

Reference translation

Financial Results for the Year Ended March 31, 2022



May 13, 2022

Company Name:	Takasago Thermal Engineering Co., Ltd.	Stock Exchange Listing:	On the Prime Section of the Tokyo Stock Exchange
Code Number:	1969	Company URL:	https://www.tte-net.com/
Representative:	Kazuhito Kojima, President and Representative Director, COO		
Contact:	Masatoshi Morino, General Manager, Finance & Investor Relations Department		
Phone:	(03) 6369-8215		
Scheduled date of ordinary general meeting of shareholders:	June 21, 2022	Scheduled date to commence dividend payment:	June 22, 2022
Scheduled date to submit the Securities Report:	July 21, 2022		
Availability of supplementary explanatory materials on annual financial results:	Available	Schedule of annual financial results briefing session:	Scheduled

(Fraction less than one million yen has been omitted)

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

(1) Consolidated Results of Operations

(% indicates changes from the previous term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2022	302,746	10.0	14,383	16.9	15,639	12.5	11,535	14.0
Year ended March 31, 2021	275,181	(14.2)	12,300	(31.3)	13,902	(27.9)	10,116	(23.5)

(Note) Comprehensive income:

Year ended March 31, 2022:	¥11,016 million	year on year: (23.5) %
Year ended March 31, 2021:	¥14,398 million	year on year: 86.9%

	Profit per share	Diluted Profit per share	Rate of return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Year ended March 31, 2022	169.38	—	8.7	5.5	4.8
Year ended March 31, 2021	145.56	—	8.0	5.2	4.5

(Reference) Equity in earnings (losses) of affiliated companies:

Year ended March 31, 2022:	¥214 million
Year ended March 31, 2021:	¥161 million

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Year ended March 31, 2022	300,736	136,897	44.2	2,009.35
Year ended March 31, 2021	271,146	135,849	48.7	1,907.64

(Reference) Shareholders' equity:

Year ended March 31, 2022:	¥132,897 million
Year ended March 31, 2021:	¥132,135 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March 31, 2022	1,186	1,042	(8,007)	56,867
Year ended March 31, 2021	22,568	(324)	3,642	62,271

2. Dividends

	Cash dividends per share					Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year-end	Annual			
Year ended March 31, 2021	(Yen) —	(Yen) 28.00	(Yen) —	(Yen) 28.00	(Yen) 56.00	(Millions of yen) 3,932	(%) 38.5	(%) 3.1
Year ended March 31, 2022	(Yen) —	(Yen) 29.00	(Yen) —	(Yen) 31.00	(Yen) 60.00	(Millions of yen) 4,104	(%) 35.4	(%) 3.1
Year ending March 31, 2023 (estimated)	(Yen) —	(Yen) 30.00	(Yen) —	(Yen) 30.00	(Yen) 60.00		(%) 37.8	

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

(% indicates changes from the previous corresponding term)

	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)
End of second quarter	146,000	19.4	2,200	(1.4)	2,700	(11.6)	2,000	12.0	29.37
Full year	311,000	2.7	13,100	(8.9)	14,500	(7.3)	10,800	(6.4)	158.57

(Reference) Orders received (estimated):
 (End of second quarter) ¥138,000 million
 (Full year) ¥280,000 million

*Notes

(1) Changes in Important Subsidiary (Change in Specific Subsidiary Accompanying Change in Scope of Consolidation) During the Term: None

(2) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

- (i) Changes in accounting policies in accordance with the revision of accounting standard, etc.: Yes
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

For details, please refer to “5. Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 19 of the attached document.

(3) Number of Issued Shares (Common Shares)

- (i) Number of issued shares at fiscal year end (including treasury shares)

March 31, 2022: 70,239,402 shares

March 31, 2021: 70,239,402 shares

- (ii) Number of treasury shares at fiscal year end

March 31, 2022: 4,099,746 shares

March 31, 2021: 972,668 shares

- (iii) Average number of shares during the period

Year ended March 31, 2022: 68,107,165 shares

Year ended March 31, 2021: 69,504,539 shares

(References) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-consolidated Results of Operations

(% indicates changes from the previous term)

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2022	220,622	4.2	12,794	17.7	15,085	16.0	11,731	17.7
Year ended March 31, 2021	211,731	(12.9)	10,870	(26.9)	13,008	(24.2)	9,964	(18.8)

	Profit per share	Diluted profit per share
	(Yen)	(Yen)
Year ended March 31, 2022	171.58	—
Year ended March 31, 2021	142.82	—

(2) Non-consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Year ended March 31, 2022	247,772	119,599	48.3	1,801.08
Year ended March 31, 2021	234,466	119,068	50.8	1,712.45

(Reference) Shareholders' equity: Year ended March 31, 2022: ¥119,599 million
Year ended March 31, 2021: ¥119,068 million

2. Forecasts for the Non-consolidated Financial Results for the Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding term)

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit		Profit per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
End of second quarter	100,000	13.4	1,000	(63.5)	1,900	(59.6)	1,700	(50.5)	24.86
Full year	225,000	2.0	10,100	(21.1)	12,100	(19.8)	9,300	(20.7)	136.02

(Reference) Orders received (estimated): (End of second quarter) ¥100,000 million
(Full year) ¥200,000 million

* These consolidated financial results are outside the scope of audit by certified public accountants or audit corporations

*Explanation concerning proper use of the forecasts for the financial results and other special instructions

Forward-looking statements, including the financial results forecasts, in this document are based on currently available information held by the Company and on certain premises considered reasonable by the Company. It is not the intention of the Company to undertake the realization of these statements. Actual business results may differ from the forecasts, depending on various factors. For the assumptions used as the basis for the financial results forecast and notes on the use of the forecast, please refer to "Future Outlook" on page 4 of the attached document.

The Company will hold the annual financial results briefing session for the fiscal year ended March 31, 2022 (for institutional investors and securities analysts) on Thursday, May 19, 2022. The information materials that were to be used at the session will be posted on the Company's website immediately after the briefing session.

1. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2021 (as of March 31, 2021)	Year ended March 31, 2022 (as of March 31, 2022)
ASSETS:		
Current assets:		
Cash and time deposits	64,127	56,960
Notes receivable, accounts receivable from completed construction contracts and other	111,697	—
Notes, accounts receivable from completed construction contracts and contract assets	—	149,948
Electronically recorded monetary claims—operating	9,131	8,996
Costs on construction contracts in progress	4,433	3,229
Other	7,334	9,380
Allowance for doubtful accounts	(212)	(308)
Total current assets	196,511	228,208
Non-current assets:		
Property, plant and equipment		
Buildings and structures	16,604	16,802
Machinery, equipment and vehicles	1,951	2,050
Tools, furniture and fixtures	4,146	4,325
Land	7,428	7,458
Construction in progress	64	213
Right-of-use assets	847	880
Accumulated depreciation	(10,007)	(10,971)
Total property, plant and equipment	21,036	20,760
Intangible assets:		
Software	4,609	6,074
Goodwill	1,978	1,920
Other	110	109
Total intangible assets	6,698	8,104
Investments and other assets:		
Investment securities	36,114	33,463
Long-term loans receivable	2,536	2,972
Retirement benefit asset	3,550	3,337
Deferred tax assets	1,013	1,026
Guarantee deposits	3,063	2,944
Insurance funds	1,756	1,431
Other	671	752
Allowance for doubtful accounts	(1,805)	(2,263)
Total investments and other assets	46,900	43,663
Total non-current assets	74,634	72,528
TOTAL ASSETS	271,146	300,736

(Millions of yen)

	Year ended March 31, 2021 (as of March 31, 2021)	Year ended March 31, 2022 (as of March 31, 2022)
LIABILITIES		
Current liabilities:		
Notes payable, accounts payable for construction contracts and other	54,333	65,049
Electronically recorded obligations - operating	18,625	21,223
Short-term borrowings	4,933	8,058
Accounts payable—other	2,435	2,514
Income taxes payable	1,961	3,011
Advances received on construction contracts in progress	4,820	16,116
Provision for bonuses	3,921	4,403
Provision for bonuses for directors (and other officers)	39	82
Provision for warranties for completed construction	917	861
Provision for loss on construction contracts	2,700	2,018
Other	10,719	11,003
Total current liabilities	105,408	134,342
Non-current liabilities:		
Bonds payable	25,000	25,000
Retirement benefit liability	1,062	1,045
Provision for share awards	486	733
Provision for retirement benefits for directors (and other officers)	111	117
Deferred tax liabilities	2,199	1,734
Other	1,028	865
Total non-current liabilities	29,888	29,496
TOTAL LIABILITIES	135,297	163,838
NET ASSETS		
Shareholders' equity:		
Share capital	13,134	13,134
Capital surplus	12,692	12,691
Retained earnings	97,901	105,788
Treasury shares	(1,443)	(7,750)
Total shareholders' equity	122,285	123,864
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	10,596	9,355
Foreign currency translation adjustment	(1,091)	(208)
Remeasurements of defined benefit plans	345	(114)
Total accumulated other comprehensive income	9,850	9,033
Non-controlling interests	3,713	4,000
Total net assets	135,849	136,897
TOTAL LIABILITIES AND NET ASSETS	271,146	300,736

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

(Millions of yen)

	Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Net sales	275,181	302,746
Cost of sales	238,335	261,349
Gross profit	36,845	41,396
Selling, general and administrative expenses:		
Employees' salaries and allowances	8,600	8,883
Provision for bonuses	1,330	1,538
Retirement benefit expenses	333	221
Provision for share awards	142	206
Stationery expenses	2,469	3,710
Provision of allowance for doubtful accounts	17	103
Rent expenses on land and buildings	2,582	2,654
Depreciation	1,155	1,328
Other	7,912	8,365
Total selling, general and administrative expenses	24,545	27,012
Operating profit	12,300	14,383
Non-operating income:		
Interest income	218	166
Dividend income	673	640
Dividend income of insurance	145	163
Share of profit of entities accounted for using equity method	161	214
Rental income from real estate	802	766
Subsidy income	481	—
Other	532	478
Total non-operating income	3,015	2,429
Non-operating expenses:		
Interest expenses	270	237
Bond issuance costs	65	—
Provision of allowance for doubtful accounts	322	449
Rental expenses on real estate	345	348
Foreign exchange losses	73	—
Other	334	138
Total non-operating expenses	1,412	1,173
Ordinary profit	13,902	15,639

(Millions of yen)

	Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Extraordinary income:		
Gain on sale of non-current assets	620	0
Gain on sale of investment securities	557	1,161
Other	5	—
Total extraordinary income	1,183	1,161
Extraordinary losses:		
Loss on sale of non-current assets	25	—
Loss on retirement of non-current assets	14	22
Loss on sale of investment securities	—	25
Loss on valuation of investment securities	424	—
Other	5	26
Total extraordinary losses	470	74
Profit before income taxes	14,616	16,726
Income taxes-current	4,230	4,985
Income taxes-deferred	297	160
Total income taxes	4,528	5,145
Profit	10,087	11,581
Profit (loss) attributable to non-controlling interests	(28)	45
Profit attributable to owners of parent	10,116	11,535

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Profit	10,087	11,581
Other comprehensive income:		
Valuation difference on available-for-sale securities	3,370	(1,248)
Foreign currency translation adjustment	(32)	1,136
Remeasurements of defined benefit plans, net of tax	875	(431)
Share of other comprehensive income of entities accounted for using equity method	96	(20)
Total other comprehensive income	4,310	(564)
Comprehensive income	14,398	11,016
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	14,445	10,717
Comprehensive income attributable to non-controlling interests	(47)	298

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Cash flows from operating activities:		
Profit before income taxes	14,616	16,726
Depreciation	1,537	1,739
Amortization of goodwill	188	202
Increase (decrease) in allowance for doubtful accounts	316	539
Increase (decrease) in provision for warranties for completed construction	(155)	(74)
Increase (decrease) in allowance for losses on construction contracts	(75)	(840)
Increase (decrease) in provision for bonuses	(965)	481
Increase (decrease) in provision for bonuses for directors (and other officers)	(70)	43
Provision for directors' retirement benefits	(0)	5
Decrease (increase) in retirement benefit asset	(47)	(325)
Increase (decrease) in retirement benefit liability	(144)	(108)
Increase (decrease) in provision for share awards	(31)	247
Interest and dividend income	(891)	(806)
Interest expenses	270	237
Bond issuance costs	65	—
Share of loss (profit) of entities accounted for using equity method	(161)	(214)
Foreign exchange losses (gains)	70	67
Loss (gain) on sale of investment securities	(557)	(1,135)
Loss (gain) on valuation of investment securities	424	—
Loss (gain) on sale of non-current assets	(595)	(0)
Decrease (increase) in trade receivables	24,151	(33,213)
Decrease (increase) in costs on construction contracts in progress	194	(207)
Increase (decrease) in trade payables	(10,228)	12,731
Increase (decrease) in advances received on construction contracts in progress	(214)	9,383
Increase (decrease) in accrued expenses	311	(138)
Increase (decrease) in accrued consumption taxes	(1,685)	48
Decrease (increase) in consumption taxes refund receivable	(665)	(32)
Other, net	1,031	(1,018)
Subtotal	26,685	4,339
Interest and dividends received	918	835
Interest paid	(259)	(237)
Income taxes paid	(4,797)	(4,192)
Income taxes refund	21	441
Net cash provided by (used in) operating activities	22,568	1,186

(Millions of yen)

	Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Cash flows from investing activities:		
Payments into time deposits	(3,112)	(206)
Proceeds from withdrawal of time deposits	3,945	2,097
Purchase of property, plant and equipment and intangible assets	(4,637)	(3,011)
Proceeds from sales of property, plant and equipment and intangible assets	2,455	0
Purchase of investment securities	(558)	(26)
Proceeds from sale of investment securities	1,824	2,272
Purchase of shares of subsidiaries and associates	(64)	(97)
Payments of guarantee deposits	(313)	(213)
Proceeds from refund of guarantee deposits	358	479
Loan advances	(853)	(479)
Purchase of insurance funds	(28)	(15)
Proceeds from maturity of insurance funds	92	342
Proceeds from redemption of securities	500	—
Other payments	(206)	(252)
Other proceeds	274	154
Net cash provided by (used in) investing activities	(324)	1,042
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(1,065)	3,021
Proceeds from long-term borrowings	—	6
Repayments of long-term borrowings	(275)	(268)
Repayments of lease liabilities	(412)	(410)
Proceeds from issuance of bonds	9,934	—
Purchase of treasury shares	(463)	(6,356)
Dividends paid	(4,073)	(3,985)
Dividends paid to non-controlling interests	—	(13)
Net cash provided by (used in) financing activities	3,642	(8,007)
Effect of exchange rate change on cash and cash equivalents	(141)	374
Net increase (decrease) in cash and cash equivalents	25,744	(5,403)
Cash and cash equivalents at beginning of period	36,526	62,271
Cash and cash equivalents at end of period	62,271	56,867

2. Non-consolidated Financial Statements and Primary Notes

(1) Non-consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2021 (as of March 31, 2021)	Year ended March 31, 2022 (as of March 31, 2022)
ASSETS		
Current assets:		
Cash and deposits	48,761	35,169
Notes receivable—trade	1,253	1,385
Electronically recorded monetary claims—operating	8,372	7,938
Accounts receivable from completed construction contracts	91,722	65,962
Contract assets	—	55,713
Costs on construction contracts in progress	2,432	1,105
Merchandise and finished goods	17	14
Raw materials and supplies	28	76
Prepaid expenses	341	452
Accounts receivable—other	3,749	3,503
Advances paid	512	1,032
Other	125	751
Allowance for doubtful accounts	(104)	(133)
Total current assets	157,213	172,972
Non-current assets:		
Property, plant and equipment		
Buildings	12,925	13,036
Accumulated depreciation	(3,811)	(4,318)
Buildings, net	9,114	8,718
Structures	815	816
Accumulated depreciation	(249)	(284)
Structures, net	565	531
Machinery and equipment	309	338
Accumulated depreciation	(158)	(199)
Machinery and equipment, net	150	138
Tools, furniture and fixtures	2,463	2,550
Accumulated depreciation	(1,119)	(1,261)
Tools, furniture and fixtures, net	1,343	1,288
Land	6,816	6,816
Construction in progress	—	111
Total property, plant and equipment	17,991	17,606
Intangible assets:		
Software	4,287	5,758
Telephone subscription right	94	94
Other	0	0
Total intangible assets	4,382	5,852

(Millions of yen)

	Year ended March 31, 2021 (as of March 31, 2021)	Year ended March 31, 2022 (as of March 31, 2022)
Investment and other assets:		
Investment securities	29,879	26,929
Shares of subsidiaries and associates	15,942	15,964
Investments in capital	5	5
Long-term loans receivable	3,287	3,014
Distressed receivables	36	109
Long-term prepaid expenses	172	220
Prepaid pension costs	3,070	3,396
Guarantee deposits	2,424	2,447
Insurance funds	1,571	1,228
Other	210	198
Allowance for doubtful accounts	(1,721)	(2,173)
Total investments and other assets	54,880	51,340
Total non-current assets	77,253	74,800
TOTAL ASSETS	234,466	247,772

(Millions of yen)

	Year ended March 31, 2021 (as of March 31, 2021)	Year ended March 31, 2022 (as of March 31, 2022)
LIABILITIES		
Current liabilities:		
Notes payable—trade	3,671	3,588
Electronically recorded obligations - operating	18,778	21,383
Accounts payable for construction contracts	42,274	46,780
Short-term borrowings	1,420	4,900
Accounts payable - other	2,012	2,071
Accrued expenses	210	217
Income taxes payable	1,623	2,590
Advances received on construction contracts in progress	3,025	4,737
Deposits received	7,692	7,655
Provision for bonuses	3,299	3,749
Unearned revenue	—	3
Provision for bonuses for directors (and other officers)	17	55
Provision for warranties for completed construction	698	665
Provision for loss on construction contracts	2,662	1,894
Other	47	49
Total current liabilities	87,434	100,341
Non-current liabilities:		
Bonds payable	25,000	25,000
Long-term accounts payable—other	27	32
Lease liabilities	162	117
Provision for share awards	421	671
Deferred tax liabilities	2,029	1,732
Other	322	277
Total non-current liabilities	27,963	27,831
TOTAL LIABILITIES	115,398	128,173

(Millions of yen)

	Year ended March 31, 2021 (as of March 31, 2021)	Year ended March 31, 2022 (as of March 31, 2022)
NET ASSETS		
Shareholders' equity:		
Share capital	13,134	13,134
Capital surplus		
Legal capital surplus	12,853	12,853
Total capital surplus	12,853	12,853
Retained earnings		
Legal retained earnings	3,283	3,283
Other retained earnings		
Reserve for dividend equalization	656	656
Reserve for retirement allowance	940	940
Reserve for tax purpose reduction to promote open innovation	124	124
General reserve	42,878	42,878
Retained earnings brought forward	35,975	44,055
Total retained earnings	83,858	91,938
Treasury shares	(1,270)	(7,577)
Total shareholders' equity	108,577	110,350
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	10,491	9,248
Total valuation and translation adjustments	10,491	9,248
Total net assets	119,068	119,599
TOTAL LIABILITIES AND NET ASSETS	234,466	247,772

(2) Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Net sales of completed construction contracts	211,731	220,622
Cost of sales of completed construction contracts	184,470	189,546
Gross profit on completed construction contracts	27,261	31,075
Selling, general and administrative expenses:		
Remuneration for directors (and other officers)	408	369
Provision for bonuses for directors (and other officers)	17	55
Employees' salaries and allowances	4,578	4,824
Provision for bonuses	1,202	1,402
Retirement benefit expenses	227	109
Provision for share awards	127	194
Legal welfare expenses	816	859
Welfare expenses	408	397
Repairs and maintenance expenses	114	174
Stationary expenses	2,391	3,424
Communication and transportation expenses	536	478
Power utilities expenses	89	92
Research study expenses	383	647
Advertising expenses	350	358
Provision of allowance for doubtful accounts	(11)	28
Entertainment expenses	137	171
Donations	39	18
Rent expenses on land and buildings	2,159	2,244
Depreciation	690	820
Taxes and dues	613	606
Insurance expenses	285	255
Miscellaneous expenses	824	747
Total selling, general and administrative expenses	16,390	18,280
Operating profit	10,870	12,794

(Millions of yen)

	Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Non-operating income:		
Interest income	24	26
Interest on securities	3	—
Dividends income	1,582	1,946
Insurance claim income	14	14
Dividend income of insurance	139	155
Rental income from real estate	802	766
Subsidy income	481	—
Insurance income for accident and damage	68	—
Other	123	351
Total non-operating income	3,239	3,260
Non-operating expenses:		
Interest expenses	99	105
Bond issuance costs	65	—
Provision of allowance for doubtful accounts	322	449
Rental expenses on real estate	345	348
Compensation expenses	120	—
Other	148	66
Total non-operating expenses	1,102	969
Ordinary profit	13,008	15,085
Extraordinary income:		
Gain on sale of non-current assets	298	—
Gain on sale of investment securities	531	1,161
Other	5	—
Total extraordinary income	836	1,161
Extraordinary losses:		
Loss on retirement of non-current assets	13	11
Loss on sale of investment securities	—	25
Loss on valuation of investment securities	83	—
Other	0	2
Total extraordinary losses	97	40
Profit before income taxes	13,747	16,207
Income taxes-current	3,398	4,341
Income taxes-deferred	385	134
Total income taxes	3,783	4,475
Profit	9,964	11,731

3. Other

(1) Conditions of Production, Orders Received and Sales (Consolidated)

(i) Orders received

(Millions of yen; %)

		Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)		Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	155,527	54.1	159,543	46.9	4,015	2.6
	Industrial systems	126,091	43.9	173,578	51.0	47,486	37.7
	Subtotal	281,619	98.0	333,121	97.9	51,501	18.3
Equipment manufacturing and sales business		5,749	2.0	6,976	2.1	1,227	21.3
Other		132	0.0	86	0.0	(45)	(34.5)
Total		287,501	100.0	340,184	100.0	52,683	18.3
[overseas]		[35,691]	[12.4]	[66,728]	[19.6]	[31,036]	[87.0]
[repairs and maintenance]		[23,877]	[8.3]	[25,956]	[7.6]	[2,078]	[8.7]

(ii) Sales

(Millions of yen; %)

		Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)		Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	151,115	54.9	160,202	52.9	9,087	6.0
	Industrial systems	118,137	42.9	136,503	45.1	18,365	15.5
	Subtotal	269,252	97.8	296,706	98.0	27,453	10.2
Equipment manufacturing and sales business		5,796	2.1	5,953	2.0	156	2.7
Other		132	0.1	86	0.0	(45)	(34.5)
Total		275,181	100.0	302,746	100.0	27,565	10.0
[overseas]		[34,311]	[12.5]	[50,631]	[16.7]	[16,319]	[47.6]
[repairs and maintenance]		[24,194]	[8.8]	[25,446]	[8.4]	[1,252]	[5.2]

(iii) Amount carried forward

(Millions of yen; %)

		Year ended March 31, 2021 (as of March 31, 2021)		Year ended March 31, 2022 (as of March 31, 2022)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	147,248	63.0	145,066	54.0	(2,182)	(1.5)
	Industrial systems	84,911	36.4	121,376	45.1	36,464	42.9
	Subtotal	232,160	99.4	266,443	99.1	34,282	14.8
Equipment manufacturing and sales business		1,421	0.6	2,444	0.9	1,023	72.0
Other		—	—	0	0.0	0	0.0
Total		233,581	100.0	268,887	100.0	35,306	15.1
[overseas]		[29,453]	[12.6]	[45,550]	[16.9]	[16,096]	[54.7]
[repairs and maintenance]		[1,449]	[0.6]	[1,909]	[0.7]	[459]	[31.7]

(Note) Transactions made between segments with respect to orders received, sales and amounts carried forward are set off and deleted.

(2) Conditions of Orders Received and Sales (Non-consolidated)

(i) Orders received

(Millions of yen; %)

		Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)		Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	131,932	59.3	134,760	55.7	2,828	2.1
	Industrial systems	90,512	40.7	107,156	44.3	16,644	18.4
Total		222,444	100.0	241,917	100.0	19,472	8.8

(ii) Sales

(Millions of yen; %)

		Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)		Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	127,676	60.3	134,626	61.0	6,950	5.4
	Industrial systems	84,055	39.7	85,995	39.0	1,940	2.3
Total		211,731	100.0	220,622	100.0	8,890	4.2

(iii) Amount carried forward

(Millions of yen; %)

		Year ended March 31, 2021 (as of March 31, 2021)		Year ended March 31, 2022 (as of March 31, 2022)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	144,341	71.0	142,975	64.3	(1,366)	(0.9)
	Industrial systems	58,934	29.0	79,485	35.7	20,551	34.9
Total		203,275	100.0	222,460	100.0	19,185	9.4

(3) Review of Operations (Consolidated)

(Financial results for the years ended March 31, 2018 to 2022, Forecasts for the year ending March 31, 2023)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Item	Year		Results										Forecasts	
	Year ended		Year ended		Year ended		Year ended		Year ended		Year ending			
	March 31, 2018		March 31, 2019		March 31, 2020		March 31, 2021		March 31, 2022		March 31, 2023			
	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)		
Net sales	289,933		319,834		320,893		275,181		302,746		311,000			
	11.4	100.0	10.3	100.0	0.3	100.0	(14.2)	100.0	10.0	100.0	2.7	100.0		
Gross profit	39,550		41,877		43,376		36,845		41,396					
	16.0	13.6	5.9	13.1	3.6	13.5	(15.1)	13.4	12.4	13.7				
Selling, general and administrative expenses	23,187		24,657		25,476		24,545		27,012					
	6.9	8.0	6.3	7.7	3.3	7.9	(3.7)	8.9	10.1	8.9				
Operating profit	16,362		17,219		17,900		12,300		14,383		13,100			
	32.1	5.6	5.2	5.4	4.0	5.6	(31.3)	4.5	16.9	4.8	(8.9)	4.2		
Non-operating income	1,879		2,018		2,315		3,015		2,429					
Non-operating expenses	781		878		928		1,412		1,173					
Non-operating income and expenses	+1,098		+1,140		+1,386		+1,602		+1,256					
Ordinary profit	17,461		18,359		19,286		13,902		15,639		14,500			
	30.0	6.0	5.1	5.7	5.0	6.0	(27.9)	5.1	12.5	5.2	(7.3)	4.7		
Extraordinary income	526		1,602		1,159		1,183		1,161					
Extraordinary losses	841		1,169		1,420		470		74					
Extraordinary income and losses	(314)		+432		(261)		+713		+1,086					
Profit before income taxes	17,146		18,792		19,025		14,616		16,726					
	26.2	5.9	9.6	5.9	1.2	5.9	(23.2)	5.3	14.4	5.5				
Income taxes —current	5,031		6,949		6,323		4,230		4,985					
Income taxes —deferred	(41)		(1,044)		(571)		297		160					
Profit	12,157		12,887		13,272		10,087		11,581					
Profit (loss) attributable to non-controlling interests	352		277		41		(28)		45					
Profit attributable to owners of parent	11,804		12,609		13,231		10,116		11,535		10,800			
	36.2	4.1	6.8	3.9	4.9	4.1	(23.5)	3.7	14.0	3.8	(6.4)	3.5		
Orders received	288,646		333,887		297,883		287,501		340,184		280,000			
	5.6		15.7		(10.8)		(3.5)		18.3		(17.7)			
Amount carried forward	230,218		244,271		221,261		233,581		268,887		237,887			
	(0.6)		6.1		(9.4)		5.6		15.1		(11.5)			

(4) Review of Operations (Non-consolidated)

(Financial results for the years ended March 31, 2018 to 2022, Forecasts for the year ending March 31, 2023)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Item	Year	Results										Forecasts	
		Year ended March 31, 2018		Year ended March 31, 2019		Year ended March 31, 2020		Year ended March 31, 2021		Year ended March 31, 2022		Year ending March 31, 2023	
		Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)
Net sales of completed construction contracts		217,474		245,126		242,951		211,731		220,622		225,000	
		8.2	100.0	12.7	100.0	(0.9)	100.0	(12.9)	100.0	4.2	100.0	2.0	100.0
Gross profit on completed construction contracts		28,917		30,115		31,576		27,261		31,075			
		12.4	13.3	4.1	12.3	4.9	13.0	(13.7)	12.9	14.0	14.1		
Selling, general and administrative expenses		15,347		15,889		16,698		16,390		18,280			
		8.1	7.1	3.5	6.5	5.1	6.9	(1.8)	7.7	11.5	8.3		
Operating profit		13,570		14,225		14,878		10,870		12,794		10,100	
		17.7	6.2	4.8	5.8	4.6	6.1	(26.9)	5.1	17.7	5.8	(21.1)	4.5
Non-operating income		2,100		2,297		3,003		3,239		3,260			
Non-operating expenses		647		672		713		1,102		969			
Non-operating income and expenses		+1,453		+1,624		+2,290		+2,137		+2,291			
Ordinary profit		15,023		15,850		17,169		13,008		15,085		12,100	
		18.3	6.9	5.5	6.5	8.3	7.1	(24.2)	6.1	16.0	6.8	(19.8)	5.4
Extraordinary income		352		1,558		1,158		836		1,161			
Extraordinary losses		973		1,127		1,408		97		40			
Extraordinary income and losses		(621)		+430		(250)		+739		+1,121			
Profit before income taxes		14,402		16,280		16,918		13,747		16,207			
		11.3	6.6	13.0	6.6	3.9	7.0	(18.7)	6.5	17.9	7.3		
Income taxes —current		4,132		5,975		5,129		3,398		4,341			
Income taxes —deferred		(36)		(1,061)		(489)		385		134			
Profit		10,306		11,366		12,278		9,964		11,731		9,300	
		19.8	4.7	10.3	4.6	8.0	5.1	(18.8)	4.7	17.7	5.3	(20.7)	4.1
Orders received		216,133		254,042		222,526		222,444		241,917		200,000	
		6.3		17.5		(12.4)		(0.0)		8.8		(17.3)	
Amount carried forward		204,071		212,987		192,562		203,275		222,460		197,460	
		(0.7)		4.4		(9.6)		5.6		9.4		(11.2)	