546,698	100.0

(Net sales for other businesses)

(Unit: Million yen, %)

Category	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020	Increase/decrease		Results for the fiscal year ended March 31, 2020
	Amount	Amount	Amount	% change	Amount
Other businesses	3,262	2,758	(503)	(15.4)	4,918