

**Consolidated Financial Results
for the Six Months Ended September 30, 2020
[Japanese GAAP]**



November 11, 2020

Company name: MAEDA ROAD CONSTRUCTION CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1883

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Scheduled date of filing quarterly securities report: November 11, 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 Six Months Ended September 30, 2020 (April 1, 2020 to September 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	%
Six months ended September 30, 2020	104,116	(4.2)	9,375	21.2	9,721	20.0	7,953	(32.1)
Six months ended September 30, 2019	108,703	10.8	7,737	38.8	8,099	35.3	11,705	202.6

(Note) Comprehensive income: Six months ended September 30, 2020: ¥8,166 million [(23.8)%]

Six months ended September 30, 2019: ¥10,723 million [81.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	96.50	-
Six months ended September 30, 2019	136.70	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2020	203,460	152,870	74.5
As of March 31, 2020	264,080	206,889	77.7

(Reference) Equity: As of September 30, 2020: ¥151,567 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)
- Revision of dividends forecast from recently announced figures: No
 - 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.
 - 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:

- Changes in significant subsidiaries during the six months ended September 30, 2020 (Changes in specified subsidiaries resulting in changes in scope of consolidation): No
- Application of accounting methods specific to quarterly consolidated financial statements: No
- Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - Changes in accounting policies due to the revision of accounting standards: No
 - Changes in accounting policies other than 1) above: No
 - Changes in accounting estimates: No
 - Retrospective restatement: No
- Total number of issued shares (common shares)
 - Total number of issued shares at the end of the period (including treasury shares):
 - September 30, 2020: 89,159,453 shares
 - March 31, 2020: 89,159,453 shares
 - Total number of treasury shares at the end of the period:
 - September 30, 2020: 6,739,928 shares
 - March 31, 2020: 6,739,344 shares
 - Average number of shares during the period (cumulative):
 - Six months ended September 30, 2020: 82,419,879 shares
 - Six months ended September 30, 2019: 85,629,062 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 Six Months Ended September 30, 2020

(1) Explanation of Operating Results

During the six months ended September 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 continued to significantly deteriorate, and corporate capital investment was on a weak 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 received construction contracts, 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 six months ended September 30, 2020, net sales amounted to ¥104,116 million, down 4.2% year on year, and operating profit amounted to ¥9,375 million, up 21.2% year on year. Ordinary profit came to ¥9,721 million, up 20.0% year on year, and profit attributable to owners of parent was ¥7,953 million, down 32.1% 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 six months ended September 30, 2020 was ¥82,662 million, up 1.5% year on year, the amount of completed construction contracts was ¥71,153 million, down 5.3% year on year, and operating profit was ¥5,611 million, down 2.6% year on year.

Manufacturing and sales business

In the manufacturing and sales business, net sales of asphalt mixture and other products for the six months ended September 30, 2020 amounted to ¥32,673 million, down 1.8% year on year, while operating profit amounted to ¥6,171 million, up 34.7% year on year.

Others

Net sales of other businesses for the six months ended September 30, 2020 amounted to ¥289 million, down 6.4% year on year, while operating profit amounted to ¥117 million, up 163.5% year on year.

(2) Explanation of Financial Position

(Assets)

Current assets decreased by ¥59,578 million compared to the end of the previous fiscal year to ¥85,338 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 ¥1,042 million compared to the end of the previous fiscal year to ¥118,122 million, mainly due to a decrease in investment securities resulting from sales.

As a result, total assets decreased by ¥60,620 million compared to the end of the previous fiscal year to ¥203,460 million.

(Liabilities)

Current liabilities decreased by ¥7,092 million compared to the end of the previous fiscal year to ¥43,267 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 ¥491 million compared to the end of the previous fiscal year to ¥7,322 million, mainly due to an increase in deferred tax liabilities.

As a result, total liabilities decreased by ¥6,601 million compared to the end of the previous fiscal year to ¥50,589 million.

(Net assets)

Total net assets decreased by ¥54,019 million compared to the end of the previous fiscal year to ¥152,870 million, mainly due to 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.

The spread of the novel coronavirus disease has had no material impact on the Group's financial results at the present time. However, the outlook for the future is unclear. The Group will issue a prompt announce in the event of any revisions to the financial results forecast.

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

(Million yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	78,847	37,029
Notes receivable, accounts receivable from completed construction contracts and other	50,006	37,088
Securities	3,230	30
Costs on construction contracts in progress	7,240	10,174
Other	5,653	1,064
Allowance for doubtful accounts	(61)	(49)
Total current assets	144,916	85,338
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,319	17,409
Machinery and vehicles, net	13,568	13,525
Land	55,955	56,150
Other, net	1,561	2,446
Total property, plant and equipment	88,404	89,532
Intangible assets	1,218	1,038
Investments and other assets		
Investment securities	21,303	19,084
Retirement benefit asset	6,284	6,631
Other	1,953	1,834
Total investments and other assets	29,541	27,550
Total non-current assets	119,164	118,122
Total assets	264,080	203,460

(Million yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	28,406	22,681
Income taxes payable	4,590	3,105
Advances received on construction contracts in progress	4,337	6,680
Provision for bonuses	3,198	3,301
Provisions	365	256
Other	9,461	7,242
Total current liabilities	50,359	43,267
Non-current liabilities		
Retirement benefit liability	4,422	4,527
Provision for loss on Anti-Monopoly Act	64	64
Other	2,344	2,730
Total non-current liabilities	6,830	7,322
Total liabilities	57,190	50,589
Net assets		
Shareholders' equity		
Share capital	19,350	19,350
Capital surplus	23,273	23,273
Retained earnings	170,886	117,025
Treasury shares	(10,041)	(10,042)
Total shareholders' equity	203,469	149,606
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,678	4,560
Foreign currency translation adjustment	(129)	(98)
Remeasurements of defined benefit plans	(2,718)	(2,500)
Total accumulated other comprehensive income	1,830	1,961
Non-controlling interests	1,590	1,302
Total net assets	206,889	152,870
Total liabilities and net assets	264,080	203,460

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six months ended September 30, 2020

(Million yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Net sales	108,703	104,116
Cost of sales	95,126	89,106
Gross profit	13,576	15,010
Selling, general and administrative expenses	5,839	5,635
Operating profit	7,737	9,375
Non-operating income		
Interest income	10	2
Dividend income	376	393
Other	108	85
Total non-operating income	495	481
Non-operating expenses		
Foreign exchange losses	14	38
Commission expenses	31	33
Other	87	62
Total non-operating expenses	133	134
Ordinary profit	8,099	9,721
Extraordinary income		
Gain on sales of non-current assets	57	40
Reversal of provision for loss on Anti-Monopoly Act	6,301	—
Gain on sales of investment securities	173	1,981
Other	2	29
Total extraordinary income	6,534	2,050
Extraordinary losses		
Loss on sales and retirement of non-current assets	280	133
Loss on sales of investment securities	—	41
Other	4	30
Total extraordinary losses	284	205
Profit before income taxes	14,350	11,566
Income taxes	2,596	3,530
Profit	11,753	8,036
Profit attributable to non-controlling interests	47	82
Profit attributable to owners of parent	11,705	7,953

Quarterly Consolidated Statements of Comprehensive Income
Six months ended September 30, 2020

(Million yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Profit	11,753	8,036
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,211)	(118)
Foreign currency translation adjustment	27	30
Remeasurements of defined benefit plans, net of tax	154	218
Total other comprehensive income	(1,030)	130
Comprehensive income	10,723	8,166
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,675	8,084
Comprehensive income attributable to non-controlling interests	47	82

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	14,350	11,566
Depreciation	3,938	3,773
Increase (decrease) in allowance for doubtful accounts	(23)	(11)
Increase (decrease) in provision for bonuses	99	103
Increase (decrease) in retirement benefit liability	(43)	127
Decrease (increase) in retirement benefit asset	(90)	(55)
Increase (decrease) in provision for loss from Anti-Monopoly Act	(19,099)	—
Interest and dividend income	(386)	(395)
Foreign exchange losses (gains)	32	38
Loss (gain) on sales of non-current assets	(57)	(40)
Loss on retirement of non-current assets	280	133
Loss (gain) on sales of investment securities	(173)	(1,939)
Decrease (increase) in trade receivables	10,828	12,915
Decrease (increase) in costs on construction contracts in progress	(587)	(2,933)
Increase (decrease) in trade payables	(13,472)	(5,723)
Increase (decrease) in advances received on construction contracts in progress	1,456	2,342
Other, net	12,495	(2,056)
Subtotal	9,546	17,844
Interest and dividends received	385	396
Income taxes paid	(4,083)	(4,621)
Net cash provided by (used in) operating activities	5,848	13,619
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,021)	(4,800)
Proceeds from sales of property, plant and equipment	261	64
Purchase of securities	(19,997)	—
Proceeds from sales and redemption of securities	21,998	—
Purchase of beneficial interests in trust	(22,598)	—
Redemption of beneficial interests in trust	22,599	4,300
Purchase of investment securities	(1,125)	(28)
Proceeds from sales and redemption of investment securities	221	4,006
Payments into time deposits	(16,953)	(994)
Proceeds from withdrawal of time deposits	22,974	1,393
Other, net	(89)	2
Net cash provided by (used in) investing activities	3,267	3,943
Cash flows from financing activities		
Purchase of treasury shares	(5,800)	(1)
Dividends paid	(6,049)	(61,815)
Dividends paid to non-controlling interests	(58)	(369)
Net cash provided by (used in) financing activities	(11,908)	(62,185)
Effect of exchange rate change on cash and cash equivalents	5	(5)
Net increase (decrease) in cash and cash equivalents	(2,787)	(44,628)
Cash and cash equivalents at beginning of period	72,243	80,669
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	204	10
Cash and cash equivalents at end of period	69,660	36,050

(4) 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 six months ended September 30, 2020 (From April 1, 2020 to September 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 six months ended September 30, 2020, and retained earnings as of September 30, 2020 amounted to ¥117,025 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 six months ended September 30, 2019 (From April 1, 2019 to September 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	75,120	33,272	108,393	309	108,703	—	108,703
Inter-segment net sales or transfers	26	14,637	14,664	375	15,039	(15,039)	—
Total	75,147	47,910	123,057	685	123,742	(15,039)	108,703
Segment income	5,764	4,583	10,347	44	10,392	(2,655)	7,737

(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 ¥(2,655) million includes elimination of inter-segment transactions of ¥30 million and corporate expenses not allocated to each reportable segment of ¥(2,685) 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 six months ended September 30, 2020 (From April 1, 2020 to September 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	71,153	32,673	103,826	289	104,116	—	104,116
Inter-segment net sales or transfers	33	14,126	14,159	528	14,688	(14,688)	—
Total	71,186	46,799	117,986	818	118,805	(14,688)	104,116
Segment income	5,611	6,171	11,783	117	11,901	(2,526)	9,375

(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 ¥(2,526) million includes elimination of inter-segment transactions of ¥(29) million and corporate expenses not allocated to each reportable segment of ¥(2,496) 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

(Million Yen; %)

			For the six months ended September 30, 2019		For the six months ended September 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	66,517	57.8	68,032	58.8	1,514	2.3	136,533	57.0
		Civil engineering works	14,888	13.0	14,629	12.7	(259)	(1.7)	28,502	11.9
		Subtotal	81,406	70.8	82,662	71.5	1,255	1.5	165,035	68.9
	Manufacturing and sales business		33,272	28.9	32,673	28.3	(599)	(1.8)	73,843	30.8
	Others		309	0.3	289	0.2	(19)	(6.4)	625	0.3
	Total		114,989	100.0	115,625	100.0	636	0.6	239,504	100.0
Net sales	Construction business	Pavement works	60,285	55.5	59,618	57.2	(667)	(1.1)	132,050	55.5
		Civil engineering works	14,835	13.6	11,535	11.1	(3,299)	(22.2)	31,293	13.2
		Subtotal	75,120	69.1	71,153	68.3	(3,967)	(5.3)	163,344	68.7
	Manufacturing and sales business		33,272	30.6	32,673	31.4	(599)	(1.8)	73,843	31.0
	Others		309	0.3	289	0.3	(19)	(6.4)	625	0.3
	Total		108,703	100.0	104,116	100.0	(4,586)	(4.2)	237,812	100.0
Amount carried forward to next period	Construction business	Pavement works	47,872	81.6	54,536	83.2	6,664	13.9	46,122	85.3
		Civil engineering works	10,783	18.4	11,033	16.8	250	2.3	7,938	14.7
		Subtotal	58,655	100.0	65,569	100.0	6,914	11.8	54,061	100.0
	Manufacturing and sales business		—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	—	—
	Total		58,655	100.0	65,569	100.0	6,914	11.8	54,061	100.0

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