

Consolidated Financial Results for the Three Months Ended June 30, 2020 [Japanese GAAP]



August 6, 2020

Company name: MAEDA ROAD CONSTRUCTION CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1883

URL: <http://www.maedaroad.co.jp>

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Scheduled date of filing quarterly securities report: August 6, 2020

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Not available

Schedule of quarterly financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(1) Consolidated Operating Results (cumulative) (% 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	%
Three months ended June 30, 2020	50,250	0.1	4,489	93.0	4,821	82.4	4,535	(44.8)
Three months ended June 30, 2019	50,194	3.1	2,325	(1.5)	2,643	(1.9)	8,219	350.6

(Note) Comprehensive income: Three months ended June 30, 2020: ¥4,622 million [(27.4)%]

Three months ended June 30, 2019: ¥6,369 million [195.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2020	55.03	-
Three months ended June 30, 2019	95.17	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2020	193,847	149,327	76.4
As of March 31, 2020	264,080	206,889	77.7

(Reference) Equity: As of June 30, 2020: ¥148,084 million

As of March 31, 2020: ¥205,299 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 -	Yen -	Yen 100.00	Yen 750.00
Fiscal year ending March 31, 2021	-	-	-	-	-
Fiscal year ending March 31, 2021 (Forecast)	-	-	-	-	-

- (Note) 1. Revision of dividends forecast from recently announced figures: No
2. 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.
3. 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)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	228,000	(4.1)	18,400	(6.0)	18,600	(6.4)	11,500	(38.9)		139.53

(Note) Revision of results forecast from recently announced figures: No

* Notes:

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020 (Changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Application of accounting methods specific to quarterly consolidated financial statements: No
- (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):
 - June 30, 2020: 89,159,453 shares
 - March 31, 2020: 89,159,453 shares
 - 2) Total number of treasury shares at the end of the period:
 - June 30, 2020: 6,739,462 shares
 - March 31, 2020: 6,739,344 shares
 - 3) Average number of shares during the period (cumulative):
 - Three months ended June 30, 2020: 82,420,050 shares
 - Three months ended June 30, 2019: 86,369,709 shares

* These quarterly consolidated financial results are outside of the scope of quarterly review 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, and the Company does not intend to make guarantees of achievement. Additionally, actual results may differ significantly from these forecasts due to a wide range of factors.

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

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1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2020

(1) Explanation of Operating Results

During the three months ended June 30, 2020, in the environment surrounding MAEDA ROAD CONSTRUCTION CO., LTD. (the “Company”) and its group companies (collectively, the “Group”), public investment remained solid, while due to the impact of the spread of the novel coronavirus disease, corporate earnings rapidly deteriorated, and corporate capital investment was on a declining trend. Additionally, owing to the uncertain outlook for raw material prices, such as crude oil prices, the economic conditions continued to be harsh.

Amid this environment, the Group, in the construction business, made efforts to secure construction orders from the private sector, while in the manufacturing and sales business, strived to retain sales volume and maintain profitability by conducting the recycling-oriented business on an ongoing basis through recycling of construction waste, etc.

For the three months ended June 30, 2020, net sales amounted to ¥50,250 million, up 0.1% year on year, and operating profit amounted to ¥4,489 million, up 93.0% year on year. Ordinary profit came to ¥4,821 million, up 82.4% year on year, and profit attributable to owners of parent was ¥4,535 million, down 44.8% year on year.

The Group is affected by seasonal factors, and of the net sales for a fiscal year, the second half weighs larger.

The results by segment are as follows:

Construction business

In the construction business, the amount of received construction contracts for the three months ended June 30, 2020 was ¥37,706 million, down 11.4% year on year, amount of completed construction contracts was ¥34,354 million, down 0.1% year on year, and operating profit was ¥2,449 million, up 16.7% year on year.

Manufacturing and sales business

In the manufacturing and sales business, net sales of asphalt mixture and other products for the three months ended June 30, 2020 amounted to ¥15,765 million, up 0.7% year on year, while operating profit amounted to ¥3,197 million, up 129.5% year on year.

Others

Net sales of other businesses for the three months ended June 30, 2020 amounted to ¥129 million, up 3.3% year on year, while operating profit amounted to ¥41 million, up 41.2% year on year.

(2) Explanation of Financial Position

(Assets)

Current assets decreased by ¥68,340 million compared to the end of the previous fiscal year to ¥76,576 million, mainly due to a decrease in cash and deposits resulting from dividend payments, and a decrease in notes receivable, accounts receivable from completed construction contracts and other resulting from collection.

Non-current assets decreased by ¥1,892 million compared to the end of the previous fiscal year to ¥117,271 million, mainly due to a decrease in investment securities resulting from sales.

As a result, total assets decreased by ¥70,233 million compared to the end of the previous fiscal year to ¥193,847 million.

(Liabilities)

Current liabilities decreased by ¥13,792 million compared to the end of the previous fiscal year to ¥36,567 million, mainly due to a decrease in notes payable, accounts payable for construction contracts and other resulting from payments, and a decrease in income taxes payable resulting from tax payments.

Non-current liabilities increased by ¥1,121 million compared to the end of the previous fiscal year to ¥7,952 million, mainly due to an increase in deferred tax liabilities.

As a result, total liabilities decreased by ¥12,670 million compared to the end of the previous fiscal year to ¥44,520 million.

(Net assets)

Total net assets decreased by ¥57,562 million compared to the end of the previous fiscal year to ¥149,327 million, mainly due a decrease in retained earnings resulting from dividend payments.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The financial results forecast for the fiscal year ending March 31, 2021 remains unchanged from that announced on May 22, 2020.

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

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	78,847	30,409
Notes receivable, accounts receivable from completed construction contracts and other	50,006	34,089
Securities	3,230	30
Costs on construction contracts in progress	7,240	9,121
Other	5,653	2,983
Allowance for doubtful accounts	(61)	(57)
Total current assets	144,916	76,576
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,319	17,448
Machinery and vehicles, net	13,568	13,135
Land	55,955	56,126
Other, net	1,561	1,619
Total property, plant and equipment	88,404	88,329
Intangible assets	1,218	1,120
Investments and other assets		
Investment securities	21,303	19,512
Retirement benefit asset	6,284	6,455
Other	1,953	1,853
Total investments and other assets	29,541	27,821
Total non-current assets	119,164	117,271
Total assets	264,080	193,847

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	28,406	20,658
Income taxes payable	4,590	601
Advances received on construction contracts in progress	4,337	5,270
Provision for bonuses	3,198	1,661
Provisions	365	258
Other	9,461	8,117
Total current liabilities	50,359	36,567
Non-current liabilities		
Retirement benefit liability	4,422	4,460
Provision for loss on Anti-Monopoly Act	64	64
Other	2,344	3,428
Total non-current liabilities	6,830	7,952
Total liabilities	57,190	44,520
Net assets		
Shareholders' equity		
Share capital	19,350	19,350
Capital surplus	23,273	23,273
Retained earnings	170,886	113,606
Treasury shares	(10,041)	(10,041)
Total shareholders' equity	203,469	146,189
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,678	4,623
Foreign currency translation adjustment	(129)	(118)
Remeasurements of defined benefit plans	(2,718)	(2,609)
Total accumulated other comprehensive income	1,830	1,895
Non-controlling interests	1,590	1,242
Total net assets	206,889	149,327
Total liabilities and net assets	264,080	193,847

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 Quarterly Consolidated Statements of Income
 Three months ended June 30, 2020

(Million yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Net sales	50,194	50,250
Cost of sales	44,840	42,996
Gross profit	5,353	7,254
Selling, general and administrative expenses	3,027	2,764
Operating profit	2,325	4,489
Non-operating income		
Interest income	5	0
Dividend income	328	348
Gain on sales of securities	15	—
Other	69	49
Total non-operating income	418	399
Non-operating expenses		
Foreign exchange losses	13	16
Provision of allowance for doubtful accounts	29	—
Commission expenses	20	19
Other	37	31
Total non-operating expenses	101	67
Ordinary profit	2,643	4,821
Extraordinary income		
Gain on sales of non-current assets	39	20
Reversal of provision for loss on Anti-Monopoly Act	6,301	—
Gain on sales of investment securities	173	1,733
Other	1	0
Total extraordinary income	6,515	1,753
Extraordinary losses		
Loss on sales and retirement of non-current assets	28	60
Loss on sales of investment securities	—	22
Other	1	7
Total extraordinary losses	29	90
Profit before income taxes	9,129	6,484
Income taxes	897	1,926
Profit	8,232	4,557
Profit attributable to non-controlling interests	12	21
Profit attributable to owners of parent	8,219	4,535

Quarterly Consolidated Statements of Comprehensive Income
Three months ended June 30, 2020

(Million yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Profit	8,232	4,557
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,978)	(55)
Foreign currency translation adjustment	38	10
Remeasurements of defined benefit plans, net of tax	77	109
Total other comprehensive income	(1,862)	64
Comprehensive income	6,369	4,622
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,356	4,600
Comprehensive income attributable to non-controlling interests	13	21

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes on significant changes in shareholders' equity)

For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

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. As a result, retained earnings decreased by ¥53,573 million for the three months ended June 30, 2020, and retained earnings as of June 30, 2020 amounted to ¥113,606 million.

Details of the Special Dividend are as follows.

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

(Segment information)

[Segment information]

For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Construction business	Manufacturing and sales business	Total				
Net sales							
Net sales to outside customers	34,405	15,663	50,068	125	50,194	—	50,194
Inter-segment net sales or transfers	11	6,996	7,008	172	7,180	(7,180)	—
Total	34,416	22,660	57,076	298	57,374	(7,180)	50,194
Segment income	2,099	1,392	3,492	29	3,521	(1,196)	2,325

(Notes)

1. "Other" incorporates operations not included in reportable segments, including leasing, insurance agency and consultancy services, etc.
2. The adjustment for segment income of ¥(1,196) million includes elimination of inter-segment transactions of ¥16 million and corporate expenses not allocated to each reportable segment of ¥(1,212) million. Corporate expenses are general and administrative expenses that are not attributable to reportable segments.
3. Segment income is adjusted to the operating profit in the quarterly consolidated statements of income.

For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Construction business	Manufacturing and sales business	Total				
Net sales							
Net sales to outside customers	34,354	15,765	50,120	129	50,250	—	50,250
Inter-segment net sales or transfers	15	7,043	7,059	279	7,338	(7,338)	—
Total	34,370	22,809	57,180	409	57,589	(7,338)	50,250
Segment income	2,449	3,197	5,647	41	5,688	(1,198)	4,489

(Notes)

1. “Other” incorporates operations not included in reportable segments, including leasing, insurance agency and consultancy services, etc.
2. The adjustment for segment income of ¥(1,198) million includes elimination of inter-segment transactions of ¥0 million and corporate expenses not allocated to each reportable segment of ¥(1,199) million. Corporate expenses are general and administrative expenses that are not attributable to reportable segments.
3. Segment income is adjusted to the operating profit in the quarterly consolidated statements of income.

3. Complementary Information

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

(Million Yen; %)

			For the three months ended June 30, 2019		For the three months ended June 30, 2020		Year-on-year change		(Reference) For the fiscal year ended March 31, 2020	
			Amount	Composition rate	Amount	Composition rate	Amount	Change rate	Amount	Composition rate
Orders received	Construction business	Pavement works	34,197	58.6	30,997	57.8	(3,199)	(9.4)	136,533	57.0
		Civil engineering works	8,346	14.3	6,708	12.5	(1,638)	(19.6)	28,502	11.9
		Subtotal	42,544	72.9	37,706	70.3	(4,837)	(11.4)	165,035	68.9
	Manufacturing and sales business	15,663	26.9	15,765	29.4	102	0.7	73,843	30.8	
	Others	125	0.2	129	0.3	4	3.3	625	0.3	
	Total	58,333	100.0	53,601	100.0	(4,731)	(8.1)	239,504	100.0	
Net sales	Construction business	Pavement works	27,196	54.2	28,627	57.0	1,430	5.3	132,050	55.5
		Civil engineering works	7,208	14.3	5,727	11.4	(1,480)	(20.5)	31,293	13.2
		Subtotal	34,405	68.5	34,354	68.4	(50)	(0.1)	163,344	68.7
	Manufacturing and sales business	15,663	31.2	15,765	31.3	102	0.7	73,843	31.0	
	Others	125	0.3	129	0.3	4	3.3	625	0.3	
	Total	50,194	100.0	50,250	100.0	56	0.1	237,812	100.0	
Amount carried forward to next period	Construction business	Pavement works	48,640	80.4	48,492	84.5	(147)	(0.3)	46,122	85.3
		Civil engineering works	11,867	19.6	8,919	15.5	(2,948)	(24.8)	7,938	14.7
		Subtotal	60,508	100.0	57,412	100.0	(3,096)	(5.1)	54,061	100.0
	Manufacturing and sales business	—	—	—	—	—	—	—	—	
	Others	—	—	—	—	—	—	—	—	
	Total	60,508	100.0	57,412	100.0	(3,096)	(5.1)	54,061	100.0	

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