

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]



May 14, 2020

Company name: MAEDA ROAD CONSTRUCTION CO., LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 1883  
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 Scheduled date of Annual General Meeting of Shareholders: June 25, 2020  
 Scheduled date of filing annual securities report: June 25, 2020  
 Scheduled date of commencing dividend payments: June 26, 2020  
 Availability of supplementary briefing material on annual financial results: Not available  
 Schedule of annual financial results briefing session: Not scheduled

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

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 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	%
Fiscal year ended March 31, 2020	237,812	6.3	19,575	14.3	19,877	12.7	18,826	64.0
Fiscal year ended March 31, 2019	223,757	(4.5)	17,122	(26.8)	17,636	(25.9)	11,482	24.8

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥15,241 million [51.4%]  
 Fiscal year ended March 31, 2019: ¥10,069 million [(18.7)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2020	223.02	-	9.1	7.2	8.2
Fiscal year ended March 31, 2019	133.00	-	5.6	6.1	7.7

(Reference) Equity in earnings (losses) of associates: Fiscal year ended March 31, 2020: ¥- million  
 Fiscal year ended March 31, 2019: ¥- million

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	264,080	206,889	77.7	2,490.89
As of March 31, 2019	290,007	207,749	71.1	2,386.55

(Reference) Equity: As of March 31, 2020: ¥205,299 million  
 As of March 31, 2019: ¥206,246 million

### (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2020	2,627	21,568	(15,988)	80,669
Fiscal year ended March 31, 2019	17,832	(5,001)	(4,308)	72,243

### 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2019	-	-	-	70.00	70.00	6,049	52.6	3.0
Fiscal year ended March 31, 2020	-	-	-	100.00	750.00	61,815	336.3	30.8
Fiscal year ending March 31, 2021 (Forecast)	-	-	-	-	-		-	

- (Note) 1. In addition to the above, year-end dividends for the fiscal year ended March 31, 2020 include dividends with record dates other than quarter-ends. For details, please see “Breakdown of dividends with record dates other than quarter-ends” below.
2. The Company’s dividend record date is set at the year-end in accordance with its Articles of Incorporation. However, the forecast of dividends at the said record date is not determined at the current time.

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

Given the fact that there are many uncertainties affecting financial results, it is extremely difficult at the current time to provide numerical forecasts. The consolidated financial results forecast will be announced as soon as it becomes possible to make a reasonable prediction.

#### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) 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
- (3) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):  
March 31, 2020: 89,159,453 shares  
March 31, 2019: 94,159,453 shares
  - 2) Total number of treasury shares at the end of the period:  
March 31, 2020: 6,739,344 shares  
March 31, 2019: 7,738,809 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2020: 84,416,385 shares

Fiscal year ended March 31, 2019: 86,333,690 shares

(Reference) Summary of Non-consolidated Financial Results

**Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)**

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	219,662	3.9	17,043	(0.3)	17,155	2.7	17,532	58.4
Fiscal year ended March 31, 2019	211,347	(4.9)	17,102	(24.6)	16,698	(27.5)	11,066	25.5

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended March 31, 2020	207.69		-	
Fiscal year ended March 31, 2019	128.05		-	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of March 31, 2020	253,338		201,352		79.5		2,443.00	
As of March 31, 2019	282,006		203,259		72.1		2,351.97	

(Reference) Equity: As of March 31, 2020: ¥201,352 million

As of March 31, 2019: ¥203,259 million

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

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

(Notes on forward looking statements)

- The earnings forecasts and other forward-looking statements herein are based on the information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. However, given the fact that there are many uncertainties affecting financial results, it is extremely difficult at the current time to provide numerical forecasts. Please refer to “(4) Future Outlook” on page 4 of the attached material for suppositions that form the assumptions for the forecasts and cautions concerning the use thereof.

(Obtaining materials distributed at the annual financial results briefing session)

- The Company has decided to cancel the annual financial results briefing session to prevent the spread of the novel coronavirus disease. The information materials that was scheduled to be used at the session will be posted on the Company’s website at a later date

Breakdown of dividends with record dates other than quarter-ends

Year-end dividends for the fiscal year ended March 31, 2020 with record dates other than quarter-ends are as follows:

Record date	March 6, 2020	Total
Dividends per share	¥650.00	¥650.00
Total dividends	¥53,573 million	¥53,573 million

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## 1. Overview of Business Results, etc.

### (1) Overview of Business Results for the Fiscal Year Under Review

In the Japanese economy during the fiscal year under review, the economy was generally strong during the first half, but there was strong concern about an economic recession toward the end of the fiscal year in conjunction with the global spread of the novel coronavirus disease.

In the road construction industry, there was a growing sense of uncertainty about the future outlook, especially for construction orders from the private sector, despite the fact that the current impact has been limited.

Amid this environment, MAEDA ROAD CONSTRUCTION CO., LTD. (the “Company”) and its group companies (collectively, the “Group”) made efforts in the construction business to bolster orders for small projects from the private sector and orders for projects from government offices, while in the manufacturing and sales business the Group worked to retain sales volume and maintain profitability by making eco-friendly capital investment.

As a result of the above, net sales during the fiscal year under review was ¥237,812 million, up 6.3% year on year, and operating profit amounted to ¥19,575 million, up 14.3% year on year. Ordinary profit came to ¥19,877 million, up 12.7% year on year, and profit attributable to owners of parent was ¥18,826 million, up 64.0% year on year.

The results by segment are as follows:

#### Construction business

In the construction business, the amount of received construction contracts for the fiscal year under review was ¥165,035 million, up 5.0% year on year, amount of completed construction contracts was ¥163,344 million, up 9.3% year on year, and operating profit was ¥14,025 million, up 31.4% year on year.

Major received construction contracts and completed construction contracts during the fiscal year under review are as follows.

#### Major received construction contracts

Client	Name of project	Location
Ministry of Land, Infrastructure, Transport and Tourism	Road pavement work in the Nedamo Section	Iwate
THE NIKKA WHISKY DISTILLING CO LTD	North grounds expansion work at THE NIKKA WHISKY DISTILLING CO LTD Kashiwa bottling plant	Chiba
Ministry of the Environment	Fiscal 2019 drainpipe (main line), etc. redevelopment work in the Shinjuku Gyoen National Garden area	Tokyo
Central Nippon Expressway Company Limited	Fiscal 2019 road pavement repair work between Sekigahara IC and Yokaichi IC on the Meishin Expressway (in-bound lanes)	Gifu/Shiga
Ministry of Land, Infrastructure, Transport and Tourism	Fiscal 2019 improvement work on Oita Airport runways	Oita

### Major completed construction contracts

Client	Name of project	Location
Ministry of Land, Infrastructure, Transport and Tourism	Road pavement improvement work in Yamagishi Section	Fukushima
ISUZU MOTORS SALES LTD.	New construction of auction site for ISUZU UMAX Corporation (external construction portion)	Chiba
Tokyo Port Terminal Corporation	Fiscal 2019 land improvement work for countermeasures to handle logistics on the perimeter of the Central Breakwater	Tokyo
Yamaguchi Prefecture	Fiscal 2018 improvement work on section 12 of Iwakuni-Otake main prefectural road (prefectural road – designation 0)	Yamaguchi
Ministry of Land, Infrastructure, Transport and Tourism	Fiscal 2018 new construction of Kitakyushu Airport apron and taxiways	Fukuoka

### Manufacturing and sales business

In the manufacturing and sales business, net sales of asphalt mixture and other products for the fiscal year under review amounted to ¥73,843 million, up 0.2% year on year, while operating profit amounted to ¥11,618 million, up 8.0% year on year.

### Others

Net sales of other businesses for the fiscal year under review amounted to ¥625 million, up 1.1% year on year, while operating profit amounted to ¥150 million, up 134.7% year on year.

## (2) Overview of Financial Position for the Fiscal Year Under Review

### A. Assets

Current assets decreased by ¥21,556 million compared to the end of the previous fiscal year to ¥144,916 million, mainly due to a decrease in securities resulting from sales.

Non-current assets decreased by ¥4,371 million compared to the end of the previous fiscal year to ¥119,164 million, mainly due to a decrease in investment securities associated with the decline in market value.

As a result, total assets decreased by ¥25,927 million compared to the end of the previous fiscal year to ¥264,080 million.

### B. Liabilities

Current liabilities decreased by ¥4,913 million compared to the end of the previous fiscal year to ¥50,359 million, mainly due to a decrease in notes payable, accounts payable for construction contracts and other resulting from payments.

Non-current liabilities decreased by ¥20,154 million compared to the end of the previous fiscal year to ¥6,830 million, mainly due to a decrease in provision for loss on Anti-Monopoly Act.

As a result, total liabilities decreased by ¥25,067 million compared to the end of the previous fiscal year to ¥57,190 million.

### C. Net assets

Total net assets decreased by ¥859 million compared to the end of the previous fiscal year to ¥206,889 million, mainly due to the purchase of treasury shares and a decrease in valuation difference on available-for-sale securities associated with a decline in market value.

## (3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents at the end of the fiscal year under review increased by ¥8,426 million compared to the end of the previous fiscal year to ¥80,669 million.

### A. Cash flows from operating activities

Cash provided by operating activities during the fiscal year under review decreased by ¥15,205 million compared to the cash provided in the previous fiscal year to ¥2,627 million. This is mainly attributable to payment related to the Anti-Monopoly Act.

### B. Cash flows from investing activities

Cash provided by investing activities during the fiscal year under review was ¥21,568 million, compared to the cash used in the previous fiscal year of ¥5,001 million. This is mainly attributable to sales and redemptions of securities and beneficial interests in trust, and the withdrawal of time deposits.

### C. Cash flows from financing activities

Cash used in financing activities during the fiscal year under review increased by ¥11,680 million compared to the cash used in the previous fiscal year to ¥15,988 million. This is mainly attributable to the purchase of treasury shares.

## (4) Future Outlook

As for the future outlook, the situation is expected to remain severe as the novel coronavirus disease is affecting the global supply chain and consumption, and the Japanese economy is already expected to experience a major negative growth in the April – June quarter.

In the road construction industry, public investment is expected to be firm going forward, but the trends in private-sector capital investment are unpredictable, and the business environment is expected to become increasingly challenging.

Centered on the construction business and the manufacturing and sales business, the Group is working to maintain and enhance its management base by developing businesses with close ties to the local community. In the construction business, the Group is focusing management resources on urban areas, which are the core of the business, and developing a sales structure centered on construction orders from the private sector, as well as continuing to concentrate on the promotion of working-style reforms and i-Construction. In the manufacturing and sales business, efforts to augment environmentally friendly facilities and increase efficiency are progressing, mainly in urban areas, and the Group is striving to secure sales volume and profitability in the recycling-oriented business.

Given the fact that there are many uncertainties affecting financial results, it is extremely difficult at the current time to provide numerical forecasts for the fiscal year ending March 31, 2021. The consolidated financial results forecast will be announced as soon as it becomes possible to make a reasonable prediction.

## 2. Basic Policy Regarding Selection of Accounting Standards

To sustain comparability of consolidated financial statements between periods as well as between companies, the Group shall, for the time being, prepare consolidated financial statements under the Japanese GAAP.

We will appropriately respond to the application of the International Financial Reporting Standards (IFRS) considering various circumstances in Japan and overseas.



3. Consolidated Financial Statements and Primary Notes  
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	60,736	78,847
Notes receivable, accounts receivable from completed construction contracts and other	46,931	50,006
Securities	38,724	3,230
Costs on construction contracts in progress	8,239	7,240
Other	11,922	5,653
Allowance for doubtful accounts	(82)	(61)
Total current assets	166,472	144,916
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,583	39,487
Machinery and vehicles	89,939	92,767
Land	52,768	55,955
Construction in progress	325	407
Other	5,484	5,973
Accumulated depreciation	(101,820)	(106,188)
Total property, plant and equipment	86,280	88,404
Intangible assets		
Leasehold interests in land	173	173
Telephone subscription right	87	87
Other	560	957
Total intangible assets	820	1,218
Investments and other assets		
Investment securities	27,977	21,303
Retirement benefit asset	6,299	6,284
Deferred tax assets	309	330
Other	1,846	1,623
Total investments and other assets	36,433	29,541
Total non-current assets	123,535	119,164
<b>Total assets</b>	<b>290,007</b>	<b>264,080</b>

(Million yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	35,777	28,406
Income taxes payable	4,346	4,590
Advances received on construction contracts in progress	3,791	4,337
Provision for bonuses	3,191	3,198
Provision for bonuses for directors (and other officers)	108	88
Provision for warranties for completed construction	87	89
Provision for loss on construction contracts	240	187
Other	7,730	9,461
Total current liabilities	55,273	50,359
Non-current liabilities		
Retirement benefit liability	4,366	4,422
Provision for loss on Anti-Monopoly Act	19,163	64
Deferred tax liabilities	3,130	2,087
Other	324	256
Total non-current liabilities	26,985	6,830
Total liabilities	82,258	57,190
<b>Net assets</b>		
Shareholders' equity		
Share capital	19,350	19,350
Capital surplus	23,354	23,273
Retained earnings	162,557	170,886
Treasury shares	(4,542)	(10,041)
Total shareholders' equity	200,720	203,469
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,204	4,678
Foreign currency translation adjustment	(150)	(129)
Remeasurements of defined benefit plans	(2,527)	(2,718)
Total accumulated other comprehensive income	5,526	1,830
Non-controlling interests	1,502	1,590
Total net assets	207,749	206,889
Total liabilities and net assets	290,007	264,080

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

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net sales	223,757	237,812
Cost of sales	196,146	205,692
Gross profit	27,611	32,120
Selling, general and administrative expenses	10,489	12,544
Operating profit	17,122	19,575
Non-operating income		
Interest income	6	6
Interest on securities	17	13
Dividend income	446	589
Foreign exchange gains	56	—
Other	151	203
Total non-operating income	677	811
Non-operating expenses		
Foreign exchange losses	—	15
Commission expenses	81	320
Other	82	173
Total non-operating expenses	163	509
Ordinary profit	17,636	19,877
Extraordinary income		
Gain on sales of non-current assets	88	136
Reversal of provision for loss on Anti-Monopoly Act	—	6,301
Other	335	202
Total extraordinary income	423	6,640
Extraordinary losses		
Loss on retirement of non-current assets	457	763
Impairment loss	200	450
Other	49	106
Total extraordinary losses	706	1,320
Profit before income taxes	17,353	25,198
Income taxes - current	5,745	6,502
Income taxes - deferred	(3)	(245)
Total income taxes	5,742	6,257
Profit	11,610	18,941
Profit attributable to non-controlling interests	128	114
Profit attributable to owners of parent	11,482	18,826

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Profit	11,610	18,941
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,329)	(3,529)
Foreign currency translation adjustment	(66)	21
Remeasurements of defined benefit plans, net of tax	(145)	(191)
Total other comprehensive income	(1,541)	(3,699)
Comprehensive income	10,069	15,241
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,939	15,129
Comprehensive income attributable to non-controlling interests	129	111

(3) Consolidated Statements of Changes in Equity  
For the fiscal year ended March 31, 2019

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,350	23,343	155,828	(4,799)	193,723
Changes during period					
Dividends of surplus			(4,753)		(4,753)
Profit attributable to owners of parent			11,482		11,482
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		11		257	268
Net changes in items other than shareholders' equity					-
Total changes during period	-	11	6,729	256	6,997
Balance at end of period	19,350	23,354	162,557	(4,542)	200,720

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	9,535	(84)	(2,381)	7,069	1,185	201,977
Changes during period						
Dividends of surplus				-		(4,753)
Profit attributable to owners of parent				-		11,482
Purchase of treasury shares				-		(1)
Disposal of treasury shares				-		268
Net changes in items other than shareholders' equity	(1,330)	(66)	(145)	(1,542)	317	(1,225)
Total changes during period	(1,330)	(66)	(145)	(1,542)	317	5,772
Balance at end of period	8,204	(150)	(2,527)	5,526	1,502	207,749

For the fiscal year ended March 31, 2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,350	23,354	162,557	(4,542)	200,720
Changes during period					
Dividends of surplus			(6,049)		(6,049)
Profit attributable to owners of parent			18,826		18,826
Purchase of treasury shares				(9,880)	(9,880)
Cancellation of treasury shares		(80)	(4,300)	4,381	-
Change in scope of consolidation			(147)		(147)
Net changes in items other than shareholders' equity					-
Total changes during period	-	(80)	8,328	(5,499)	2,749
Balance at end of period	19,350	23,273	170,886	(10,041)	203,469

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,204	(150)	(2,527)	5,526	1,502	207,749
Changes during period						
Dividends of surplus				-		(6,049)
Profit attributable to owners of parent				-		18,826
Purchase of treasury shares				-		(9,880)
Cancellation of treasury shares				-		-
Change in scope of consolidation				-		(147)
Net changes in items other than shareholders' equity	(3,525)	21	(191)	(3,696)	87	(3,609)
Total changes during period	(3,525)	21	(191)	(3,696)	87	(859)
Balance at end of period	4,678	(129)	(2,718)	1,830	1,590	206,889

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	17,353	25,198
Depreciation	8,029	8,396
Impairment loss	200	450
Increase (decrease) in allowance for doubtful accounts	12	(21)
Increase (decrease) in provision for bonuses	13	(9)
Increase (decrease) in provision for bonuses for directors (and other officers)	6	(19)
Increase (decrease) in provision for warranties for completed construction	(2)	2
Increase (decrease) in provision for loss on construction contracts	30	(52)
Increase (decrease) in retirement benefit liability	(67)	(92)
Decrease (increase) in retirement benefit asset	(255)	(170)
Reversal of provision for loss on Anti-Monopoly Act	—	(6,301)
Interest and dividend income	(469)	(608)
Foreign exchange losses (gains)	(59)	24
Loss (gain) on sales of non-current assets	(88)	(136)
Loss on retirement of non-current assets	457	763
Decrease (increase) in trade receivables	2,056	(2,689)
Decrease (increase) in costs on construction contracts in progress	(900)	1,029
Increase (decrease) in trade payables	(1,430)	(7,485)
Increase (decrease) in advances received on construction contracts in progress	(156)	546
Other, net	(985)	2,261
Subtotal	23,741	21,084
Interest and dividends received	466	606
Income taxes paid	(6,325)	(6,266)
Payments related to anti-monopoly act	(50)	(12,797)
Net cash provided by (used in) operating activities	17,832	2,627

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Cash flows from investing activities		
Purchase of securities	(73,995)	(31,996)
Proceeds from sales and redemption of securities	83,997	43,997
Purchase of beneficial interests in trust	(45,297)	(38,298)
Redemption of beneficial interests in trust	45,299	43,999
Purchase of property, plant and equipment	(10,025)	(8,510)
Proceeds from sales of property, plant and equipment	194	376
Purchase of investment securities	(4,453)	(1,451)
Proceeds from sales and redemption of investment securities	134	225
Payments into time deposits	(45,180)	(25,372)
Proceeds from withdrawal of time deposits	44,784	39,183
Other, net	(456)	(583)
Net cash provided by (used in) investing activities	(5,001)	21,568
Cash flows from financing activities		
Purchase of treasury shares	(1)	(9,880)
Proceeds from sales of treasury shares	505	—
Dividends paid	(4,753)	(6,049)
Dividends paid to non-controlling interests	(59)	(58)
Net cash provided by (used in) financing activities	(4,308)	(15,988)
Effect of exchange rate change on cash and cash equivalents	136	4
Net increase (decrease) in cash and cash equivalents	8,658	8,211
Cash and cash equivalents at beginning of period	63,584	72,243
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	214
Cash and cash equivalents at end of period	72,243	80,669



## (5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Segment information)

[Segment information]

### 1. Description of reportable segments

Reportable segments of the Company are determined as segments whose separate financial information is accessible from among the constituent units of the Company and are regularly used by the Board of Directors to determine the allocation of management resources and to evaluate achievements.

The Company has established business divisions by product and service to formulate comprehensive strategies and perform business activities for each product and service.

The reportable segments of the Company are composed of two segments, “construction business,” and “manufacturing and sales business,” classified by product and service characteristics based on the business divisions.

“Construction business” is engaged in pavement, civil engineering works and other businesses related thereto, while “manufacturing and sales business” is engaged in manufacturing and sales of asphalt mixture and emulsion and other construction materials.

### 2. Method of measurement for the amounts of net sales, income (loss), assets, liabilities and other items for each reportable segment

The accounting method used for reportable business segments is the methods in accordance with the accounting principles and procedures adopted for preparing the consolidated financial statements.

### 3. Information on net sales, income (loss), assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2019

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Construction business	Manufacturing and sales business	Total				
Net sales							
Net sales to outside customers	149,461	73,677	223,138	618	223,757	—	223,757
Inter-segment net sales or transfers	90	32,156	32,247	589	32,836	(32,836)	—
Total	149,551	105,834	255,386	1,208	256,594	(32,836)	223,757
Segment income	10,675	10,759	21,435	64	21,499	(4,376)	17,122
Segment assets	66,595	73,094	139,690	1,802	141,492	148,515	290,007
Other items							
Depreciation	1,655	5,705	7,360	20	7,380	534	7,915
Amortization of goodwill	62	50	113	—	113	—	113
Increase in property, plant and equipment and intangible assets	2,225	7,028	9,254	21	9,275	972	10,248

(Notes)

1. “Other” incorporates operations not included in reportable segments, including leasing, insurance agency and consultancy services, etc.
2. Figures are adjusted as follows:
  - (1) The adjustment for segment income of ¥(4,376) million includes elimination of inter-segment transactions of ¥16 million and corporate expenses not allocated to each reportable segment of ¥(4,393) million. Corporate expenses are general and administrative expenses that are not attributable to reportable segments.
  - (2) The adjustment for segment assets of ¥148,515 million is mainly composed of cash, deposits and securities that are not attributable to reportable segments.
  - (3) The adjustment for increase in property, plant and equipment and intangible assets of ¥972 million is capital investment mainly in the administrative division.
3. Segment income is adjusted to the operating profit in the consolidated statements of income.

For the fiscal year ended March 31, 2020

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Construction business	Manufacturing and sales business	Total				
Net sales							
Net sales to outside customers	163,344	73,843	237,187	625	237,812	—	237,812
Inter-segment net sales or transfers	94	32,217	32,312	851	33,164	(33,164)	—
Total	163,438	106,061	269,499	1,477	270,977	(33,164)	237,812
Segment income	14,025	11,618	25,643	150	25,794	(6,219)	19,575
Segment assets	68,542	75,014	143,557	1,844	145,402	118,678	264,080
Other items							
Depreciation	1,697	5,837	7,534	14	7,549	599	8,148
Amortization of goodwill	78	168	247	—	247	—	247
Increase in property, plant and equipment and intangible assets	2,769	5,363	8,132	4	8,137	897	9,034

(Notes)

1. “Other” incorporates operations not included in reportable segments, including leasing, insurance agency and consultancy services, etc.
2. Figures are adjusted as follows:
  - (1) The adjustment for segment income of ¥(6,219) million includes elimination of inter-segment transactions of ¥(37) million and corporate expenses not allocated to each reportable segment of ¥(6,181) million. Corporate expenses are general and administrative expenses that are not attributable to reportable segments.
  - (2) The adjustment for segment assets of ¥118,678 million is mainly composed of cash, deposits and securities that are not attributable to reportable segments.
  - (3) The adjustment for increase in property, plant and equipment and intangible assets of ¥897 million is capital investment mainly in the administrative division.
3. Segment income is adjusted to the operating profit in the consolidated statements of income.

[Related information]

1. Information by product and service

This is omitted, as similar information is disclosed in Segment Information.

2. Information by geographical area

(1) Net sales

Information about net sales is omitted since sales to outside customers in Japan exceeded 90% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

Information about property, plant and equipment is omitted since the property, plant and equipment located in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted since there were no sales from a single outside customer accounting for 10% or more of net sales on the consolidated statements of income.

[Information concerning impairment loss on non-current assets by reportable segment]

For the fiscal year ended March 31, 2019

(Million yen)

	Reportable segment			Other	Corporate and elimination	Total
	Construction business	Manufacturing and sales business	Total			
Impairment loss	90	108	198	—	1	200

For the fiscal year ended March 31, 2020

(Million yen)

	Reportable segment			Other	Corporate and elimination	Total
	Construction business	Manufacturing and sales business	Total			
Impairment loss	—	341	341	—	109	450

[Information concerning amortization of goodwill and unamortized balance by reportable segment]

For the fiscal year ended March 31, 2019

(Million yen)

	Reportable segment			Other	Corporate and elimination	Total
	Construction business	Manufacturing and sales business	Total			
(Goodwill)						
Amortization during the period	62	50	113	—	—	113
Balance at end of the period	94	—	94	—	—	94

For the fiscal year ended March 31, 2020

(Million yen)

	Reportable segment			Other	Corporate and elimination	Total
	Construction business	Manufacturing and sales business	Total			
(Goodwill)						
Amortization during the period	78	168	247	—	—	247
Balance at end of the period	55	481	536	—	—	536

[Information concerning gain on bargain purchase by reportable segment]

There is no relevant information.

(Per share information)

Item	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net assets per share	¥2,386.55	¥2,490.89
Basic earnings per share	¥133.00	¥223.02

(Notes) 1. Diluted earnings per share is not indicated due to the absence of residual shares with dilutive effect.

2. The basis for the calculation of net assets per share and basic earnings per share is as follows.

(1) Net assets per share

(Million yen)

Item	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Total net assets	207,749	206,889
Deductible amount from total net assets	1,502	1,590
(of which, non-controlling interests)	(1,502)	(1,590)
Net assets relating to common shares	206,246	205,299
Number of common shares used for calculation of net assets per share (thousand shares)	86,420	82,420

(2) Basic earnings per share

(Million yen)

Item	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Profit attributable to owners of parent	11,482	18,826
Profit attributable to owners of parent relating to common shares	11,482	18,826
Average number of common shares during the period (thousand shares)	86,333	84,416

(Material subsequent events)

[Matters related to special dividend]

At the Extraordinary General Meeting of Shareholders held by the Company on April 14, 2020, the agenda item regarding payment of dividends from surplus with the record date of March 6, 2020 (the “Special Dividend”) was approved as originally proposed.

This Special Dividend is the Company’s measure to return profits to shareholders in lieu of the plan to repurchase its shares.

Details of the Special Dividend are as follows.

Resolution	Class of shares	Source of dividends	Total amount of dividend (Million yen)	Dividends per share (Yen)	Record date	Effective date
April 14, 2020 Extraordinary General Meeting of Shareholders	Common stock	Retained earnings	53,573	650	March 6, 2020	May 12, 2020

#### 4. Complementary Information

##### (1) Amount of Orders Received, Net Sales and Amount Carried Forward to Next Period by Business (Consolidated)

			For the fiscal year ended March 31, 2019		For the fiscal year ended March 31, 2020		Year-on-year change	
			Amount (million yen)	Composition rate (%)	Amount (million yen)	Composition rate (%)	Amount (million yen)	Change rate (%)
Order received	Construction business	Pavement works	128,986	55.7	136,533	57.0	7,546	5.9
		Civil engineering works	28,199	12.2	28,502	11.9	303	1.1
		Subtotal	157,186	67.9	165,035	68.9	7,849	5.0
	Manufacturing and sales business	73,677	31.8	73,843	30.8	165	0.2	
	Others	618	0.3	625	0.3	6	1.1	
	Total	231,482	100.0	239,504	100.0	8,021	3.5	
	Net Sales	Construction business	Pavement works	121,712	54.4	132,050	55.5	10,337
Civil engineering works			27,748	12.4	31,293	13.2	3,545	12.8
Subtotal			149,461	66.8	163,344	68.7	13,883	9.3
Manufacturing and sales business		73,677	32.9	73,843	31.0	165	0.2	
Others		618	0.3	625	0.3	6	1.1	
Total		223,757	100.0	237,812	100.0	14,055	6.3	
Amount carried forward to next period	Construction business	Pavement works	41,639	79.5	46,122	85.3	4,482	10.8
		Civil engineering works	10,729	20.5	7,938	14.7	(2,790)	(26.0)
		Subtotal	52,369	100.0	54,061	100.0	1,691	3.2
	Manufacturing and sales business	—	—	—	—	—	—	
	Others	—	—	—	—	—	—	
	Total	52,369	100.0	54,061	100.0	1,691	3.2	

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

## (2) Others

On suspicion of determining the sales price hike, etc. of asphalt mixture supplied nationwide, the Company received an on-site inspection from the Japan Fair Trade Commission in February 2017, and received a cease and desist order and a surcharge payment order in July 2019 by the Commission.

The Company solemnly accepts the current state of affairs. Based on the recommendations of an external committee for investigation, the Company established an Anti-Monopoly Act Violation Risk Management Committee and Tender Supervision Committee (currently the Compliance Monitoring Committee), and is continuously implementing training and lectures for all executives and staff. In this way, the Company is striving to restore confidence by further strengthening legal compliance and measures for the prevention of recurrence.