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## Consolidated Financial Report [Japanese GAAP] for the Fiscal Year Ended March 31, 2022

April 28, 2022

Company name: Kyudenko Corporation                      Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange  
Securities code: 1959                                              URL: <https://www.kyudenko.co.jp>  
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Accounting Department

Scheduled date to hold regular shareholders' meeting: June 28, 2022      Scheduled date to commence dividend payments: June 7, 2022  
Scheduled date to file annual securities report: June 29, 2022

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (For institutional investors and analysts)

(Yen amounts are rounded down to millions.)

### 1. Consolidated financial results for the fiscal year ended March 31, 2022

(From April 1, 2021 to March 31, 2022)

#### (1) Consolidated operating results (Percentages indicate change from corresponding period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	376,563	(3.9)	33,137	0.4	36,828	2.6	26,216	4.7
Year ended March 31, 2021	391,901	(8.6)	32,998	(8.4)	35,906	(7.1)	25,042	(4.6)

(Note) Comprehensive income      Year ended March 31, 2022      ¥26,641 million (-15.2%)      Year ended March 31, 2021      ¥31,411 million (34.2%)

	Profit per share	Diluted profit per share	Ratio of profit to equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	370.05	—	11.4	9.9	8.8
Year ended March 31, 2021	353.48	—	12.1	9.8	8.4

(Reference) Share of profit/loss of entities accounted for using equity method      Year ended March 31, 2022      ¥1,514 million      Year ended March 31, 2021      ¥694 million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	378,396	241,194	63.2	3,375.43
As of March 31, 2021	366,532	221,741	60.0	3,102.61

(Reference) Equity      Year ended March 31, 2022      ¥239,134 million      Year ended March 31, 2021      ¥219,807 million

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	5,252	(7,536)	(10,191)	37,791
Year ended March 31, 2021	9,184	(4,232)	(10,064)	49,800

## 2. Dividends

	Annual dividends per share					Total dividends	Dividend ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Year ended March 31, 2021	Yen —	Yen 50.00	Yen —	Yen 50.00	Yen 100.00	Millions of yen 7,086	% 28.3	% 3.4
Year ended March 31, 2022	—	50.00	—	50.00	100.00	7,086	27.0	3.1
Year ending March 31, 2023 (Forecast)	—	50.00	—	50.00	100.00		28.9	

Note 1: Fiscal year ended March 31, 2022

2: Fiscal year ending March 31, 2023 (forecast)

Breakdown of year-end dividend

Breakdown of interim dividend

Breakdown of year-end dividend

Normal dividend: ¥50.00

Normal dividend: ¥50.00

Normal dividend: ¥50.00

## 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023

(From April 1, 2022 to March 31, 2023)

(Percentages indicate change from corresponding period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	460,000	22.2	34,500	4.1	37,000	0.5	25,000	(4.6)	352.88

### \*Notes

(1) Changes in important subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in changes in the scope of consolidation) : None

Note: For details see "Important information used to compile consolidated financial statements" on p.15 of the attached materials.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: : Yes
- (ii) Changes in accounting policies due to other reasons: : None
- (iii) Changes in accounting estimates: : None
- (iv) Restatement: : None

(3) Number of issued shares (common stock)

(i) Total number of issued shares at the end of the period (including treasury stock)	Year ended March 31, 2022	70,864,961shares	Year ended March 31, 2021	70,864,961 shares
(ii) Number of treasury stock at the end of the period	Year ended March 31, 2022	19,332shares	Year ended March 31, 2021	19,025 shares
(iii) Average number of shares outstanding during the period	Year ended March 31, 2022	70,845,795shares	Year ended March 31, 2021	70,846,026 shares

(Reference) Overview of non-consolidated results

Non-consolidated financial results for the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results (Percentages indicate change from corresponding period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	322,568	(4.4)	26,527	1.9	28,822	1.8	20,690	1.5
Year ended March 31, 2021	337,432	(7.6)	26,040	(11.9)	28,308	(11.5)	20,393	6.1
	Profit per share		Diluted profit per share					
	Yen		Yen					
Year ended March 31, 2022	291.97		—					
Year ended March 31, 2021	287.79		—					

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2022	336,952	199,176	59.1	2,810.67
Year ended March 31, 2021	332,457	187,678	56.5	2,648.40

(Reference) Equity Year ended March 31, 2022 ¥199,176 million Year ended March 31, 2021 ¥187,678 million

- \* Financial results reports are exempt from audits conducted by certified public accountants or an audit corporation.
- \* Proper use of consolidated earnings forecasts and other special matters

Forward-looking statements such as the earnings outlook included in these materials are based on information available to the company at the time of their compilation and on certain assumptions that have been determined to be reasonable. They do not constitute any commitment on the part of the company to achieve specific results. In addition, actual performance and other results may diverge significantly from forecasts for a variety of reasons. For precautionary information about the conditions that comprise the assumptions underlying earnings forecasts and about the use of earnings forecasts, see "Overview of operating results and other information" on p.2 of the attached materials.

## Attached materials — Contents

1. Overview of operating results .....	5
(1) Overview of operating results for the current fiscal year .....	5
(2) Overview of financial position during the current fiscal year .....	6
(3) Overview of cash flows during the current fiscal year .....	6
(4) Outlook for results during the next fiscal year .....	7
(5) Basic policy on profit allocation and dividends for the current and upcoming fiscal years .....	8
2. Basic approach to selection of accounting standards .....	8
3. Consolidated financial statements and principal notes .....	9
(1) Consolidated balance sheet .....	9
(2) Consolidated statement of income and consolidated statement of comprehensive income .....	11
(3) Statement of changes in consolidated shareholders' equity, etc. ....	14
(4) Consolidated cash flow statement .....	16
(5) Notes on the consolidated financial statements .....	18
(Notes on the premise of a going concern) .....	18
(Important information used to compile consolidated financial statements) .....	18
(Changes in accounting policies) .....	18
(Change in labeling method) .....	19
(Business segment information) .....	19
(Per-share data) .....	21
(Important subsequent events) .....	21
4. Other .....	22
Reference: Production, orders, and sales status .....	22

## 1. Overview of operating results

### (1) Overview of operating results for the current fiscal year

During the current fiscal year, business activities came under the pressure of constraints resulting from the COVID-19 pandemic, which has continued since 2020. The Group experienced delayed starts and progress in some large projects.

Recognizing the realities of this business environment and taking into account a summary of FY2020 as the first year of the current Medium-term Business Plan (which lasts for five years, from FY2020 to FY2024), the Group identified FY2021, the second year of the plan, as a time for dealing with environmental changes and realizing a recovery. As a result, we established the following key priorities and worked together to make progress towards their realization: strengthening and enhancing our ability to earn orders in the domestic facilities construction business, deepening measures to improve profits, strengthening human resources development, advancing the digital transformation (DX), strengthening governance, and eradicating serious accidents.

This approach yielded the following results during the current fiscal year:

(Consolidated financial results)

Construction orders	¥375,474 million	(up 15.5% from the previous year)
Sales	¥376,563 million	(down 3.9% from the previous year)
Operating income	¥33,137 million	(up 0.4% from the previous year)
Ordinary income	¥36,828 million	(up 2.6% from the previous year)
Profit attributable to owners of parent	¥26,216 million	(up 4.7% from the previous year)

Results by business segment were as follows:

(Facilities construction business)

Construction order volume rose ¥50,315 million (15.5%) from the previous consolidated fiscal year to ¥375,474 million as sales and engineering departments adopted a unified approach to sales in order to earn orders for large redevelopment projects and projects that had been delayed due to the COVID-19 pandemic, both of which we had identified as priority areas.

Sales fell ¥12,891 million (3.4%) from the previous year to ¥364,440 million as a result of challenges including delays in the start of construction of large solar installations and difficulty making progress due to delays in procurement resulting from material and equipment shortages and a comparatively large number of projects for which we recognize revenue based on progress that remain in the early stages of construction.

Segment profit (operating income) rose 42 million (0.1%) from the previous year to ¥30,528 million as renewed implementation of existing measures conceived to improve profitability combined with efforts by the Head Office's Technology Management Department to work closely with field personnel to manage construction and boost profits while taking advantage of digital technologies to offset a decline in sales.

(Other)

Sales fell ¥2,447 million (16.8%) from the previous year to ¥12,123 million due to declines in the renewable energy and software development businesses.

Segment profit (operating income) rose ¥130 million (5.5%) from the previous year to ¥2,501 million as improved profitability in the business hotel and other facility operation business and higher profit margins in the materials and equipment sales business.

Sales fell ¥2,372 million due to the application of the Accounting Standards for Revenue Recognition and other accounting standards.

## (2) Overview of financial position during the current fiscal year

### Overview of assets, liabilities, and net assets

#### (Assets)

Current assets rose ¥4,405 million from the end of the previous consolidated fiscal year to ¥216,979 million as a result of factors including an increase in notes receivable, accounts receivable from completed construction contracts and merchandise.

Fixed assets rose ¥7,458 million from the end of the previous year to ¥161,416 million as a result of factors including an increase in retirement benefit assets.

As a result of the above, total assets rose ¥11,863 million from the end of the previous year to ¥378,396 million.

#### (Liabilities)

Current liabilities fell ¥1,915 million from the end of the previous consolidated fiscal year to ¥123,446 million due to factors including a decrease in electronically recorded obligations and advances received on uncompleted construction contracts.

Long-term liabilities fell ¥5,674 million from the end of the previous year to ¥13,754 million due to factors including the transfer of long-term borrowings to short-term borrowings.

As a result of the above, total liabilities fell ¥7,589 million from the end of the previous year to ¥137,201 million.

#### (Net assets)

Total net assets rose ¥19,453 million from the end of the previous year to ¥241,194 million due to factors including posting of profit attributable to owners of parent.

## (3) Overview of cash flows during the current fiscal year

During the current fiscal year, cash and cash equivalents (“funds”) fell ¥12,008 million from the end of the previous consolidated fiscal year to ¥37,791 million.

#### (Cash flows from operating activities)

Funds gained from operating activities totaled ¥5,252 million (a decrease in income of ¥3,931 million from the previous consolidated fiscal year).

This result primarily reflects the fact that posting of profit before income taxes exceeded increases inventory assets and payment of income taxes.

#### (Cash flows from investing activities)

Funds used in investing activities totaled ¥7,536 million (an increase in expenditures of ¥3,304 million from the previous consolidated fiscal year).

This change was primarily the result of purchases of investment securities and property and equipment.

#### (Cash flows from financing activities)

Funds used in financing activities totaled ¥10,191 million (an increase in expenditures of ¥127 million from the previous consolidated fiscal year). This change was primarily the result of dividend payments.

#### (4) Outlook for results during the next fiscal year

Concerning the Group's outlook with regard to the COVID-19 pandemic, we expect business activities to continue to be constrained to a certain extent by the implementation of anti-infection measures. That said, we accept that current conditions are likely to embody the new, post-COVID normal and recognize the need to address anticipated effects on such aspects of our operations as sales, price competition, and construction delays.

At the same time, economic sanctions imposed in response to Russia's invasion of Ukraine and other impacts are pushing up the prices of a variety of goods and services, including energy and food, and like others the Group is seeing increases in the cost of materials and equipment and delays in delivery times. In addition, intensification of competition for orders and a trend towards ever-larger construction projects are fueling concerns with regard to the impact on future profitability.

Recognizing the realities of this environment, the Group has adopted "implementing business reforms that accommodate environmental changes" as the theme for FY2022, the third year of its Medium-term Business Plan, and it's working steadily to resolve the social issues it has identified as well as the priority issues set forth in the Plan.

The Group has identified a number of environmental changes that will affect its operations in FY2022, including the new, post-COVID normal; carbon neutrality; environmental management; large-scale urban developments such as the "Tenjin Bing Bang"; semiconductor-related construction; and the war in Ukraine. Going forward, we will undertake business reforms that accommodate those changes as we embrace the challenges posed by new ideas and values.

Specifically, we will work to improve productivity by utilizing the digital transformation (DX) and simplifying workflows, to increase corporate value through diversity, and to build an appealing workplace environment through workstyle reforms.

Despite the fact that earning orders for the "Tenjin Big Bang" and other urban redevelopment projects and for large, semiconductor-related projects will be essential as we look to maintain and expand the scale of our businesses, material and labor costs are soaring. To get past these challenges, it will be critical to reliably earn orders for the projects we target, to carefully manage progress in associated construction, and to secure profits.

To that end, we've identified improving productivity through the implementation of business reforms and pursuing price negotiations that reflect soaring material and labor costs as our two top-priority initiatives for FY2022, and we'll be dedicating our full resources to their implementation. Specifically, we will pursue radical workstyle reforms, including by thoroughly reassessing business processes and optimizing companywide and departmental operations; work to make effective use of our construction capabilities by strengthening efforts to build personnel structures that enable approaches that cut horizontally across the company; and conduct price negotiations that reflect soaring material prices.

As a result of the above initiatives, we expect the following operating results for the upcoming fiscal year (ending March 31, 2023):

(Consolidated financial results)

Construction orders	¥427.0 billion (up 13.7% from the current fiscal year)
Sales	¥460.0 billion (up 22.2% from the current fiscal year)
Operating income	¥34.5 billion (up 4.1% from the current fiscal year)
Ordinary income	¥37.0 billion (up 0.5% from the current fiscal year)
Profit attributable to owners of parent	¥25.0 billion (down 4.6% from the current fiscal year)

## (5) Basic policy on profit allocation and dividends for the current and upcoming fiscal years

With regard to the allocation of profits, we strive to maintain appropriate financial structures and return profits to shareholders while setting aside sufficient internal reserves to strengthen our management base and expand our businesses in order to enhance performance.

With regard to dividends, we make comprehensive determinations based on such factors as the business environment, operating results, and financial position and endeavor to meet the expectations of shareholders by offering stable dividends on an ongoing basis using a consolidated payout ratio of 25% as a guideline.

In keeping with this basic policy, the year-end dividend for the current fiscal year will be ¥50 per share, which combined with the previously paid interim dividend of ¥50 per share will yield an annual dividend of ¥100 per share.

We plan to offer an annual dividend of ¥100 per share (including an interim dividend of ¥50) for the upcoming fiscal year (ending March 31, 2023) based on current operating results forecasts and other information.

## 2. Basic approach to selection of accounting standards

Most of the Group's business is conducted in Japan, and most of the interested parties, including creditors and business partners, operate in Japan. As a result, we apply Japanese accounting standards so that consolidated financial statements from multiple fiscal years and for multiple businesses can be compared.

Our policy going forward will be to examine potential future use of international accounting standards as appropriate based on considerations such as the domestic and international situation and adoption of international accounting standards by other companies in our industry.



### 3. Consolidated financial statements and principal notes

#### (1) Consolidated balance sheet

(Millions of yen)

	Previous fiscal year As of March 31, 2021	Current fiscal year As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	50,905	39,021
Notes receivable, accounts receivable from completed construction contracts and other	130,705	136,676
Securities	—	987
Costs of uncompleted construction contracts	5,910	5,592
Merchandise	1,040	1,107
Raw materials and supplies	14,579	22,790
Other	9,451	10,838
Allowance for doubtful accounts	(18)	(34)
<b>Total current assets</b>	<b>212,574</b>	<b>216,979</b>
Fixed assets		
Property and equipment		
Buildings and structures	70,681	73,060
Machinery, vehicles, tools, furniture and fixtures	40,771	41,059
Land	28,887	29,677
Lease assets	7,190	7,628
Construction in process	1,061	1,112
Total cumulative depreciation	(67,894)	(71,694)
<b>Total property and equipment</b>	<b>80,698</b>	<b>80,844</b>
Intangible assets		
Goodwill	—	755
Customer-related assets	—	1,739
Other	1,729	1,873
<b>Total intangible assets</b>	<b>1,729</b>	<b>4,368</b>
Investments and other assets		
Investment securities	63,194	61,175
Long-term loans receivable	1,256	313
Retirement benefit assets	554	6,124
Deferred tax assets	3,507	4,288
Other	4,781	5,279
Allowance for doubtful accounts	(1,764)	(979)
<b>Total investments and other assets</b>	<b>71,530</b>	<b>76,203</b>
<b>Total fixed assets</b>	<b>153,957</b>	<b>161,416</b>
<b>Total assets</b>	<b>366,532</b>	<b>378,396</b>

(Millions of yen)

	Previous fiscal year As of March 31, 2021	Current fiscal year As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	63,559	66,669
Electronically recorded obligations	23,593	22,078
Short-term borrowings	1,774	6,865
Income taxes payable	7,145	7,309
Advances received on uncompleted construction contracts	15,381	11,463
Provision for loss on construction contracts	60	187
Other	13,845	8,872
Total current liabilities	125,361	123,446
Long-term liabilities		
Long-term borrowings	10,140	3,494
Lease obligations	2,711	2,782
Provision for retirement benefits for directors (and other officers)	300	328
Retirement benefit liability	4,051	4,015
Other	2,225	3,134
Total long-term liabilities	19,429	13,754
Total liabilities	144,790	137,201
<b>Net assets</b>		
Shareholders' equity		
Share capital	12,561	12,561
Capital surplus	12,987	12,987
Retained earnings	195,601	214,655
Treasury stock, at cost	(8)	(9)
Total shareholders' equity	221,141	240,194
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,998	1,848
Deferred gains or losses on hedges	(381)	(218)
Foreign currency translation adjustment	105	208
Retirement benefit liability adjustments	(5,057)	(2,898)
Total accumulated other comprehensive loss	(1,334)	(1,059)
Non-controlling interests	1,933	2,059
Total net assets	221,741	241,194
Total liabilities and net assets	366,532	378,396

## (2) Consolidated statement of income and consolidated statement of comprehensive income

## Consolidated statement of income

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
<b>Net sales</b>		
Construction contracts	377,331	364,440
Other	14,570	12,123
<b>Total net sales</b>	<b>391,901</b>	<b>376,563</b>
<b>Cost of sales</b>		
Construction contracts	324,266	310,615
Other	11,003	8,586
<b>Total cost of sales</b>	<b>335,269</b>	<b>319,201</b>
<b>Gross profit</b>		
Construction contracts	53,064	53,824
Other	3,567	3,536
<b>Total gross profit</b>	<b>56,631</b>	<b>57,361</b>
<b>Selling, general and administrative expenses</b>	<b>23,633</b>	<b>24,224</b>
<b>Operating income</b>	<b>32,998</b>	<b>33,137</b>
<b>Non-operating income</b>		
Interest income	91	48
Dividend income	723	747
Share of profit of entities accounted for using equity method	694	1,514
Gain on investments in partnerships	1,054	910
Rent income	313	329
Other	884	775
<b>Total non-operating income</b>	<b>3,760</b>	<b>4,326</b>
<b>Non-operating expenses</b>		
Interest expenses	411	387
Extra retirement payments	90	84
Payment fees	6	75
Transfer of allowance for doubtful accounts from affiliates	236	35
Other	109	52
<b>Total non-operating expenses</b>	<b>853</b>	<b>635</b>
<b>Ordinary income</b>	<b>35,906</b>	<b>36,828</b>

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
<b>Extraordinary income</b>		
Gain on sales of fixed assets	55	4
Gain on sales of investment securities	1,294	811
Total extraordinary income	1,350	816
<b>Extraordinary losses</b>		
Loss on disposal and sales of fixed assets	184	286
Loss on sales of investment securities	66	36
Loss on valuation of investment securities	133	489
Penalty	89	—
Total extraordinary losses	472	811
Profit before income taxes	36,784	36,833
Corporate, residence, and business taxes	11,337	11,365
Income taxes - deferred	258	(871)
Total income taxes	11,596	10,493
Profit	25,188	26,339
Profit attributable to non-controlling interests	145	123
Profit attributable to owners of parent	25,042	26,216

Consolidated statement of comprehensive income

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Profit	25,188	26,339
Other comprehensive income		
Valuation difference on available-for-sale securities	3,243	(2,146)
Foreign currency translation adjustment	(120)	131
Retirement benefit liability adjustments	2,928	2,158
Share of other comprehensive income (loss) of entities accounted for using equity method	171	159
Total other comprehensive income (loss)	6,223	302
Comprehensive income	31,411	26,641
(of which)		
Comprehensive income attributable to owners of parent	31,276	26,490
Comprehensive income attributable to non-controlling interests	134	151

(3) Statement of changes in consolidated shareholders' equity, etc.

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at start of fiscal year under review	12,561	12,982	177,642	(8)	203,179
Change during fiscal year under review					
Dividend of surplus			(7,086)		(7,086)
Profit attributable to owners of parent			25,042		25,042
Purchase of treasury stock				(0)	(0)
Retirement of treasury stock					—
Changes in the scope of consolidation			2		2
Transfers from retained earnings to capital surplus					—
Change in equity due to acquisition of consolidated subsidiaries' treasury stock		3			3
Change in equity due to acquisition of consolidated subsidiaries' shares		1			1
Increase in surplus of subsidiaries due to changes in accounting period					—
Change in items other than shareholders' equity during fiscal year under review (net)					—
Total change during fiscal year under review	—	4	17,958	(0)	17,962
Balance at end of fiscal year under review	12,561	12,987	195,601	(8)	221,141

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Retirement benefit liability adjustments	Total accumulated other comprehensive loss		
Balance at start of fiscal year under review	745	(540)	212	(7,985)	(7,567)	1,831	197,442
Change during fiscal year under review							
Dividend of surplus							(7,086)
Profit attributable to owners of parent							25,042
Purchase of treasury stock							(0)
Retirement of treasury stock							—
Changes in the scope of consolidation							2
Transfers from retained earnings to capital surplus							—
Change in equity due to acquisition of consolidated subsidiaries' treasury stock							3
Change in equity due to acquisition of consolidated subsidiaries' shares							1
Increase in surplus of subsidiaries due to changes in accounting period							—
Change in items other than shareholders' equity during fiscal year under review (net)	3,252	159	(106)	2,928	6,233	102	6,336
Total change during fiscal year under review	3,252	159	(106)	2,928	6,233	102	24,298
Balance at end of fiscal year under review	3,998	(381)	105	(5,057)	(1,334)	1,933	221,741

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at start of fiscal year under review	12,561	12,987	195,601	(8)	221,141
Change during fiscal year under review					
Dividend of surplus			(7,086)		(7,086)
Profit attributable to owners of parent			26,216		26,216
Purchase of treasury stock				(1)	(1)
Retirement of treasury stock					—
Changes in the scope of consolidation			(76)		(76)
Transfers from retained earnings to capital surplus					—
Change in equity due to acquisition of consolidated subsidiaries' treasury stock					—
Change in equity due to acquisition of consolidated subsidiaries' shares					—
Increase in surplus of subsidiaries due to changes in accounting period					—
Change in items other than shareholders' equity during fiscal year under review (net)					—
Total change during fiscal year under review	—	—	19,054	(1)	19,052
Balance at end of fiscal year under review	12,561	12,987	214,655	(9)	240,194

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Retirement benefit liability adjustments	Total accumulated other comprehensive loss		
Balance at start of fiscal year under review	3,998	(381)	105	(5,057)	(1,334)	1,933	221,741
Change during fiscal year under review							
Dividend of surplus							(7,086)
Profit attributable to owners of parent							26,216
Purchase of treasury stock							(1)
Retirement of treasury stock							—
Changes in the scope of consolidation							(76)
Transfers from retained earnings to capital surplus							—
Change in equity due to acquisition of consolidated subsidiaries' treasury stock							—
Change in equity due to acquisition of consolidated subsidiaries' shares							—
Increase in surplus of subsidiaries due to changes in accounting period							—
Change in items other than shareholders' equity during fiscal year under review (net)	(2,149)	162	102	2,158	274	125	400
Total change during fiscal year under review	(2,149)	162	102	2,158	274	125	19,453
Balance at end of fiscal year under review	1,848	(218)	208	(2,898)	(1,059)	2,059	241,194

## (4) Consolidated cash flow statement

	(Millions of yen)	
	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	36,784	36,833
Depreciation expenses	5,739	5,791
Increase/decrease in allowance for doubtful accounts (with figures in parentheses indicating decreases)	233	(152)
Increase/decrease in retirement benefit assets (with figures in parentheses indicating increases)	—	(2,860)
Increase/decrease in retirement benefit liabilities and provision for retirement benefits for directors (and other officers)(with figures in parentheses indicating decreases)	(3,343)	(907)
Increase/decrease in provision for loss on construction contracts (with figures in parentheses indicating decreases)	48	123
Gain/loss on investments in partnerships (with figures in parentheses indicating gains)	(1,054)	(910)
Interest income and dividend income	(814)	(796)
Interest expenses	411	387
Foreign exchange gain or loss (with figures in parentheses indicating gains)	(60)	(126)
Share of profit/loss of entities accounted for using equity method (with figures in parentheses indicating profit)	(431)	(1,201)
Gain/loss on sale of property and equipment (with figures in parentheses indicating gains)	(29)	(4)
Loss on disposal of property and equipment	157	282
Gain/loss on valuation of securities and investment securities (with figures in parentheses indicating gains)	133	489
Gain/loss on sale of securities and investment securities (with figures in parentheses indicating gains)	(1,228)	(775)
Increase/decrease in accounts receivable (with figures in parentheses indicating increases)	8,915	(4,786)
Increase/decrease in costs of uncompleted construction contracts (with figures in parentheses indicating increases)	1,374	585
Increase/decrease in inventory assets (with figures in parentheses indicating increases)	(12,964)	(8,266)
Increase/decrease in accounts payable (with figures in parentheses indicating decreases)	(14,206)	153
Increase/decrease in advances received on uncompleted construction contracts (with figures in parentheses indicating decreases)	(8,043)	(3,923)
Increase/decrease in long-term accounts payable (with figures in parentheses indicating decreases)	(11)	(2)
Increase/decrease in unpaid or uncollected consumption tax	4,020	(6,036)
Other	3,706	2,298
<b>Sub total</b>	<b>19,335</b>	<b>16,193</b>
Interest income and dividend income received	793	796
Interest paid	(411)	(387)
Income taxes paid	(10,533)	(11,350)
<b>Cash flows from operating activities</b>	<b>9,184</b>	<b>5,252</b>



(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
<b>Cash flows from investing activities</b>		
Expenditures on deposits of time deposits	(1,137)	(1,352)
Income from redemption of time deposits	921	1,732
Expenditures on purchases of property and equipment	(2,945)	(3,931)
Income from sale of property and equipment	103	169
Expenditures on disposal of property and equipment	(4)	(210)
Expenditures on purchases of investment securities	(6,458)	(4,817)
Income from sale of investment securities	6,534	3,992
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(2,871)
Expenditures on sales of subsidiaries' shares resulting in changes in the scope of consolidation	(47)	—
Expenditures on long-term loans	(167)	(127)
Income from collection of long-term loans	93	153
Other	(1,124)	(273)
<b>Cash flows from investing activities</b>	<b>(4,232)</b>	<b>(7,536)</b>
<b>Cash flows from financing activities</b>		
Net increase/decrease in short-term borrowings (with figures in parentheses indicating decreases)	(5)	(34)
Income from long-term borrowings	55	—
Expenditures on repayment of long-term loans	(1,769)	(1,811)
Expenditures on purchases of treasury stock	(0)	(1)
Dividends paid	(7,084)	(7,086)
Dividends paid to non-controlling interests	(4)	(2)
Expenditures on refunds to non-controlling interests	(21)	(22)
Expenditures on purchases of subsidiaries' shares not resulting in changes in the scope of consolidation	(1)	—
Other	(1,232)	(1,233)
<b>Cash flows from financing activities</b>	<b>(10,064)</b>	<b>(10,191)</b>
Translation differences related to cash and cash equivalents	(51)	301
Increase/decrease in cash and cash equivalents (with figures in parentheses indicating decreases)	(5,164)	(12,175)
Cash and cash equivalents at start of period	54,964	49,800
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	166
<b>Cash and cash equivalents at end of period</b>	<b>49,800</b>	<b>37,791</b>

## (5) Notes on the consolidated financial statements

(Notes on the premise of a going concern)

None

(Important information used to compile consolidated financial statements)

With the exception of the following, disclosures have been omitted due to the absence of important changes to the information provided in the most recent annual securities report (submitted on June 28, 2021).

(Changes related to the scope of consolidation)

The following three non-consolidated subsidiaries have been reclassified as consolidated subsidiaries: KYUDENKO MALAYSIA SDN.BHD.; KYUDENKO VIETNAM CO., LTD.; and KYUDENKO (THAILAND) CO., LTD.

We acquired shares of Tokyo-based CHUORIKA KOUGYO Co., Ltd. to make it a consolidated subsidiary, along with its subsidiaries CHUO SHOBO KIKO Co., Ltd.; TOKYO CHUORIKA KOUGYO Co., Ltd.; TOKYO—NISHI CHUORIKA KOUGYO Co., Ltd.; SAITAMA CHUORIKA KOUGYO Co., Ltd.; TOCHIGI CHUORIKA KOUGYO Co., Ltd.; CHUORIKA KOUGYO (SENDAI) Co., Ltd.; MIE CHUORIKA KOUGYO Co., Ltd.; and HAMAMATSU CHUORIKA KOUGYO Co., Ltd.

This acquisition brought the number of subsidiaries to 58.

(Changes in accounting policies)

(Application of Accounting Standards for Revenue Recognition and other accounting standards)

We applied the Accounting Standards for Revenue Recognition (Corporate Accounting Standard No. 29 of March 31, 2020; "Revenue Recognition Standards") from the start of the current fiscal year, requiring us to recognize funds that are expected to be received in return for a good or service as revenue at such time as control of the promised good or service is transferred to the customer.

Application of this standard has resulted in a change in the method used to recognize revenue. Previously, progress in construction served as the basis on which we recognized revenue received in connection with construction contracts when the reliability of results for such progress was recognized. Under the new approach, in cases where control over goods or services is transferred to customers over a certain period of time, revenue is recognized over that period as the obligation to transfer goods or services to the customer is fulfilled. Progress towards fulfillment of obligations is measured based on the construction costs incurred by the last day of each reporting period as a percentage of total anticipated construction costs. In the event that we cannot reasonably estimate progress towards the fulfillment of obligations but expect to recoup costs, we recognize revenue on a cost recovery basis.

Similarly, in the past we recognized some revenue from equipment sales and other sources in toto, but we have now adopted a new approach in which net revenue is recognized based on the result of determining our role in supplying the good or service in question to each customer (whether we are acting as the primary supplier or an agent).

With regard to our application of the Accounting Standards for Revenue Recognition, we're complying with the transitional treatment described in the note to Paragraph 84 of the standard. As a result, we've applied the new accounting policies starting with the balance at the beginning of the accounting period under review by adding (subtracting) the cumulative monetary effect of applying the new policies retroactively from the beginning of the current fiscal year to (from) retained earnings as of the beginning of the current fiscal year.

This process caused both net sales and cost of sales during the current fiscal year to fall ¥2,372 million, with the result that application of the new standard had no effect on operating income, ordinary income, or profit before income taxes. Application of the new standard also did not affect the balance of retained earnings at the beginning of the fiscal year under review.

In accordance with the transitional treatment set forth in Paragraph 89-2 of the Accounting Standards for Revenue Recognition, we have not used the new labeling method to reclassify accounts for the previous fiscal year. In accordance with the transitional treatment set forth in Paragraph 89-3 of the Accounting Standards for Revenue Recognition, no notes concerning revenue recognition during the previous fiscal year have been included.

(Application of Accounting Standards Related to Calculation of Market Value)

We have applied the Accounting Standards Related to Calculation of Market Value (Corporate Accounting Standard No. 30 of July 4, 2019; “Market Value Standards”) since the start of the consolidated accounting period under review. In keeping with the transitional treatment described in Paragraph 19 of the Market Value Standards and in Paragraph 44-2 of the Accounting Standards Related to Financial Products (Corporate Accounting Standard No. 10 of July 4, 2019), new accounting policies set forth by the Market Value Standards will continue to be applied in the future. Those changes have had no effect on our consolidated financial statements.

(Change in labeling method)

(Consolidated statement of income)

Payment fees, which were included in the “Other” category under “Non-operating expenses” for the previous consolidated fiscal year, are noted in their own category for the current fiscal year due to their increased importance. The categories used on the previous year’s consolidated financial statements have been reclassified to reflect this change in labeling method.

As a result, the “Other” category under “Non-operating expenses” on the statement of income for the previous year, which totaled ¥115 million, has been broken out into two categories: “Payment fees” (¥6 million) and “Other” (¥109 million).

(Business segment information)

1. Overview of reporting segments

It is possible to obtain discrete financial information for the reporting segments that make up the Group, which are subject to regular study by the Board of Directors as it makes decisions concerning the allocation of management resources and assesses performance.

The Head Office formulates medium- and long-term business strategies for the Group and carries out business activities involving facilities construction in cooperation with consolidated group companies, with a focus on local worksites.

Business activities in other industries, including the sale of construction-related materials and equipment, real-estate sales, and the generation of renewable energy, are carried out by consolidated group companies as independent business units.

Consequently, the Group, which consists of several business-specific segments, aggregates multiple business segments that are generally similar in terms of elements such as economic characteristics and services and treats them as the “facilities construction business” reporting segment so that it can provide appropriate information, for example descriptions of associated business activities.

The facilities construction business encompasses primarily design and installation for electrical work such as power distribution line work, indoor wiring work, and telecommunications work as well as HVAC facility work such as space conditioning, cooling and heating, water supply and wastewater sanitary equipment, and water treatment work.

2. Methods used to calculate sales, profit, assets, liabilities, and other amounts for each business segment

The accounting treatments used for reported business segments are generally the same as those described in “Important information used to compile consolidated financial statements.”

However, as described in changes in accounting policies, revenue recognition and other standards have been applied from the start of the current fiscal year, resulting in changes to accounting treatments related to revenue recognition and associated changes in the methods for calculating profits and losses for business segments.

As a result of these changes, sales in the “Other” segment shrank ¥2,372 million during the current fiscal year compared to the previous method.

Reporting segment profits are given as operating income figures. Inter-segment internal rates of return and transfers are based on actual market prices.

3. Information related to sales, profit, assets, liabilities, and other amounts for each reporting segment

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reporting segment		Other (Note 1)	Total	Adjustment (Note 3)	Total
	Facilities construction business					
Net sales						
Sales to outside customers	377,331		14,570	391,901	—	391,901
Inter-segment internal sales and transfers	804		4,977	5,782	(5,782)	—
Total	378,136		19,548	397,684	(5,782)	391,901
Segment profit	30,485		2,371	32,856	142	32,998
Other items						
Depreciation expenses	3,559		2,294	5,853	(114)	5,739
Amortization of goodwill	64		41	106	—	106
Depreciation of customer-related assets	—		—	—	—	—

Note 1: The “Other” category comprises a business segment that is not included in any other reporting segment and consists of businesses such as the following: sales of construction-related materials and equipment, real-estate sales, generation of renewable energy, temporary staffing, software development, environmental analysis and measurement, health care, golf course operation, business hotel operation, and retail facility planning and operation.

2. Segment assets and segment liabilities are not listed because assets and liabilities are not allocated to the business segment in question.

3. The ¥142 million adjustment to segment profit serves to eliminate inter-segment transactions.

4. Segment profit is derived from operating income as listed on the consolidated statement of income and adjustments.

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reporting segment		Other (Note 1)	Total	Adjustment (Note 3)	Total
	Facilities construction business					
Net sales						
Sales to outside customers	364,440		12,123	376,563	—	376,563
Inter-segment internal sales and transfers	819		5,073	5,893	(5,893)	—
Total	365,260		17,196	382,456	(5,893)	376,563
Segment profit	30,528		2,501	33,029	107	33,137
Other items						
Depreciation expenses	3,794		2,104	5,899	(108)	5,791
Amortization of goodwill	107		—	107	—	107
Depreciation of customer-related assets	190		—	190	—	190

Note 1: The “Other” category comprises a business segment that is not included in any other reporting segment and consists of businesses such as the following: sales of construction-related materials and equipment, real-estate sales, generation of renewable energy, temporary staffing, software development, environmental analysis and measurement, health care, golf course operation, business hotel operation, and retail facility planning and operation.

2. Segment assets and segment liabilities are not listed because assets and liabilities are not allocated to the business segment in question.
3. The ¥107 million adjustment to segment profit serves to eliminate inter-segment transactions.
4. Segment profit is derived from operating income as listed on the consolidated statement of income and adjustments.

(Per-share data)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	¥3,102.61	¥3,375.43
Profit per share	¥353.48	¥370.05

Note 1: Diluted profit per share is not listed as the company has no potential shares.

2. Profit per share is calculated as follows:

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Profit per share		
Profit attributable to owners of parent(millions of yen)	25,042	26,216
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common stock (millions of yen)	25,042	26,216
Average number of common stock shares outstanding during the period (thousands of shares)	70,846	70,845

3. Net assets per share are calculated as follows:

	End of previous fiscal year (March 31, 2021)	End of current fiscal year (March 31, 2022)
Total net assets (millions of yen)	221,741	241,194
Amount excluded from total net assets (millions of yen)	1,933	2,059
(Of which, share warrants [millions of yen])	(—)	(—)
(Of which, non-controlling interests [millions of yen])	(1,933)	(2,059)
Net assets at end of period related to common stock (millions of yen)	219,807	239,134
Number of issued common stock shares (thousands of shares)	70,864	70,864
Number of common shares of treasury stock (thousands of shares)	19	19
Number of common stock shares at end of period used to calculate net assets per share (thousands of shares)	70,845	70,845

(Important subsequent events)

None

#### 4. Other

##### Reference: Production, orders, and sales status

[Consolidated performance]

##### (1) Net sales

Accounting period Business segment	Previous fiscal year (April 2020 to March 2021)		Current fiscal year (April 2021 to March 2022)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	Rate (%)
Power distribution line work	45,793	11.7	45,774	12.2	(19)	(0.0)
Electrical work	207,274	52.9	198,354	52.7	(8,919)	(4.3)
HVAC and sanitary facility work	124,263	31.7	120,311	31.9	(3,951)	(3.2)
Total, facilities construction business	377,331	96.3	364,440	96.8	(12,891)	(3.4)
Other businesses	14,570	3.7	12,123	3.2	(2,447)	(16.8)
Total	391,901	100	376,563	100	(15,338)	(3.9)

##### (2) Construction orders

Accounting period Business segment	Previous fiscal year (April 2020 to March 2021)		Current fiscal year (April 2021 to March 2022)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	Rate (%)
Power distribution line work	45,654	14.0	45,646	12.1	(8)	(0.0)
Electrical work	160,669	49.4	197,779	52.7	37,110	23.1
HVAC and sanitary facility work	118,834	36.6	132,048	35.2	13,214	11.1
Total	325,158	100	375,474	100	50,315	15.5

##### (3) Construction contract balance at end of period

Accounting period Business segment	As of March 31, 2021 (2021.3)		As of March 31, 2022 (2022.3)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	Rate (%)
Power distribution line work	1,375	0.3	1,247	0.3	(128)	(9.3)
Electrical work	285,347	72.0	285,008	69.9	(338)	(0.1)
HVAC and sanitary facility work	109,566	27.7	121,392	29.8	11,826	10.8
Total	396,289	100	407,649	100	11,359	2.9

##### (4) Construction sales by customer

Accounting period Customer	Previous fiscal year (April 2020 to March 2021)		Current fiscal year (April 2021 to March 2022)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	Rate (%)
Kyushu Electric Power Group*	45,497	12.1	46,428	12.7	931	2.0
General customers	331,834	87.9	318,011	87.3	(13,822)	(4.2)
Total	377,331	100	364,440	100	(12,891)	(3.4)

## (5) Construction orders by customer

Accounting period Customer	Previous fiscal year (April 2020 to March 2021)		Current fiscal year (April 2021 to March 2022)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	Rate (%)
Kyushu Electric Power Group*	45,593	14.0	47,509	12.7	1,916	4.2
General customers	279,565	86.0	327,964	87.3	48,399	17.3
Total	325,158	100	375,474	100	50,315	15.5

## (6) Full-year sales and construction order volume forecast for the fiscal year ending March 2023

Business segment	Sales (millions of yen)	Construction order volume (millions of yen)
Power distribution line work	48,000	48,000
Electrical work	260,000	231,500
HVAC and sanitary facility work	139,000	147,500
Total, facilities construction business	447,000	427,000
Other businesses	13,000	
Total	460,000	

\*Kyushu Electric Power Group: Kyushu Electric Power Co., Inc., and Kyushu Electric Power Transmission and Distribution Co., Inc.

## [Non-consolidated performance]

## (1) Net sales

Accounting period Business segment	Previous fiscal year (April 2020 to March 2021)		Current fiscal year (April 2021 to March 2022)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	Rate (%)
Power distribution line work	43,446	12.9	43,619	13.5	172	0.4
Electrical work	190,794	56.5	180,647	56.0	(10,147)	(5.3)
HVAC and sanitary facility work	98,639	29.2	93,879	29.1	(4,760)	(4.8)
Total	332,880	98.6	318,145	98.6	(14,734)	(4.4)
Other businesses	4,552	1.4	4,422	1.4	(130)	(2.9)
Total	337,432	100	322,568	100	(14,864)	(4.4)

## (2) Construction orders

Accounting period Business segment	Previous fiscal year (April 2020 to March 2021)		Current fiscal year (April 2021 to March 2022)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	Rate (%)
Power distribution line work	42,919	15.3	43,603	13.1	684	1.6
Electrical work	143,071	51.0	182,465	54.9	39,393	27.5
HVAC and sanitary facility work	94,726	33.7	106,279	32.0	11,553	12.2
Total	280,717	100	332,349	100	51,632	18.4

## (3) Construction contract balance at end of period

Accounting period	As of March 31, 2021 (2021.3)		As of March 31, 2022 (2022.3)		Increase (Decrease)	
Business segment	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	Rate (%)
Power distribution line work	476	0.1	460	0.1	(15)	(3.3)
Electrical work	273,706	75.2	275,524	72.8	1,818	0.7
HVAC and sanitary facility work	89,947	24.7	102,348	27.1	12,400	13.8
Total	364,131	100	378,334	100	14,203	3.9

## (4) Construction sales by customer

Accounting period	Previous fiscal year (April 2020 to March 2021)		Current fiscal year (April 2021 to March 2022)		Increase (Decrease)	
Customer	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	Rate (%)
Kyushu Electric Power Group*	43,799	13.2	44,773	14.1	973	2.2
General customers	289,080	86.8	273,372	85.9	(15,708)	(5.4)
Total	332,880	100	318,145	100	(14,734)	(4.4)

## (5) Construction orders by customer

Accounting period	Previous fiscal year (April 2020 to March 2021)		Current fiscal year (April 2021 to March 2022)		Increase (Decrease)	
Customer	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	As percent of total (%)	Amount (millions of yen)	Rate (%)
Kyushu Electric Power Group*	43,791	15.6	45,045	13.6	1,253	2.9
General customers	236,925	84.4	287,303	86.4	50,378	21.3
Total	280,717	100	332,349	100	51,632	18.4

\*Kyushu Electric Power Group: Kyushu Electric Power Co., Inc., and Kyushu Electric Power Transmission and Distribution Co., Inc.