

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2022
<Japanese GAAP>

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Listed stock exchange: Tokyo
Securities code: 1961
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Scheduled date of annual general meeting of shareholders: June 23, 2022

Scheduled date to commence dividend payments: June 24, 2022

Scheduled date to file annual securities report: June 23, 2022

Preparation of explanatory materials for financial results: Yes

Holding of a briefing on financial results: Yes (for securities analysts and institutional investors)

(Amounts of less than 1 million yen are truncated)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022
(April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(% figures show year-on-year change)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	193,189	1.6	9,112	21.5	9,817	19.8	6,489	10.0
March 31, 2021	190,067	(8.5)	7,498	(29.7)	8,196	(27.0)	5,901	(22.1)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 8,485 million [(22.3%)]

Fiscal year ended March 31, 2021: ¥10,924 million [133.1%]

Fiscal year ended	Profit per share	Profit per share – diluted	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2022	115.13	114.55	7.0	5.5	4.7
March 31, 2021	103.12	102.60	6.6	4.7	3.9

(2) Consolidated financial position

As of	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	183,609	94,278	51.2	1,685.20
March 31, 2021	171,313	91,699	53.4	1,611.76

(Reference) Shareholders' equity: As of March 31, 2022: ¥93,967 million As of March 31, 2021: ¥91,416 million

(Note) The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29; March 31, 2020), etc. has been applied from the beginning of the current consolidated fiscal year. The figures for the fiscal year ended March 31, 2022, reflect the application of this accounting standard.

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	18,529	(3,384)	(7,518)	44,779
March 31, 2021	(483)	(1,423)	(6,974)	37,087

2. Dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2021	—	35.00	—	45.00	80.00	4,568	77.6	5.1
March 31, 2022	—	35.00	—	50.00	85.00	4,773	73.8	5.2
Fiscal year ending March 31, 2023 (Forecast)	—	35.00	—	35.00	70.00		56.6	

(Note) Breakdown of end-FY3/21 dividend: Ordinary dividend ¥35; Extraordinary dividend ¥10

Breakdown of end-FY3/22 dividend: Ordinary dividend ¥35; Extraordinary dividend ¥15

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% figures show year-on-year change for the full year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	200,000	3.5	9,500	4.2	10,000	1.9	6,900	6.3	123.74

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

New: - (Company name:) Excluded: - (Company name:)

(2) Changes in accounting policies and estimates, and retrospective restatements

(i) Changes in accounting policies in accordance with revision of accounting standards: Yes

(ii) Changes in accounting policies other than item (i) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(Note) For details, please see the accompanying materials on p. 18 “4. Consolidated financial statements and related notes

(5) Notes on the consolidated financial statements (Changes in accounting policies).”

(3) Number of shares issued (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)

As of March 31, 2022	59,661,156 shares
As of March 31, 2021	59,661,156 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2022	3,900,458 shares
As of March 31, 2021	2,942,442 shares

(iii) Average number of shares during period

Fiscal year ended March 31, 2022	56,363,161 shares
Fiscal year ended March 31, 2021	57,230,406 shares

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

(April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2022	173,544	2.8	7,288	39.0	9,656	24.0	6,952	10.9
March 31, 2021	168,879	(9.2)	5,245	(38.0)	7,784	(25.2)	6,266	(17.5)

	Profit per share	Profit per share – diluted
Fiscal year ended	Yen	Yen
March 31, 2022	123.36	122.73
March 31, 2021	109.50	108.96

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	171,310	85,299	49.6	1,524.18
March 31, 2021	159,141	83,002	52.0	1,458.43

(Reference) Shareholders' equity: As of March 31, 2022: ¥84,989 million As of March 31, 2021: ¥82,720 million

(Note) The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29; March 31, 2020), etc. has been applied from the beginning of the current fiscal year. The figures for the fiscal year ended March 31, 2022, reflect the application of this accounting standard.

**2. Forecast of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2023
(April 1, 2022 to March 31, 2023)**

(% figures show year-on-year change for the full year)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	180,000	3.7	7,500	2.9	9,500	(1.6)	6,900	(0.8)	123.74

* The summary of financial results is not subject to inspection by a certified public accountant or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements such as earnings forecasts contained in these materials are based on the information available at the time they were prepared, and the actual results could differ from forecasts depending on a variety of factors. For matters related to the above earnings forecasts, please see the accompanying materials on p. 5 “1. Overview of operating results and others, (4) Outlook.”

Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Officially, only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

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1. Overview of operating results and others

(1) Overview of operating results in the fiscal year under review

During the consolidated fiscal year under review, the Japanese economy entered a recovery phase albeit at a moderate pace as COVID-19 vaccinations proceeded, although social activities were sluggish from the impact of the state of emergency declaration and quasi-state of emergency measures. However, uncertainty over the outlook remained, due to supply constraints such as a shortage of semiconductors and a surge in raw materials prices, tightening of US monetary policy, the Russia–Ukraine situation, and other factors.

With respect to construction investment, there were positive moves notably in private-sector investment, indicating firmness in capital investment.

In this environment, the Group focused its efforts in the final fiscal year of the three-year medium-term management plan “Century 2025” Phase 2 on pursuing further the Phase 1 measures for enhancing quality and on implementing key priority initiatives of Phase 2 to enhance reliability, through disclosure of financial and capital policies, disclosure of ESG policy, and strengthening of information dissemination capabilities. Additionally, the Group worked on strengthening further its corporate governance and made every effort to achieve sustainable growth and improvement of medium- to long-term corporate value based on full commitment to corporate governance.

As a result, the Group’s business performance in the consolidated fiscal year under review was as follows.

(Millions of yen)

	FY2020	FY2021	YoY change	YoY change (%)	Main factors behind YoY change
Orders received	195,580	202,250	6,670	3.4%	As stated in the next section, “Operating results of major segments”
Balance carried forward	141,676	150,737	9,061	6.4%	
Net sales	190,067	193,189	3,121	1.6%	
Gross profit	28,754	30,223	1,469	5.1%	
Margin (%)	15.1%	15.6%	0.5%		
Operating profit	7,498	9,112	1,614	21.5%	
Margin (%)	3.9%	4.7%	0.8%		
Ordinary profit	8,196	9,817	1,620	19.8%	
Margin (%)	4.3%	5.1%	0.8%		
Profit attributable to owners of parent	5,901	6,489	587	10.0%	
Margin (%)	3.1%	3.4%	0.3%		

(Note) Profit margins are the rate of return on net sales.

<Operating results of major segments>

○Facilities Construction Business

This business includes HVAC and Plumbing for Buildings, Industrial HVAC (centered on air-conditioning systems for factories), Electrical Systems and Facility Systems businesses, etc.

There was an increase in orders received, driven by orders received for large-scale construction projects for industrial HVAC and electrical systems. Net sales were essentially unchanged from the same period of the previous year, while segment profit increased due partly to improved profit margin of construction works carried forward.

(Millions of yen)

	FY2020	FY2021	YoY change	YoY change (%)
Orders received	156,768	160,504	3,736	2.4%
Net sales	155,501	155,484	(17)	(0.0%)
Segment profit	7,677	8,825	1,147	14.9%

○Machinery Systems Business

This business mainly includes conveyance systems and manufacturing and sales business related to transportation equipment. Compared with the same period of the previous year, both orders received and net sales increased, and segment loss improved.

(Millions of yen)

	FY2020	FY2021	YoY change	YoY change (%)
Orders received	7,858	8,914	1,055	13.4%
Net sales	8,973	9,666	693	7.7%
Segment profit (loss)	(393)	(193)	200	—

○Environmental Systems Business

This business mainly includes operations related to water and sewage facilities and waste treatment facilities ordered by government agencies.

Orders received increased, attributable largely to contracts received for the large-scale maintenance and management business and orders received for waste treatment facility construction. Net sales increased due to progress in construction projects carried forward since the start of the fiscal year, while segment profit increased, reflecting higher net sales.

(Millions of yen)

	FY2020	FY2021	YoY change	YoY change (%)
Orders received	28,710	30,640	1,929	6.7%
Net sales	23,560	25,842	2,282	9.7%
Segment profit	20	184	164	783.1%

○Real Estate Business

This business mainly includes leasing operations for real estate holdings and building management.

Tenant rental income increased, resulting in higher sales and profits.

(Millions of yen)

	FY2020	FY2021	YoY change	YoY change (%)
Orders received	2,375	2,410	34	1.5%
Net sales	2,375	2,410	34	1.5%
Segment profit	777	798	21	2.8%

(2) Overview of financial position in the fiscal year under review

(Millions of yen)

	End-FY2020	End-FY2021	YoY change	YoY change (%)	Main factors behind YoY change
Current assets	116,054	125,742	9,688	8.3%	Increase in cash and deposits due to recovery of trade receivables; increase in accounts receivable, which are included in "Other" under current assets, as a result of application of the Accounting Standard for Revenue Recognition.
Non-current assets	55,258	57,866	2,607	4.7%	
Total assets	171,313	183,609	12,296	7.2%	
Current liabilities	67,882	79,210	11,327	16.7%	Contract liabilities increased with the application of the Accounting Standard for Revenue Recognition.
Non-current liabilities	11,731	10,121	(1,610)	(13.7%)	
Total liabilities	79,614	89,331	9,717	12.2%	
Total net assets	91,699	94,278	2,578	2.8%	Increase in retained earnings due to posting of profit attributable to owners of parent; increase in valuation difference on available-for-sale securities due to rise in their market prices.

(3) Overview of cash flows in the fiscal year under review

(Millions of yen)

	FY2020	FY2021	Reasons for cash flow changes in FY2021
Cash and cash equivalents at beginning of period	45,946	37,087	
Cash flows from operating activities	(483)	18,529	Mainly due to progress in recovery of trade receivables.
Cash flows from investing activities	(1,423)	(3,384)	Mainly due to purchases of securities and the acquisition of property, plant and equipment.
Cash flows from financing activities	(6,974)	(7,518)	Mainly due to the purchase of treasury shares and dividend payments.
Effect of exchange rate changes on cash and cash equivalents, etc.	21	64	
Cash and cash equivalents at end of period	37,087	44,779	

Trends in the Group's cash flow indicators are shown below.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Shareholders' equity ratio	45.8%	48.2%	53.4%	51.2%
Marked-to-market equity ratio	38.8%	40.6%	50.6%	45.4%
Ratio of interest-bearing liabilities to cash flow	2.3 years	1.2 years	—	0.7 year
Interest coverage ratio	47.4X	94.5X	—	164.4X

Shareholders' equity ratio: shareholders' equity / total assets

Marked-to-market equity ratio: market capitalization / total assets

Ratio of interest-bearing liabilities to cash flow: interest-bearing liabilities / operating cash flow

Interest coverage ratio: operating cash flow / interest payment

* All indicators have been calculated based on consolidated financial data.

* Market capitalization is calculated by multiplying the closing share price as of the end of the fiscal year by the number of issued shares as of the end of the fiscal year.

* For operating cash flow, cash flow from operating activities in the consolidated cash flow statement has been used. Interest-bearing liabilities include all liabilities declared in the consolidated balance sheet for which interest is paid. For interest payment, the amount of interest paid according to the consolidated cash flow statement is used.

* The ratio of cash flow to interest-bearing liabilities and the interest coverage ratio have been omitted for the fiscal year ended March 31, 2021, because operating cash flows were in the negative.

(4) Outlook

In FY2022, which is the first year of the “Century 2025” Phase 3 medium-term management plan, the Group will steadily execute the plan to be the “Company of Choice” and work toward achieving the financial performance targets. Consolidated earnings forecasts are as follows.

	FY2022 consolidated earnings forecasts	(Reference) FY2021 consolidated results
Orders received	¥200 billion	¥202.2 billion
Net sales	¥200 billion	¥193.1 billion
Operating profit	¥9.5 billion	¥9.1 billion
Ordinary profit	¥10 billion	¥9.8 billion
Profit attributable to owners of parent	¥6.9 billion	¥6.4 billion

Note: Figures rounded down to the nearest hundred million yen

2. Management policy, operating environment, and issues to be addressed

(1) Basic management policy

(i) Sanki Engineering Group management philosophy

The Sanki Engineering Group Management Philosophy is a comprehensive statement describing the Sanki Engineering Group’s purpose in society and defining how its officers and employees should be. The Group calls this “the Sanki Standard” and has been promoting it both within and outside the Group.

<p>Management Philosophy - Sanki Engineering Group (Sanki Standard)</p> <p>We create comfortable environments through engineering and widely contribute to social development.</p> <p>We will refine our skills and wisdom with the aim of increasing client satisfaction.</p> <p>We will place significance on communication and mutual respect.</p> <p>We will remain aware that we are a member of society and will act accordingly.</p>

Guided by this management philosophy, the Group has formulated “Century 2025,” a long-term vision extending for 10 years until FY2025, which marks the 100th anniversary of the Group’s foundation, consisting of the following three phases of the medium-term management plan through which the Group seeks to become “the Company of Choice” for all stakeholders.

- “Century 2025” Phase 1 (FY2016–FY2018): 3-year period to enhance quality
- “Century 2025” Phase 2 (FY2019–FY2021): 3-year period to enhance reliability
- “Century 2025” Phase 3 (FY2022–FY2025): 4-year period to become “the Company of Choice”

(ii) Vision for 2050 (ultra-long-term vision)

In conjunction with formulation of the “Century 2025” Phase 3 plan, which starts in FY2022, the Group established its ultra-long-term vision for 2050, determined the basic policies relating to sustainability, and adopted Sanki’s Carbon-Neutral Declaration.

Vision for 2050
Sanki, “The Enduring Company of Choice”

Striving to be a company that contributes to the realization of a sustainable world by using engineering to solve social issues such as carbon neutrality and create a pleasant environment

Sustainability Policies

Aiming to realize a strong business base and a sustainable society by “creating comfortable environments through engineering and widely contributing to social development”

Sanki’s Carbon-Neutral Declaration

The Sanki Engineering Group is making serious efforts to address the climate change crisis facing the world and aims to achieve carbon neutrality for the Group’s own GHG emissions (Scope 1 and 2) by 2030 and for GHG emissions including the supply chain (Scope 1, 2, and 3) by 2050.

Further, issues that were identified from various perspectives were assessed from the points of view of “improving environmental and social value” and “improving corporate value,” which were then prioritized. High-priority issues were grouped into five materialities, as follows. These are the priority issues that the Group will be addressing to promote sustainability management.

- Sanki Engineering Group Materialities (Key Issues)**
1. Contribute to a carbon-free society
 2. Pursuit of happiness for colleagues
 3. Use engineering to build a comfortable environment
 4. Create new social value
 5. Stable earnings and stronger business base

The Group views its strengths as lying not only in the breadth of its technologies and extensive track record, but also in the long-term relationship of trust with the large number of its valued customers who support the Japanese economy and infrastructure. By realizing its long-term vision, the Group seeks to further expand and enhance these strengths.

The Group will also endeavor to improve its corporate value by addressing management issues it has identified, including further enhancement of corporate governance and internal control, handing down and improvement of technical capabilities, promotion of CSR, rigorous implementation of the risk management process, and sustainability improvement.

With respect to compliance, which is an essential prerequisite for corporate activities, the Group strives to enhance compliance awareness, not to mention strict adherence to laws and regulations, in accordance with the Sanki Engineering Group Compliance Declaration, the Sanki Engineering Group Code of Conduct and Action Guidelines, and the Sanki Engineering Group Conduct Standards.

Setting the foregoing as the basic policies of the Group management, steady efforts will be made to enhance corporate value in the years leading to the 100th anniversary.

(2) Operating environment and issues to be addressed

With respect to operating environment, the Group recognizes that the environment is changing significantly in such aspects as decarbonization, declining birth rate and aging population, work-style reform, and rapid progress of DX. To respond to these changes in the environment, the Group will promote energy conservation and energy creation business, automation and labor-saving business, and the "Smile Project," which is the Group's unique work-style reform aimed at creating a friendly work environment including elimination of long working hours.

With respect to the impact of the COVID-19 pandemic, as the situation is changing daily, we will continue to collect information and take measures to minimize the impact, with top priority given to the protection of human life.

(i) Outline of "Century 2025" Phase 2

The period from FY2019 to FY2021 represents the period set for the "Century 2025" Phase 2 medium-term management plan. In Phase 2, alongside continuous implementation of Phase 1 measures to enhance quality, the Group has defined a new theme, enhance reliability, and focused on initiatives to help stakeholders deepen their understanding of the Group, through disclosure of financial and capital policies, disclosure of ESG policy, and strengthening of information dissemination capabilities to promote understanding of the Group.

a. Environmental awareness and issues for each business

- In the Facilities Construction Business, although the impact of the COVID-19 pandemic persisted in FY2021, it was not as significant as in FY2020, and overall demand continued to be strong. Looking ahead, no drastic drop in demand is projected in the facilities construction business area and a certain level of demand is expected to continue, including renewal construction. The Group aims to ensure that consideration be given to eliminate overwork when receiving orders, develop energy-saving systems, and improve the quality of construction by utilizing digital tools such as ICT and BIM.
- The Machinery Systems Business sees a continuing need for automation and labor-saving solutions arising from the decline in the working population, and continued expansion in capital investments for logistics facilities. Viewing these as a major opportunity, the Group has developed and launched new products for distribution centers. In addition, as the need for non-contact techniques is growing at manufacturing plants and logistics facilities for such purposes as COVID-19 infection prevention, the Group will make efforts to ensure that its technology can contribute to infection prevention and other measures.
- In the Environmental Systems Business, public facilities such as drainage disposal plants and waste treatment plants involve not only construction of the facilities but also a broader support including maintenance and management. The Group will actively engage in DBO (Design Build Operate) projects and will continue to expand its energy conservation and energy creation businesses.

b. Basic principles of financial and capital policies

- With respect to investment for the future, the Group will make sufficient investment in human resources, including education, based on the recognition that human resources are the most important management resources, and will also focus on R&D (research and development).
- With respect to returns to stakeholders, stable and continuous returns to stakeholders will be made with the total return ratio set as a target. During the consolidated fiscal year under review, the Group acquired its treasury shares.
- The Group will continue to reduce the number of shares held for strategic purposes with the aim of improving capital efficiency.

c. ESG policy

- With respect to E (environment), the Group will contribute to the resolution of global environmental issues such as decarbonization, energy conservation, and energy creation, through its business activities. The Group will also actively engage in environmental conservation activities, such as “the SANKI YOU Eco Contribution Point System” and “Sanki Forest” arboriculture and afforestation projects. Since the calculation of the Group's greenhouse gas emissions has been completed for all of Scope 1, 2, and 3 during FY2021, the Group will proceed with setting concrete reduction targets and take action.
- With respect to S (society), the Group considers work-style reform to be a priority issue and will continue with “the Smile Project,” its unique work-style reform. Efforts will also be made to create a friendly working environment for the diverse workforce by encouraging active communication. In addition, the Group will conduct appropriate procurement activities in accordance with its CSR-conscious Sanki Engineering Group Procurement Policies. The Group will actively promote environmental activities, as well as support for cultural, sporting, and other activities.
- With respect to G (corporate governance), the Group will continuously seek to enhance its corporate governance in accordance with Sanki Engineering Corporate Governance Guidelines.

(ii) Results of “Century 2025” Phase 2

Through these activities, the Group endeavored to achieve Phase 2 targets. The results are as follows.

a. Financial performance targets and results

Efforts were made to achieve sustainable growth from Phase 1.

(Billions of yen)

Medium-Term Management Plan	Phase 1			Phase 2				
	2016 (actual)	2017 (actual)	2018 (actual)	2019 (actual)	2020 (actual)	2021 (target)	2021* (forecast)	2021 (actual)
Net sales	168.5	170.1	212.3	207.6	190.0	200.0	200.0	193.1
Gross profit	22.5	25.0	31.6	32.1	28.7	32.0	31.0	30.2
Ordinary profit	6.8	7.4	11.2	11.2	8.1	10.0	10.0	9.8

* The figures are as stated in the consolidated earnings forecasts disclosed on November 12, 2021. Note that, with respect to net sales and ordinary income, there is no change from the consolidated earnings forecasts disclosed on May 14, 2021, through the Timely Disclosure Network provided by the Tokyo Stock Exchange.

b. Targets and results of the final fiscal year of Phase 2

	2021 (target)	2021 (actual)
Ordinary profit margin	5.0% or higher	5.1%
ROE	8.0% or higher	7.0%

c. Targets and results for the Phase 2 period

	Targets for the period	Actual		
		2019	2020	2021
Dividend	¥60 or more per share annually	¥95 per share annually	¥80 per share annually	¥85 per share annually
Acquisition of treasury shares	About 5 million shares	Acquired a cumulative total of 3.95 million shares over the three years		
Total return ratio	70% or higher	111.4%	97.3%	95.7%

(iii) Outline of “Century 2025” Phase 3

The period from FY2022 to FY2025 is the period set for the “Century 2025” Phase 3 medium-term management plan that will add the finishing touches toward becoming “the Company of Choice” as defined in the Group’s long-term vision.

a. Basic Policies

Realize our ambition of becoming a corporate group of choice and prepare the groundwork for the next era by implementing new initiatives while continuing to work on the measures taken to achieve Phase 1 priority theme of “enhancing the quality of its technology and human resources” and Phase 2 priority theme of “enhancing reliability,” for these to mature or evolve further.

b. Priority measures

- Continuation of Phase 1
 - Strengthen Core Businesses
 - Promote Growth Strategy
 - Enhance the Sanki Brand
- Continuation of Phase 2
 - Disclose Financial and Capital Policies
 - Strengthen Information Dissemination Capabilities
- New initiatives
 - Contribute to the Sustainability of Society
 - Accelerate Work-Style Reforms
 - Invest toward the Next Era

c. Management targets

- Financial performance targets of the final fiscal year of Phase 3

	FY2025
Net sales	¥220.0 billion
Gross profit margin	16.5%
Ordinary profit	¥12.0 billion

- Targets for the Phase 3 period

	FY2022—FY2025
Ordinary profit margin	5.0% or higher
Payout ratio	50% or higher
Dividend	¥70 or more per share annually
Acquisition of treasury shares	About 5 million shares*
ROE	8.0% or higher
Growth investment	About ¥20 billion*

*Cumulative total for the planned period

In order to realize its long-term vision and become “the Company of Choice,” the Group will proceed with development of new technologies and further strengthening of corporate governance, and strive to achieve its sustainable growth and enhancement of corporate value over the medium to long term based on full commitment to compliance, while continuing its efforts to build a corporate structure that can respond flexibly to changes in the environment.

3. Basic view on selection of accounting standards

The Group prepares its consolidated financial statements in line with Japanese standards to enable a comparison of the statements across fiscal periods and between companies. We plan to respond appropriately to the adoption of IFRS (International Financial Reporting Standards), taking into account conditions in Japan and overseas.

4. Consolidated financial statements and related notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	36,087	42,779
Notes receivable - trade	987	595
Electronically recorded monetary claims - operating	6,487	7,124
Accounts receivable from completed construction contracts and other	64,610	39,412
Contract assets	-	19,629
Securities	2,999	5,999
Costs on construction contracts in progress	2,343	2,921
Raw materials and supplies	493	756
Other	2,057	6,541
Allowance for doubtful accounts	(12)	(17)
Total current assets	116,054	125,742
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,594	43,830
Accumulated depreciation	(33,445)	(34,123)
Buildings and structures, net	10,148	9,707
Machinery, vehicles, tools, furniture and fixtures	2,025	2,028
Accumulated depreciation	(1,621)	(1,630)
Machinery, vehicles, tools, furniture and fixtures, net	404	398
Land	3,107	3,085
Lease assets	539	542
Accumulated depreciation	(250)	(230)
Leased assets, net	289	311
Construction in progress	22	1
Total property, plant and equipment	13,972	13,504
Intangible assets		
Other	937	1,255
Total intangible assets	937	1,255
Investments and other assets		
Investment securities	28,816	30,447
Long-term loans receivable	85	73
Retirement benefit asset	5,233	6,303
Leasehold and guarantee deposits	1,456	1,466
Insurance funds	873	1,252
Deferred tax assets	786	821
Other	3,516	3,160
Allowance for doubtful accounts	(419)	(419)
Total investments and other assets	40,348	43,106
Total non-current assets	55,258	57,866
Total assets	171,313	183,609

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	873	2,588
Accounts payable for construction contracts	40,836	37,932
Short-term borrowings	7,135	8,885
Lease obligations	133	94
Income taxes payable	840	2,659
Advances received on construction contracts in progress	8,580	—
Contract liabilities	—	14,754
Provision for bonuses	3,792	4,143
Provision for directors' bonuses	230	234
Provision for warranties for completed construction	788	1,289
Provision for loss on construction contracts	—	9
Other	4,671	6,617
Total current liabilities	67,882	79,210
Non-current liabilities		
Long-term borrowings	3,460	320
Lease obligations	274	325
Retirement benefit liability	1,710	2,581
Provision for loss on business of subsidiaries and associates	300	440
Deferred tax liabilities	285	670
Other	5,701	5,784
Total non-current liabilities	11,731	10,121
Total liabilities	79,614	89,331
Net assets		
Shareholders' equity		
Share capital	8,105	8,105
Capital surplus	4,181	4,181
Retained earnings	73,158	75,097
Treasury shares	(3,859)	(5,243)
Total shareholders' equity	81,585	82,140
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,853	12,116
Deferred gains or losses on hedges	2	(5)
Foreign currency translation adjustment	(116)	(19)
Remeasurements of defined benefit plans	(908)	(265)
Total accumulated other comprehensive income	9,831	11,827
Share acquisition rights	282	310
Total net assets	91,699	94,278
Total liabilities and net assets	171,313	183,609

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales		
Net sales of completed construction contracts	187,559	190,646
Net sales in real estate business and other	2,507	2,542
Total net sales	190,067	193,189
Cost of sales		
Cost of sales of completed construction contracts	159,793	161,430
Cost of sales in real estate business and other	1,519	1,535
Total cost of sales	161,313	162,965
Gross profit		
Gross profit on completed construction contracts	27,765	29,216
Gross profit on real estate business and other	988	1,007
Total gross profit	28,754	30,223
Selling, general and administrative expenses		
Employees' salaries and allowances	7,591	7,750
Provision for bonuses	1,613	1,771
Provision for bonuses for directors (and other officers)	230	234
Retirement benefit expenses	684	495
Provision of allowance for doubtful accounts	—	3
Depreciation	1,079	969
Other	10,055	9,886
Total selling, general and administrative expenses	21,255	21,110
Operating profit	7,498	9,112
Non-operating income		
Interest income	19	15
Dividend income	521	560
Insurance claim income	247	112
Waste disposal income	109	175
Other	170	184
Total non-operating income	1,068	1,047
Non-operating expenses		
Interest expenses	113	112
Construction repair expenses	63	86
Other	193	144
Total non-operating expenses	370	342
Ordinary profit	8,196	9,817

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary income		
Gain on sale of investment securities	—	50
Total extraordinary income	—	50
Extraordinary losses		
Impairment losses	1	22
Loss on retirement of non-current assets	79	114
Loss on valuation of investment securities	19	77
Office relocation expenses	68	—
Provision for loss on business of subsidiaries and associates	—	140
Compensation for damage	231	—
Total extraordinary losses	399	354
Profit before income taxes	7,797	9,514
Income taxes - current	2,232	3,512
Income taxes - deferred	(336)	(487)
Total income taxes	1,895	3,024
Profit	5,901	6,489
(Breakdown)		
Profit attributable to owners of parent	5,901	6,489
Profit attributable to non-controlling interests	—	—
Other comprehensive income		
Valuation difference on available-for-sale securities	3,579	1,263
Deferred gains or losses on hedges	2	(7)
Foreign currency translation adjustment	63	97
Remeasurements of defined benefit plans	1,378	643
Total other comprehensive income	5,023	1,995
Comprehensive income	10,924	8,485
(Breakdown)		
Comprehensive income attributable to owners of parent	10,924	8,485
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,105	4,181	74,155	(4,187)	82,254
Changes during period					
Dividends of surplus			(5,474)		(5,474)
Profit attributable to owners of parent			5,901		5,901
Purchase of treasury shares				(1,171)	(1,171)
Disposal of treasury shares		(40)		116	75
Transfer of loss on disposal of treasury shares		40	(40)		—
Cancellation of treasury shares			(1,383)	1,383	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(996)	328	(668)
Balance at end of period	8,105	4,181	73,158	(3,859)	81,585

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,274	—	(179)	(2,286)	4,807	302	87,364
Changes during period							
Dividends of surplus							(5,474)
Profit attributable to owners of parent							5,901
Purchase of treasury shares							(1,171)
Disposal of treasury shares							75
Transfer of loss on disposal of treasury shares							—
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	3,579	2	63	1,378	5,023	(19)	5,003
Total changes during period	3,579	2	63	1,378	5,023	(19)	4,334
Balance at end of period	10,853	2	(116)	(908)	9,831	282	91,699

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,105	4,181	73,158	(3,859)	81,585
Changes during period					
Dividends of surplus			(4,537)		(4,537)
Profit attributable to owners of parent			6,489		6,489
Purchase of treasury shares				(1,438)	(1,438)
Disposal of treasury shares		(13)		55	41
Transfer of loss on disposal of treasury shares		13	(13)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,938	(1,383)	555
Balance at end of period	8,105	4,181	75,097	(5,243)	82,140

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	10,853	2	(116)	(908)	9,831	282	91,699
Changes during period							
Dividends of surplus							(4,537)
Profit attributable to owners of parent							6,489
Purchase of treasury shares							(1,438)
Disposal of treasury shares							41
Transfer of loss on disposal of treasury shares							—
Net changes in items other than shareholders' equity	1,263	(7)	97	643	1,995	27	2,023
Total changes during period	1,263	(7)	97	643	1,995	27	2,578
Balance at end of period	12,116	(5)	(19)	(265)	11,827	310	94,278

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	7,797	9,514
Depreciation	1,700	1,587
Impairment losses	1	22
Loss on retirement of non-current assets	79	114
Office relocation expenses	68	6
Increase (decrease) in provision for loss on business of subsidiaries and associates	—	140
Compensation for damage	231	—
Increase (decrease) in allowance for doubtful accounts	(1,525)	3
Increase (decrease) in provision for bonuses	(296)	351
Increase (decrease) in net defined benefit liability	(1,594)	726
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(39)	—
Increase (decrease) in provision for loss on construction contracts	(50)	9
Interest and dividend income	(540)	(575)
Interest expenses	113	112
Loss (gain) on sale of investment securities	(7)	(50)
Loss on valuation of investment securities	19	77
Decrease (increase) in trade receivables	4,770	5,389
Decrease (increase) in costs on construction contracts in progress	246	(573)
Increase (decrease) in trade payables	(10,777)	(1,218)
Increase (decrease) in advances received on construction contracts in progress	1,088	—
Increase (decrease) in contract liabilities	—	6,154
Increase (decrease) in other current liabilities	(1,706)	2,080
Other	3,159	(4,324)
Subtotal	<u>2,737</u>	<u>19,548</u>
Interest and dividends received	540	575
Interest paid	(114)	(112)
Commitment fee payment	(29)	(10)
Income taxes paid	(3,079)	(1,839)
Income taxes refund	—	374
Office relocation costs paid	(115)	(6)
Compensation for damage paid	(421)	—
Cash flows from operating activities	<u>(483)</u>	<u>18,529</u>
Cash flows from investing activities		
Purchase of securities	(17,000)	(19,000)
Proceeds from redemption of securities	17,000	17,000
Purchase of property, plant and equipment	(1,494)	(1,010)
Payments for retirement of property, plant and equipment	(93)	(117)
Purchase of investment securities	(23)	(21)
Proceeds from sale of investment securities	358	182
Proceeds from collection of loans receivable	15	12
Subsidies received	20	20
Proceeds from maturity of insurance funds	74	304
Other	(280)	(755)
Cash flows from investing activities	<u>(1,423)</u>	<u>(3,384)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	245	0
Proceeds from long-term borrowings	1,000	—
Repayments of long-term borrowings	(1,370)	(1,390)
Purchase of treasury shares	(1,171)	(1,438)
Proceeds from exercise of share options	0	0
Repayments of lease obligations	(203)	(152)
Dividends paid	(5,474)	(4,537)
Cash flows from financing activities	<u>(6,974)</u>	<u>(7,518)</u>
Effect of exchange rate changes on cash and cash equivalents	21	64
Net increase (decrease) in cash and cash equivalents	<u>(8,859)</u>	<u>7,692</u>
Cash and cash equivalents at beginning of period	<u>45,946</u>	<u>37,087</u>
Cash and cash equivalents at end of period	<u>37,087</u>	<u>44,779</u>

(5) Notes on consolidated financial statements

(Notes on premise of going concern)

Not applicable

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the current consolidated fiscal year. Under this standard, revenue is recognized as the amount expected to be received in exchange for goods or services when control of the promised goods or services are transferred to the customer. As a result, with regard to construction contracts, the Company had previously used the percentage of completion method when the results of work in progress could be recognized, but if control of a good or service is transferred to a customer over a period of time, we are adopting a method of recognizing revenue over a period of time as we meet our performance obligations to transfer the good or service to the customer. Progress in meeting performance obligations is measured based on the ratio of construction costs incurred by the end of each reporting period to the total expected construction costs. In addition, if it is not possible to reasonably estimate this progress, but it is expected that the costs incurred will be recovered, revenue is recognized based on the cost recovery method. Alternative treatment is applied to construction contracts with a very short period from the transaction start date in the contract to the time when the performance obligation is expected to be fully satisfied, and we will recognize revenue when we fully meet our performance obligations rather than recognizing revenue for a certain period of time.

Regarding application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional treatment stipulated in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative impact of retroactive application of new accounting policies prior to the beginning of the consolidated fiscal year is added to or subtracted from retained earnings at the beginning of the consolidated fiscal year, and the new accounting policy has been applied from the balance at the beginning of the fiscal year.

"Notes receivable, accounts receivable from completed construction contracts and other," which were stated under "Current assets" in the consolidated balance sheet of the previous consolidated fiscal year, are separately classified as "Notes receivable - trade," "Accounts receivable from completed construction contracts and other," and "Contract assets" from the consolidated fiscal year under review, and presented accordingly. "Advances received on construction contracts in progress," which was stated under "Current liabilities" in the previous consolidated fiscal year, is included in "Contract liabilities" from the consolidated fiscal year under review.

The application of the Accounting Standard for Revenue Recognition, etc., had no impact on the consolidated statements of income and comprehensive income. In addition, there is no impact on the balance of retained earnings at the beginning of the period. In accordance with the transitional treatment stipulated in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the previous consolidated fiscal year has not been reclassified using the new presentation method.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Statement No. 30, July 4, 2019), etc. has been applied from the beginning of the current consolidated fiscal year. In accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and the Accounting Standard for Financial Instruments (Accounting Standards Board of Japan Statement No. 10, July 4, 2019) paragraph 44-2, the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement, etc. will be applied in the future. This will not have an impact on consolidated financial statements.

(Changes in presentation method)

(Consolidated statements of income and comprehensive income)

“Commitment fees,” which was posted separately under non-operating expenses in the previous consolidated fiscal year, is included in “Other” from the consolidated fiscal year under review because the financial materiality has decreased. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥33 million presented as “Commitment fees” and ¥160 million presented as “Other” under non-operating expenses in the consolidated statements of income and comprehensive income for the previous consolidated fiscal year are reclassified as “Other” ¥193 million.

(Consolidated statements of cash flows)

“Commitment fees” and “Loss (gain) on sale of property, plant and equipment,” which were separately presented under cash flows from operating activities, as well as “Proceeds from sale of property, plant and equipment,” which was presented under cash flows from investing activities in the previous consolidated fiscal year, are, from the consolidated fiscal year under review, included in “Other” because the financial materiality has decreased. “Loss (gain) on sale of investment securities,” which was included in “Other” under cash flows from operating activities in the previous consolidated fiscal year, is separately presented from the consolidated fiscal year under review because the financial materiality has increased.

As a result, ¥33 million of “Commitment fees,” ¥0 million of “Loss (gain) on sale of property, plant and equipment,” and ¥3,118 million of “Other,” which were presented under cash flows from operating activities in the consolidated statements of cash flows for the previous consolidated fiscal year, are reclassified to ¥3,159 million in “Other” and ¥7 million gain in “Loss (gain) on sale of investment securities.” ¥0 million of “Proceeds from sale of property, plant and equipment” and ¥281 million of cash outflow from “Other,” which were presented under cash flows from investing activities in the previous consolidated fiscal year, are reclassified to ¥280 million of cash outflow from “Other.”

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available, and which are subject to periodic review by the chief management decision-making body to determine the allocation of management resources and evaluate performance.

The Group uses a divisional organizational structure for the company, and each consolidated subsidiary develops its business in cooperation with the company's divisional organizational structure within a reportable segment.

Accordingly, the Group is composed of the following four segments based on the organizational structure of the company: the Facilities Construction Business, which is engaged in a wide-range of business related to facilities construction works; the Machinery Systems Business, which is engaged in business related to industrial equipment such as FA systems, distribution systems, and conveyors; the Environmental Systems Business, which is engaged in business related to environmental facilities such as water and sewage treatment facilities; and the Real Estate Business, which is engaged in real estate leasing and management.

2. Methods of calculating the amounts of sales, profit (loss), and other items by reportable segment

Methods of accounting procedures for reportable business segments are generally the same as those used in the preparation of consolidated financial statements. The profit of each reportable segment is an amount based on ordinary profit. Intersegment sales and transfers are based on prevailing market prices.

Segment assets and liabilities are not listed because they are not taken into consideration when deciding the allocation of management resources and evaluating business performance.

3. Information on net sales, profit (loss), and other items by reportable segment

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segments					Other (Notes) 1	Total	Adjustments (Notes) 2	Value on consolidated financial statements (Notes) 3
	Facilities Construction Business	Machinery Systems Business	Environ- mental Systems Business	Real Estate Business	Total				
Net sales									
Net sales to external customers	155,096	8,966	23,498	2,372	189,935	132	190,067	—	190,067
Intersegment sales or transfers	404	6	61	2	475	682	1,158	(1,158)	—
Total	155,501	8,973	23,560	2,375	190,410	815	191,226	(1,158)	190,067
Segment profit (loss)	7,677	(393)	20	777	8,082	40	8,122	74	8,196
Other items									
Depreciation	955	262	139	389	1,747	0	1,747	(47)	1,700
Interest income	7	0	4	—	11	0	11	7	19
Interest expenses	38	0	1	—	40	—	40	72	113
Extraordinary losses	104	7	12	43	167	—	167	231	399

(Notes) 1. The “Other” category is a business segment that is not included in the reportable segments, and includes the leasing business and insurance agency business, etc.

2. Adjustment amount

The adjustment amount of ¥74 million to segment profit/loss includes company-wide loss not allocated to each reportable segment of ¥478 million, the reversal amount of the interest burden allocated to each segment within the company of ¥385 million, and an adjustment amount of ¥167 million due to the recording of loss on retirement of fixed assets attributable to each segment as an extraordinary loss. Note that general and administrative expenses, etc. that are not attributable to each segment are the main source of company-wide profit/loss.

3. Segment profit or loss is adjusted with ordinary profit in the consolidated financial statements.

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments					Other (Notes) 1	Total	Adjustments (Notes) 2	Value on consolidated financial statements (Notes) 3
	Facilities Construction Business	Machinery Systems Business	Environ- mental Systems Business	Real Estate Business	Total				
Net sales									
Net sales to external customers	155,165	9,660	25,816	2,407	193,050	139	193,189	—	193,189
Intersegment sales or transfers	318	6	26	2	354	427	781	(781)	—
Total	155,484	9,666	25,842	2,410	193,404	566	193,971	(781)	193,189
Segment profit (loss)	8,825	(193)	184	798	9,615	6	9,622	195	9,817
Other items									
Depreciation	886	229	123	407	1,646	0	1,646	(59)	1,587
Interest income	4	0	3	—	7	0	7	7	15
Interest expenses	42	0	0	—	43	—	43	69	112
Extraordinary income	—	—	—	—	—	—	—	50	50
Extraordinary losses	147	3	5	57	214	—	214	140	354

(Notes) 1. The “Other” category is a business segment that is not included in the reportable segments, and includes the leasing business, insurance agency business, etc.

2. Adjustment amount

The adjustment amount of ¥195 million to segment profit/loss includes company-wide loss not allocated to each reportable segment of ¥430 million, the reversal amount of the interest burden allocated to each segment within the company of ¥391 million, and an adjustment amount of ¥234 million due to the recording of loss on retirement of fixed assets and loss on valuation of investment securities attributable to each segment as an extraordinary loss. Note that general and administrative expenses, etc. that are not attributable to each segment are the main source of company-wide profit/loss.

3. Segment profit or loss is adjusted with ordinary profit in the consolidated financial statements.

[Related information]

FY2020 (April 1, 2020 to March 31, 2021) and FY2021 (April 1, 2021 to March 31, 2022)

1. Information by product and service

Information by product and service is omitted because similar information is provided in “segment information.”

2. Information by region

(1) Net sales

This information is omitted because sales to external customers in Japan account for over 90% of sales on the consolidated statements of income and comprehensive income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information on main customers

This information is omitted because within sales to external customers, no specific customer accounts for over 10% of sales on the consolidated statements of income and comprehensive income.

[Information related to impairment losses on non-current assets by reportable segment]

Fiscal year ended March 31, 2021

(Millions of yen)

	Facilities Construction Business	Machinery Systems Business	Environmen- tal Systems Business	Real Estate Business	Other	Total	Adjustments	Total
Impairment losses	1	—	—	—	—	1	—	1

Fiscal year ended March 31, 2022

(Millions of yen)

	Facilities Construction Business	Machinery Systems Business	Environmen- tal Systems Business	Real Estate Business	Other	Total	Adjustments	Total
Impairment losses	22	—	—	—	—	22	—	22

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

FY2020 (April 1, 2020 to March 31, 2021) and FY2021 (April 1, 2021 to March 31, 2022)

Not applicable

[Information on negative goodwill gains by reportable segment]

FY2020 (April 1, 2020 to March 31, 2021) and FY2021 (April 1, 2021 to March 31, 2022)

Not applicable

(Per share information)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	¥1,611.76	¥1,685.20
Profit per share	¥103.12	¥115.13
Profit per share – diluted	¥102.60	¥114.55

(Note) The basis for calculating profit per share and diluted profit per share is as follows.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit per share		
Profit attributable to owners of parent (Millions of yen)	5,901	6,489
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	5,901	6,489
Average number of common shares outstanding in fiscal year (Thousands of shares)	57,230	56,363
Profit per share – diluted		
Adjustment of profit attributable to owners of parent (Millions of yen)	—	—
Increase in common shares (Thousands of shares)	287	288
(Of which, stock options utilizing stock acquisition rights) (Thousands of shares)	287	288
Overview of issuable shares not included in the calculation of diluted profit per share because they have no dilutive effect	—————	—————

(Important post balance sheet events)

Not applicable

5. Reference information

Results reference information (YoY comparison)

(1) Summary of consolidated statements of income

(Millions of yen, %)

		April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022	YoY change	YoY change (%)
	Net sales of completed construction contracts	187,559	190,646	3,087	1.6
	Net sales in real estate business and other	2,507	2,542	34	1.4
	Net sales	190,067	193,189	3,121	1.6
	Cost of sales of completed construction contracts	159,793	161,430	1,636	1.0
	Cost of sales in real estate business and other	1,519	1,535	16	1.1
	Cost of sales	161,313	162,965	1,652	1.0
	Gross profit on completed construction contracts	27,765	29,216	1,450	5.2
	Gross profit on real estate business and other	988	1,007	18	1.9
	Gross profit	28,754	30,223	1,469	5.1
	Selling, general and administrative expenses	21,255	21,110	(144)	(0.7)
	Operating profit	7,498	9,112	1,614	21.5
	Non-operating income	1,068	1,047	(21)	(2.0)
	Non-operating expenses	370	342	(27)	(7.5)
	Ordinary profit	8,196	9,817	1,620	19.8
	Extraordinary income	—	50	50	—
	Extraordinary losses	399	354	(45)	(11.3)
	Profit before income taxes	7,797	9,514	1,716	22.0
	Profit attributable to owners of parent	5,901	6,489	587	10.0

(2) Summary of non-consolidated statements of income

(Millions of yen, %)

		April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022	YoY change	YoY change (%)
	Net sales of completed construction contracts	166,503	171,134	4,630	2.8
	Net sales in real estate business and other	2,375	2,410	34	1.5
	Net sales	168,879	173,544	4,665	2.8
	Cost of sales of completed construction contracts	142,844	145,582	2,738	1.9
	Cost of sales in real estate business and other	1,509	1,533	24	1.6
	Cost of sales	144,353	147,116	2,763	1.9
	Gross profit on completed construction contracts	23,659	25,552	1,892	8.0
	Gross profit on real estate business and other	866	876	9	1.1
	Gross profit	24,526	26,428	1,901	7.8
	Selling, general and administrative expenses	19,281	19,140	(141)	(0.7)
	Operating profit	5,245	7,288	2,042	39.0
	Non-operating income	2,955	2,756	(198)	(6.7)
	Non-operating expenses	415	387	(27)	(6.6)
	Ordinary profit	7,784	9,656	1,871	24.0
	Extraordinary income	—	50	50	—
	Extraordinary losses	401	372	(28)	(7.0)
	Profit before income taxes	7,383	9,334	1,950	26.4
	Profit	6,266	6,952	685	10.9

(3) Segment orders, sales, and balance carried forward (consolidated)

(Millions of yen)

Category			FY2020		FY2021		YoY change	YoY change (%)	
			April 1, 2020 to March 31, 2021	Share	April 1, 2021 to March 31, 2022	Share			
Orders received	Equipment construction business	Facilities Construction	156,768	80 %	160,504	79 %	3,736	2.4 %	
		Plant equipment	Machinery Systems	7,858	4	8,914	5	1,055	13.4
			Environmental Systems	28,710	15	30,640	15	1,929	6.7
			Subtotal	36,569	19	39,554	20	2,985	8.2
		Total equipment construction business	193,338	99	200,059	99	6,721	3.5	
	Real Estate Business	2,375	1	2,410	1	34	1.5		
	Other	609	0	563	0	(45)	(7.4)		
	Adjustments	(742)	(0)	(782)	(0)	(40)	—		
	Total	195,580	100	202,250	100	6,670	3.4		
Net sales	Equipment construction business	Facilities Construction	155,501	82 %	155,484	81 %	(17)	(0.0) %	
		Plant equipment	Machinery Systems	8,973	5	9,666	5	693	7.7
			Environmental Systems	23,560	12	25,842	13	2,282	9.7
			Subtotal	32,533	17	35,509	18	2,976	9.1
		Total equipment construction business	188,035	99	190,993	99	2,958	1.6	
	Real Estate Business	2,375	1	2,410	1	34	1.5		
	Other	815	1	566	0	(248)	(30.5)		
	Adjustments	(1,158)	(1)	(781)	(0)	376	—		
	Total	190,067	100	193,189	100	3,121	1.6		
Balance carried forward	Equipment construction business	Facilities Construction	99,871	70 %	104,892	70	5,020	5.0 %	
		Plant equipment	Machinery Systems	3,631	3	2,879	2	(752)	(20.7)
			Environmental Systems	38,184	27	42,981	28	4,797	12.6
			Subtotal	41,815	30	45,860	30	4,045	9.7
		Total equipment construction business	141,687	100	150,753	100	9,065	6.4	
	Real Estate Business	—	—	—	—	—	—		
	Other	73	0	70	0	(3)	(4.3)		
	Adjustments	(84)	(0)	(85)	(0)	(1)	—		
	Total	141,676	100	150,737	100	9,061	6.4		
Overseas orders (% of total orders)			2,789	1.4%	4,283	2.1%	1,493	53.5 %	
Overseas sales (% of total sales)			3,140	1.7%	2,912	1.5%	(228)	(7.3) %	

Note: Internal transactions in each segment are eliminated by the adjustment amount.

(4) Division orders, sales, and balance carried forward (non-consolidated)

(Millions of yen)

Category			FY2020		FY2021		YoY change	YoY change (%)	
			April 1, 2020 to March 31, 2021	Share	April 1, 2021 to March 31, 2022	Share			
Orders received	Equipment construction business	Facilities Construction	HVAC and Plumbing for Buildings	60,881	35 %	54,318	31 %	(6,562)	(10.8) %
			Industrial HVAC	57,111	32	59,915	34	2,803	4.9
			Electrical Systems	21,163	12	27,552	15	6,389	30.2
			Facility Systems	10,121	6	9,960	6	(161)	(1.6)
			Subtotal	149,278	85	151,747	86	2,469	1.7
	Plant equipment	Machinery Systems	7,164	4	8,318	5	1,153	16.1	
		Environmental Systems	16,737	10	14,703	8	(2,034)	(12.2)	
		Subtotal	23,901	14	23,021	13	(880)	(3.7)	
	Total equipment construction business			173,180	99	174,769	99	1,588	0.9
	Real Estate Business			2,375	1	2,410	1	34	1.5
Total			175,555	100	177,179	100	1,623	0.9	
Net sales	Equipment construction business	Facilities Construction	HVAC and Plumbing for Buildings	50,538	30 %	57,750	34 %	7,212	14.3 %
			Industrial HVAC	61,450	36	55,176	32	(6,273)	(10.2)
			Electrical Systems	24,591	15	24,599	14	7	0.0
			Facility Systems	10,437	6	10,436	6	(1)	(0.0)
			Subtotal	147,018	87	147,962	86	944	0.6
	Plant equipment	Machinery Systems	8,284	5	9,081	5	796	9.6	
		Environmental Systems	11,200	7	14,090	8	2,889	25.8	
		Subtotal	19,485	12	23,172	13	3,686	18.9	
	Total equipment construction business			166,503	99	171,134	99	4,630	2.8
	Real Estate Business			2,375	1	2,410	1	34	1.5
Total			168,879	100	173,544	100	4,665	2.8	
Balance carried forward	Equipment construction business	Facilities Construction	HVAC and Plumbing for Buildings	53,075	42 %	49,643	38 %	(3,431)	(6.5) %
			Industrial HVAC	26,466	21	31,205	24	4,739	17.9
			Electrical Systems	15,040	12	17,993	14	2,953	19.6
			Facility Systems	3,308	2	2,832	2	(475)	(14.4)
			Subtotal	97,890	77	101,675	78	3,785	3.9
	Plant equipment	Machinery Systems	3,547	3	2,783	2	(763)	(21.5)	
		Environmental Systems	25,535	20	26,147	20	612	2.4	
		Subtotal	29,082	23	28,931	22	(150)	(0.5)	
	Total equipment construction business			126,973	100	130,607	100	3,634	2.9
	Real Estate Business			—	—	—	—	—	—
Total			126,973	100	130,607	100	3,634	2.9	
Overseas orders for construction contracts (% of total orders)			37	0.0%	99	0.1%	61	165.0 %	
Overseas sales of completed construction contracts (% of total sales)			81	0.0%	54	0.0%	(27)	(33.4) %	