

COMSYS Holdings Corporation

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

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 Stock Exchange Listings: Prime Market of Tokyo Stock Exchange (Securities code: 1721)
 URL: <https://www.comsys-hd.co.jp/english/index.html>
 Representative: Takashi Kagaya, President and Representative Director
 For Inquiry: Hidehiko Ozaki, Director and General Manager of Finance & Accounting Department (Telephone:81-3-3448-7000)
 Scheduled Annual General Meeting of Shareholders: June 29, 2022
 Scheduled Commencement of Dividend Payment: June 30, 2022
 Scheduled Filing of Securities Report: June 29, 2022
 Supplementary Materials on Financial Results: Attached
 IR Presentation on Financial Results: Scheduled (For Institutional Investors and Analysts)

Amounts less than one million yen have been omitted.

1. Consolidated Financial Results (for the fiscal year ended March 31, 2022)

(1) Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)
Year ended March 31, 2022	¥589,028	4.6%	¥42,963	3.3%	¥44,036	2.5%	¥29,208	(0.5)%
Year ended March 31, 2021	563,252	0.4	41,572	6.7	42,941	7.2	29,369	13.0

Notes: 1. Comprehensive income: Year ended March 31, 2022: ¥29,215 million [(17.4)%] Year ended March 31, 2021: ¥35,380 million [49.9%]
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Primary Earnings per Share	Diluted Earnings per Share	Return on Equity	Ordinary Profit / Total Assets	Operating Margin
Year ended March 31, 2022	¥235.50	¥235.18	8.8%	8.8%	7.3%
Year ended March 31, 2021	232.72	232.21	9.2	9.2	7.4

(Reference) Equity in earnings of affiliates: Year ended March 31, 2022: ¥ — million Year ended March 31, 2021: ¥ — million

(2) Consolidated Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Equity Ratio	Book Value per Share
As of March 31, 2022	¥524,062	¥343,489	64.5%	¥2,761.15
As of March 31, 2021	479,419	330,807	68.3	2,619.63

(Reference) Shareholders' equity: As of March 31, 2022: ¥338,031 million As of March 31, 2021: ¥327,554 million

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year ended March 31, 2022	¥ 5,244	¥(11,109)	¥ 6,171	¥34,033
Year ended March 31, 2021	25,469	(8,861)	(20,258)	32,936

2. Cash Dividends for Shareholders of Common Stock

(Millions of yen, except per share data and percentages)

	Dividends per Share					Total Dividends (Annual)	Consolidated Basis	
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-End	Annual		Dividend Payout Ratio	Ratio of Dividends to Net Assets
Year ended March 31, 2021	¥ —	¥40.00	¥ —	¥45.00	¥85.00	¥10,667	36.5%	3.4%
Year ended March 31, 2022	—	45.00	—	50.00	95.00	11,708	40.3	3.5
Year ending March 31, 2023 (Forecast)	—	50.00	—	50.00	100.00		45.3	

3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2023)

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Primary Earnings per Share
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Year ending March 31, 2023	¥590,000	0.2%	¥40,000	(6.9)%	¥40,500	(8.0)%	¥27,000	(7.6)%	¥220.54

Note. For fiscal-year figures, percentages indicate the percentage change from the previous fiscal year. For first-half figures, percentages indicate the percentage change from the corresponding half of the previous fiscal year.

***Notes:**

- (1) Changes in significant subsidiaries during the period under review (changes to subsidiaries that would alter the scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements due to error correction
- a) Changes in accounting policies due to revisions of accounting standards: Yes
 - b) Changes in accounting policies due to other reasons: No
 - c) Changes in accounting estimates: No
 - d) Restatements of prior period financial statements due to error correction: No

(3) Number of shares issued (common shares)

	As of March 31, 2022	As of March 31, 2021
a) Number of shares issued (including treasury shares)	141,000,000 shares	141,000,000 shares
b) Number of treasury shares	18,575,585 shares	15,961,855 shares
	Year ended March 31, 2022	Year ended March 31, 2021
c) Average number of shares issued in the period	124,027,956 shares	126,197,022 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results (for the fiscal year ended March 31, 2022)

(1) Non-Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Operating Revenues		Operating Profit		Ordinary Profit		Profit	
Year ended March 31, 2022	¥14,275	8.4%	¥12,931	9.3%	¥12,940	9.4%	¥12,863	9.4%
Year ended March 31, 2021	13,168	2.1	11,836	2.6	11,832	2.6	11,755	2.6

Note: Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Primary Earnings per Share	Diluted Earnings per Share
Year ended March 31, 2022	¥103.72	¥103.58
Year ended March 31, 2021	93.15	92.95

(2) Non-Consolidated Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Equity Ratio	Book Value per Share
As of March 31, 2022	¥186,000	¥121,741	65.0%	¥ 987.92
As of March 31, 2021	164,425	127,542	77.1	1,013.92

(Reference) Shareholders' equity:

As of March 31, 2022: ¥120,945 million

As of March 31, 2021: ¥126,778 million

**This Consolidated Financial Results report has not been subjected to audit procedures by certified public accountants or an audit corporation.*

***Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items**

- Forward-looking statements including earnings forecasts contained in this document are based on certain reasonable assumptions and beliefs in light of information currently available to management. Readers are advised that actual results may differ materially from forecasts due to a variety of factors. With respect to the conditions that underpin earnings forecasts as well as cautionary statements regarding the proper use of earnings forecasts, please refer to "1. Business Review" of this Consolidated Financial Results report in the Accompanying Materials section on page 3.
- The Company plans to stream a video of the results briefing for institutional investors and analysts on Friday, May 20, 2022 (available only in Japanese). The materials for the briefing will be uploaded to the corporate website before the video is streamed.

Accompanying Materials

1. Business Review

(1) Operating Results

During the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022), the Japanese economy continued to face challenging conditions due to the impact of COVID-19. A recovery in the economy is expected as measures are taken against infection, including the promotion of vaccinations, and as social and economic activities begin to get back to normal. However, it will be necessary to continue monitoring impacts from the spread of virus variants, as well as supply side constraints—including shortages of semiconductors and various other parts and materials—the impact of soaring prices for raw materials, and turbulence in financial and capital markets.

As for the business environment surrounding the COMSYS Group, in the information and communications field, we witnessed ongoing development of digital communications infrastructure, including installation of 5G wireless base stations, and the expedited advancement of the High-Speed Wireless Environment Maintenance Promotion Project. These movements were both driven by the urgent requirement for high-speed, large-capacity digital services accompanying the acceleration of digitalization of society as a whole. In the social system-related field, the development of social infrastructure has been proceeding. This includes the promotion of energy and environmental policies such as positioning renewable energy as the main source of power to achieve carbon neutrality. Other investment in the development of social infrastructure included disaster prevention and mitigation measures in response to increasingly severe and frequent natural disasters as well as measures aimed at developing national resilience and addressing the accelerated aging of infrastructure. In the IT solutions field, we expect further expansion of AI, IoT, cloud computing and other ICT-related investment. In addition, we anticipate development of data platforms to support digitalization and data sharing, accompanying the pursuit of digital transformation (DX) in healthcare, education, government, finance, and other fields.

In the period under review, the COMSYS Group conducted its business activities with thorough infection control measures for COVID-19 in place, utilization of teleworking, and other strategies. In the information and communications field, the COMSYS Group worked to increase productivity by optimizing Group resources and ensuring rigorous operational management in order to respond to nationwide projects amid the accelerating construction of digital communications infrastructure. In the IT solutions and social system-related field, the Group strengthened Group-wide sales collaboration utilizing the virtual company structure to increase orders and expanded business domains through M&A (FUJIKI Corporation became a consolidated subsidiary in November 2021), and increased productivity through area optimization. Going forward, the Group will continue working to strengthen its management base by developing a structure with the optimal resource shifts in response to the business environment, implementing structural reform utilizing DX, and deepening workstyle reform to accommodate diverse workstyles.

Under these circumstances, orders received in the fiscal year ended March 31, 2022 decreased 5.0% year on year to ¥557,085 million, and net sales increased 4.6% year on year to ¥589,028 million. From a profit perspective, operating profit increased by 3.3% year on year to ¥42,963 million, while profit attributable to owners of parent decreased 0.5% year on year to ¥29,208 million.

(2) Financial Position

(a) Assets

Current assets as of March 31, 2022 stood at ¥322,216 million, ¥43,356 million higher than at the end of the previous fiscal year. This was mainly attributable to a ¥28,283 million increase in notes receivable, accounts receivable from completed construction contracts and other, and a ¥17,848 million increase in costs on construction contracts in progress. Non-current assets as of March 31, 2022 stood at ¥201,846 million, ¥1,287 million higher than at the end of the previous fiscal year. This was mainly attributable to an increase of ¥4,687 million in property and equipment, an increase of ¥371 million in intangible assets, and a ¥3,772 million decrease in investments and other assets.

As a result, total assets amounted to ¥524,062 million as of March 31, 2022, an increase of ¥44,643 million compared with the end of the previous fiscal year.

(b) Liabilities

Current liabilities as of March 31, 2022 stood at ¥158,764 million, up ¥30,534 million compared with the previous fiscal year-end. This was mainly attributable to an increase of ¥26,704 million in short-term borrowings. As of March 31, 2022, non-current liabilities amounted to ¥21,809 million, ¥1,426 million higher than at the end of the previous fiscal year. This was mainly attributable to a ¥664 million increase in retirement benefit liability.

As a result, total liabilities amounted to ¥180,573 million, an increase of ¥31,961 million compared with the end of the previous fiscal year.

(c) Net assets

Net assets stood at ¥343,489 million as of March 31, 2022, an increase of ¥12,681 million compared with the end of the previous fiscal year. This was primarily due to a ¥18,311 million increase in retained earnings mainly resulting from the recording of profit attributable to owners of parent.

As of the end of the fiscal year under review, the equity ratio stood at 64.5%, no change from 68.3% as of March 31, 2021.

(3) Cash Flow

Cash and cash equivalents stood at ¥34,033 million at the end of the fiscal year, an increase of ¥1,097 million, or 3.3%, compared with the end of the previous fiscal year.

The principal factors underpinning movements in each of the Group's major cash flows for the fiscal year ended March 31, 2022 are presented as follows.

(a) Cash flows from operating activities

Net cash provided by operating activities stood at ¥5,244 million compared with ¥25,469 million for the previous fiscal year. The major cash inflows were profit before income taxes of ¥43,484 million and depreciation of ¥9,974 million. Major cash included trade receivables of ¥25,331 million and income taxes paid of ¥19,024 million.

(b) Cash flows from investing activities

Net cash used in investing activities totaled ¥11,109 million for the fiscal year under review compared with net cash of ¥8,861 million used in the previous fiscal year. The major cash outflows were purchase of property, plant and equipment of ¥8,279 million and purchase of shares of subsidiaries of ¥3,374 million.

(c) Cash flows from financing activities

Net cash provided by financing activities was ¥6,171 million for the fiscal year ended March 31, 2022, compared with ¥20,258 million used in financing activities in the previous fiscal year. The major cash inflow was a net decrease in short-term borrowings of ¥26,504 million, and major cash outflows were for purchase of treasury shares of ¥8,021 million and dividends paid of ¥11,213 million.

(4) Outlook for fiscal year ending March 31, 2023

The impact of COVID-19 on social and economic activities is expected to continue for the foreseeable future. In this environment, the COMSYS Group will continue to operate its business by taking thorough measures against infectious disease, based on the assumption that we will all be living with COVID-19.

With regard to business activities in the fiscal year ending March 31, 2023, in the information and communications field, the Group will work to further increase productivity by making maximum use of Group resources amid a decline in large-scale projects such as the High-Speed Wireless Environment Maintenance Promotion Project. Moreover, in the IT solutions and social system-related field, which is a growth area, the Group will work to grow the top line by focusing on winning orders, including DX and ICT investment projects in healthcare, education, government, finance, and other fields, as well as capital investment projects in the renewable energy field, leveraging sales collaboration under a virtual company philosophy. The Group will work hard to expand its business and secure profits by taking these measures. However, we forecast a decrease in profit for the fiscal year ending March 31, 2023, despite an increase in sales. This is due to factors such as tougher competition in the information and communications field, supply chain risks, including shortages and delivery delays for various parts and materials, particularly semiconductors, and rising business costs, such as soaring raw material prices due to the situation in Ukraine and other geopolitical risks. The Group will keep working to secure profits by strengthening the management base, including optimizing business structures for the business environment and achieving DX-driven productivity improvements.

Consolidated Earnings Forecast

(Millions of yen, except percentages)

	Year ending March 31, 2022	Year ending March 31, 2023	Change
Orders received	¥557,085	¥590,000	5.9%
Net sales	589,028	590,000	0.2
Gross profits	78,427	76,000	(3.1)
Operating profit	42,963	40,000	(6.9)
Ordinary profit	44,036	40,500	(8.0)
Profit attributable to owners of parent	29,208	27,000	(7.6)

2. Basic Approach to Selection of Accounting Standard

The COMSYS Group's policy for the time being is to use Japanese GAAP for the preparation of its consolidated financial statements because its business operations are primarily carried out in Japan, and comparison with other Japanese companies is thus facilitated.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
ASSETS		
Current assets:		
Cash and deposits	33,259	35,107
Notes receivable, accounts receivable		
from completed construction contracts and other	194,671	222,954
Investments in leases	5,223	5,073
Costs on construction contracts in progress	28,178	46,027
Real estate for sale	2,905	2,050
Merchandise	980	999
Raw materials and supplies	2,376	2,494
Other current assets	11,406	7,618
Allowance for doubtful accounts	(139)	(109)
Total current assets	278,860	322,216
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	92,740	99,423
Accumulated depreciation	(49,060)	(54,084)
Buildings and structures, net	43,679	45,338
Machinery, equipment and vehicles and tools, furniture and fixtures	60,591	65,997
Accumulated depreciation	(33,421)	(39,438)
Machinery, equipment and vehicles and tools, furniture and fixtures, net	27,169	26,559
Land	67,483	70,714
Lease assets	3,417	3,385
Accumulated depreciation	(1,630)	(1,815)
Lease assets, net	1,787	1,570
Construction in progress	574	1,199
Total property, plant and equipment	140,694	145,382
Intangible assets		
Goodwill	3,062	2,261
Other intangible assets	4,414	5,587
Total intangible assets	7,477	7,848
Investments and other assets:		
Investment securities	25,098	22,890
Long-term loans receivable	3,586	3,150
Deferred tax assets	3,127	3,698
Retirement benefit asset	15,464	14,687
Other assets	5,535	4,599
Allowance for doubtful accounts	(425)	(411)
Total investments and other assets	52,387	48,615
Total non-current assets	200,559	201,846
Total assets	479,419	524,062

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
LIABILITIES		
Current liabilities:		
Notes payable, accounts payable for construction contracts and other	87,812	87,514
Short-term borrowings	5,141	31,845
Income taxes payable	9,251	4,967
Advances received on construction contracts in progress	5,346	11,585
Provision for warranties for completed construction	252	142
Provision for loss on construction contracts	665	2,152
Provision for loss compensation	309	463
Other current liabilities	19,451	20,093
Total current liabilities	128,229	158,764
Non-current liabilities:		
Long-term borrowings	464	486
Deferred tax liabilities	823	689
Deferred tax liabilities for land revaluation	1,303	1,213
Retirement benefit liability	13,535	14,200
Provision for retirement benefits for directors (and other officers)	612	628
Provision for environmental measures	—	400
Other non-current liabilities	3,643	4,191
Total non-current liabilities	20,382	21,809
Total liabilities	148,611	180,573
NET ASSETS		
Shareholders' equity:		
Share capital	10,000	10,000
Capital surplus	92,552	92,700
Retained earnings	260,846	279,157
Treasury shares	(33,284)	(40,851)
Total shareholders' equity	330,114	341,006
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	3,322	3,117
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	(8,046)	(8,250)
Remeasurements of defined benefit plans	2,163	2,157
Total accumulated other comprehensive income	(2,559)	(2,975)
Share acquisition rights	764	795
Non-controlling interests	2,489	4,662
Total net assets	330,807	343,489
Total liabilities and net assets	479,419	524,062

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

	Millions of yen	
	Year ended March 31, 2021	Year ended March 31, 2022
Net sales	563,252	589,028
Cost of sales	487,262	510,601
Gross profits	75,989	78,427
Selling, general and administrative expenses	34,417	35,463
Operating profit	41,572	42,963
Non-operating income:		
Interest income	23	23
Dividend income	1,138	848
Rental income from non-current assets	283	285
Other	597	494
Total non-operating income	2,043	1,651
Non-operating expenses:		
Interest expenses	33	31
Rent expenses	148	157
COVID-19 related expenses	285	158
Other	205	232
Total non-operating expenses	673	579
Ordinary profit	42,941	44,036
Extraordinary income:		
Gain on sales of investment securities	2,320	223
Gain on sales of non-current assets	73	473
Gain on extinguishment of tie-in shares	77	182
Gain on bargain purchase	—	170
Gain on transfer of business	283	210
Other	171	86
Total extraordinary income	2,926	1,346
Extraordinary loss:		
Loss on retirement of non-current assets	71	92
Impairment loss	1,526	118
Business structure reform expenses	—	260
Compensation for damage	—	487
Provision of allowance for loss on compensation	309	463
Other	695	475
Total extraordinary loss	2,603	1,897
Profit before income taxes	43,264	43,484
Income taxes:		
Current	16,176	14,534
Deferred	(2,264)	(476)
Total income taxes	13,911	14,058
Profit	29,352	29,426
Profit (loss) attributable to non-controlling interests	(16)	218
Profit attributable to owners of parent	29,369	29,208

(Consolidated Statements of Comprehensive Income)

	Millions of yen	
	Year ended March 31, 2021	Year ended March 31, 2022
Profit	29,352	29,426
Other comprehensive income:		
Valuation difference on available-for-sale securities	2,069	(204)
Deferred gains or losses on hedges	13	0
Remeasurements of defined benefit plans	3,945	(6)
Total other comprehensive income (loss)	6,027	(210)
Comprehensive income	35,380	29,215
(Breakdown)		
Comprehensive income attributable to owners of parent	35,385	28,996
Comprehensive income attributable to non-controlling interests	(4)	219

(3) Consolidated Statements of Changes in Net Assets

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	10,000	92,203	241,033	(27,125)	316,111
Changes in items during period:					
Dividends of surplus			(10,114)		(10,114)
Profit attributable to owners of parent			29,369		29,369
Purchase of treasury shares				(7,004)	(7,004)
Disposal of treasury shares		178		511	689
Purchase of treasury shares of subsidiaries					—
Purchase of shares of consolidated subsidiaries		8			8
Changes of scope of consolidation		4	539		544
Increase by share exchanges		156		334	490
Reversal of revaluation reserve for land			18		18
Net changes in items other than shareholders' equity					—
Total changes in items during period	—	348	19,813	(6,158)	14,002
Balance at end of period	10,000	92,552	260,846	(33,284)	330,114

Year ended March 31, 2021	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	1,264	(12)	(8,028)	(1,780)	(8,557)	652	2,487	310,694
Changes in items during period:								
Dividends of surplus								(10,114)
Profit attributable to owners of parent								29,369
Purchase of treasury shares								(7,004)
Disposal of treasury shares								689
Purchase of treasury shares of subsidiaries								—
Purchase of shares of consolidated subsidiaries								8
Changes of scope of consolidation								544
Increase by share exchanges								490
Reversal of revaluation reserve for land								18
Net changes in items other than shareholders' equity	2,058	13	(18)	3,944	5,997	111	1	6,110
Total changes in items during period	2,058	13	(18)	3,944	5,997	111	1	20,113
Balance at end of period	3,322	0	(8,046)	2,163	(2,559)	764	2,489	330,807

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	10,000	92,552	260,846	(33,284)	330,114
Changes in items during period:					
Dividends of surplus			(11,213)		(11,213)
Profit attributable to owners of parent			29,208		29,208
Purchase of treasury shares				(8,004)	(8,004)
Disposal of treasury shares		84		437	522
Purchase of treasury shares of subsidiaries		62			62
Purchase of shares of consolidated subsidiaries		1			1
Changes of scope of consolidation			113		113
Increase by share exchanges					—
Reversal of revaluation reserve for land			203		203
Net changes in items other than shareholders' equity					—
Total changes in items during period	—	148	18,311	(7,566)	10,892
Balance at end of period	10,000	92,700	279,157	(40,851)	341,006

Year ended March 31, 2022	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	3,322	0	(8,046)	2,163	(2,559)	764	2,489	330,807
Changes in items during period:								
Dividends of surplus								(11,213)
Profit attributable to owners of parent								29,208
Purchase of treasury shares								(8,004)
Disposal of treasury shares								522
Purchase of treasury shares of subsidiaries								62
Purchase of shares of consolidated subsidiaries								1
Changes of scope of consolidation								113
Increase by share exchanges								—
Reversal of revaluation reserve for land								203
Net changes in items other than shareholders' equity	(205)	0	(203)	(6)	(415)	31	2,172	1,788
Total changes in items during period	(205)	0	(203)	(6)	(415)	31	2,172	12,681
Balance at end of period	3,117	0	(8,250)	2,157	(2,975)	795	4,662	343,489

(4) Consolidated Statements of Cash Flows

	Millions of yen	
	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities:		
Profit before income taxes	43,264	43,484
Depreciation	9,279	9,974
Impairment loss	1,526	118
Amortization of goodwill	1,132	997
Gain on bargain purchase	—	(170)
Gain on transfer of business	(283)	(210)
Increase (decrease) in allowance for doubtful accounts	70	(65)
Increase in retirement benefit liability	310	125
Interest and dividend income	(1,162)	(871)
Interest expenses	33	31
Increase in trade receivables	(16,670)	(25,331)
Increase in costs on construction contracts in progress	(2,338)	(1,349)
Increase (decrease) in trade payables	5,803	(4,879)
Gain on sale of investment securities	(2,278)	(218)
Loss on valuation of investment securities	—	3
Decrease (increase) in other assets	(4,091)	5,962
Increase (decrease) in other liabilities	1,309	(4,662)
Other, net	745	490
	36,651	23,428
Interest and dividends received	1,161	871
Interest paid	(33)	(31)
Income taxes paid	(12,311)	(19,024)
Net cash provided by operating activities	25,469	5,244
Cash flows from investing activities:		
Net decrease in time deposits	178	247
Purchase of investment securities	(115)	(13)
Proceeds from sale of investment securities	5,870	1,060
Purchase of shares of subsidiaries	(410)	(3,374)
Proceeds from transfer of business	262	243
Purchase of property, plant and equipment	(10,533)	(8,279)
Purchase of intangible assets	(1,618)	(2,541)
Proceeds from sales of property, plant and equipment	562	1,163
Loan advances	(3,051)	(2)
Collection of loans receivable	217	196
Purchase of insurance funds	(189)	(279)
Proceeds from cancellation of insurance funds	99	596
Other, net	(134)	(128)
Net cash used in investing activities	(8,861)	(11,109)

	Millions of yen	
	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from financing activities:		
Net decrease in short-term borrowings	(1,033)	26,504
Repayments of long-term borrowings	(1,938)	(706)
Purchase of treasury shares	(7,018)	(8,021)
Proceeds from sales of treasury shares	508	305
Purchase of shares of subsidiaries		
not resulting in change in scope of consolidation	(4)	(29)
Purchase of treasury shares of subsidiaries	—	(1)
Dividends paid	(10,114)	(11,213)
Dividends paid to non-controlling interests	(13)	(13)
Repayments of finance lease obligations	(593)	(651)
Other, net	(50)	—
Net cash used in financing activities	(20,258)	6,171
Effect of exchange rate change on cash and cash equivalents	21	5
Net increase (decrease) in cash and cash equivalents	(3,629)	312
Cash and cash equivalents at beginning of period	35,503	32,936
Increase in cash and cash equivalents resulting from change in scope of consolidation	1,061	576
Increase in cash and cash equivalents resulting from merger	—	208
Cash and cash equivalents at end of period	32,936	34,033

(Per share Information)

	Yen	
	Year ended March 31, 2021	Year ended March 31, 2022
Book value per share	2,619.63	2,761.15
Primary earnings per share	232.72	235.50
Diluted earnings per share	232.21	235.18

Notes. The bases for calculation of primary earnings per share and diluted earnings per share are as follows:

	Millions of yen, except per share data and number of shares	
	Year ended March 31, 2021	Year ended March 31, 2022
Primary earnings per share		
Profit attributable to owners of parent	29,369	29,208
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent attributable to common shares	29,369	29,208
Average number of common shares during the period (in thousands)	126,197	124,027
Diluted earnings per share		
Adjustment for profit attributable to owners of parent	—	—
Increase in number of shares of common shares (in thousands)	277	166
[Of which share acquisition rights (in thousands)]	[277]	[166]
Outline of dilutive shares which were not included in the calculation of “Diluted earnings per share” because they do not have dilutive effect:	August 7, 2020 Board of Directors resolution Stock options (Share acquisition rights) Common stock 550 thousand shares	August 7, 2020 Board of Directors resolution Stock options (Share acquisition rights) Common stock 550 thousand shares
		August 6, 2021 Board of Directors resolution Stock options (Share acquisition rights) Common stock 540 thousand shares

(Significant Subsequent Event)

(Acquisition of Treasury Shares)

The meeting of the Board of Directors held on May 12, 2022 resolved as follows on the matters related to the acquisition of treasury shares in accordance with Article 156 of Japan's Companies Act, as applied pursuant to paragraph 3, Article 165 of the Act.

(a) Reason for Purchase

The Company will acquire treasury shares in order to facilitate enhancement of shareholder returns and the execution of flexible capital policies that respond to changes in the corporate environment.

(b) Details of Acquisition

1) Type of Shares to be Acquired	Common shares of the Company
2) Total Number of Shares to be Acquired	Up to 2,500,000 shares
3) Total Acquisition Price	Up to ¥5,000,000,000
4) Acquisition Period	From May 13, 2022 to March 31, 2023
5) Acquisition Method	Purchase on the Tokyo Stock Exchange

4. Other

Change of Directors

1) Changes in Representatives

Not applicable.

2) Changes in Other Officers (scheduled for June 29, 2022)

1. Retiring Director (excluding Audit and Supervisory Committee Member)

Hitoshi Kumagai, Director (expected to assume the office of Corporate Auditor, Nippon COMSYS Corporation)