

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



May 10, 2022

Company name: **TAIHEI DENGYO KAISHA, LTD.**

Stock exchange listing: Tokyo Stock Exchange

Code number: 1968

URL: <https://www.taihei-dengyo.co.jp/>

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Scheduled date of annual general meeting of shareholders: June 29, 2022

Scheduled date of commencing dividend payments: June 30, 2022

Scheduled date of filing securities report: June 29, 2022

Preparation of supplementary explanatory materials: Yes

Financial results briefing: Yes

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

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

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended								
March 31, 2022	126,908	(0.7)	10,457	41.3	13,125	57.6	8,406	49.7
March 31, 2021	127,779	7.0	7,400	(21.7)	8,329	(13.1)	5,613	(9.3)

(Note) Comprehensive income: Year ended March 31, 2022: 8,909 million yen [21.9%]

Year ended March 31, 2021: 7,308 million yen [33.1%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended					
March 31, 2022	442.50	-	11.1	10.1	8.2
March 31, 2021	295.54	-	8.1	6.5	5.8

(Reference) Equity in earnings of affiliated companies: Year ended March 31, 2022: 108 million yen

Year ended March 31, 2021: 112 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	131,738	80,423	60.1	4,167.04
As of March 31, 2021	128,757	73,113	55.9	3,786.40

(Reference) Equity: As of March 31, 2022: 79,167 million yen

As of March 31, 2021: 71,936 million yen

(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
	Million yen	Million yen	Million yen	Million yen
Year ended				
March 31, 2022	613	(8,679)	(3,848)	19,397
March 31, 2021	19,576	(2,011)	(3,927)	30,941

2. Cash Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	-	-	80.00	80.00	1,527	27.1	2.1
March 31, 2022	-	-	-	100.00	100.00	1,909	22.6	2.4
Year ending March 31, 2023 (Forecast)	-	-	-	100.00	100.00		35.2	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	130,000	2.4	7,600	(27.3)	8,200	(37.5)	5,400	(35.8)	284.23

* Notes:

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

Newly included: - (Company name)

Excluded: - (Company name)

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of shares issued and outstanding (common shares)

1) Number of shares issued and outstanding at the end of the period (including treasury shares):

March 31, 2022: 20,341,980 shares

March 31, 2021: 20,341,980 shares

2) Number of treasury shares at the end of the period:

March 31, 2022: 1,343,554 shares

March 31, 2021: 1,343,371 shares

3) Average number of shares during the period:

Year ended March 31, 2022: 18,998,545 shares

Year ended March 31, 2021: 18,995,471 shares

(Reference) Summary of Non-consolidated Results**1. Non-consolidated Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	119,884	(1.8)	9,963	46.1	12,500	65.0	8,065	49.5
March 31, 2021	122,106	7.8	6,818	(22.7)	7,573	(14.5)	5,394	(8.5)

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	424.47	-
March 31, 2021	283.94	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	127,056	77,282	60.8	4,067.18
As of March 31, 2021	124,022	70,733	57.0	3,722.45

(Reference) Equity: As of March 31, 2022: 77,282 million yen

As of March 31, 2021: 70,733 million yen

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

(% indicates changes from the previous corresponding period.)

Full year	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
	123,000	2.6	7,600	(39.2)	5,100	(36.8)	268.40

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

*** Explanation of the proper use of performance forecast and other notes**

The earnings forecast and other forward-looking statements herein are based on the information currently available and certain assumptions deemed reasonable by the Company, and thus actual results may differ significantly from these forecasts due to a wide range of factors.

For details, please see “1. Overview of Operating Results, etc., (4) Future Outlook” on page 4 of the attached materials.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the consolidated fiscal year under review, the Japanese economy remained in a difficult situation due to intermittent restrictions on economic activities caused by the COVID-19 pandemic, soaring raw material prices and rising fuel costs. Also for the global economy, the outlook remained uncertain as the risks of economic downturn increased with a steep rise in resource prices triggered by economic sanctions against Russia for its invasion of Ukraine and other factors.

In the electric power industry, the main area of business for the TAIHEI DENGYO KAISHA Group (the TDK Group), with the revision of the national Strategic Energy Plan which showed the course of policy for reducing greenhouse gas emissions and reducing energy costs toward FY2030, efforts to achieve carbon neutrality centered around decarbonizing power and propelling electrification were driven forward.

In this business environment, the TDK Group has been carrying forward its Mid-Term Business Plan which started in FY2020 and exploring new business models. In August last year, it established a subsidiary dedicated to engineering work aiming to win EPC contracts to expand its business areas, and in November of the same year, aiming to become carbon negative, it decided to introduce a CO₂ recycling system at its own power plants, which partially captures CO₂ emitted from power generation with a CO₂ capture system and uses it in agricultural greenhouses on the plant premises.

Meanwhile, we launched a new project focusing on strengthening safety and quality, which are of utmost importance for a construction company, as well as on compliance, and has been working to improve employee awareness and skills throughout the TDK Group by strengthening guidance at its locations across the country.

In addition, to contribute to the stable supply of electric power, we have worked to ensure safety, quality and processes, and to reduce costs through continuously developing new technologies and construction methods, thereby increasing its corporate value.

As a result, in the fiscal year ended March 31, 2022, orders received amounted to 120,844 million yen (a decrease of 3.1% YoY) and net sales amounted to 126,908 million yen (a decrease of 0.7% YoY) including 6,153 million yen (a decrease of 3.0% YoY) for overseas works.

Regarding profits, operating profit amounted to 10,457 million yen (an increase of 41.3% YoY), ordinary profit amounted to 13,125 million yen (an increase of 57.6% YoY) and profit attributable to owners of parent amounted to 8,406 million yen (an increase of 49.7% YoY).

The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29; March 31, 2020) and others have been applied from the beginning of the consolidated fiscal year under review. Details are stated in “3. Consolidated Financial Statements and Primary Notes, (5) Notes to Consolidated Financial Statements, (Changes in accounting policies).”

At the Board of Directors meeting held on February 10, 2022, the Board decided to pay a year-end ordinary dividend of 100 yen per share for the fiscal year under review, with an increase of 20 yen per share from the year-end ordinary dividend for the previous consolidated fiscal year, in accordance with a distribution policy of surplus with long-term and stable return of profit as a basis.

Performance results by business segment are as follows.

(Construction Segment)

Orders received amounted to 43,881 million yen (a decrease of 27.4% YoY, composition ratio: 36.3%). Orders received in works for thermal power plants for business use decreased, resulting in a decrease for the overall segment.

Net sales amounted to 53,294 million yen (a decrease of 7.3% YoY, composition ratio: 42.0%). Despite an increase in that for works for thermal power plants for private use, net sales of works for thermal power plants for business use decreased, resulting in a decrease for the overall segment. Segment profit amounted to 1,910 million yen (a decrease of 25.3% YoY).

(Maintenance and Renovation Segment)

Orders received amounted to 76,962 million yen (an increase of 19.6% YoY, composition ratio: 63.7%). Despite a decrease in orders for thermal power plants for private use, orders received in works for thermal power plants for business use increased, resulting in an increase for the overall segment.

Net sales amounted to 73,613 million yen (an increase of 4.8% YoY, composition ratio: 58.0%). Despite a decrease in that for works for iron and steel-related plants, net sales of works for thermal power plants for business use and works for thermal power plants for private use increased, resulting in an increase for the overall segment. Segment profit amounted to 11,781 million yen (an increase of 43.3% YoY).

(2) Overview of Financial Position for the Fiscal Year under Review

(a) Assets

Current assets amounted to 89,631 million yen, down 4,877 million yen from the end of the previous consolidated fiscal year. This was due mainly to decreases of 11,499 million yen in cash and deposits and 4,879 million yen in costs on construction contracts in progress despite an increase of 8,666 million yen in notes receivable, accounts receivable from completed construction contracts, and contract assets.

Non-current assets amounted to 42,107 million yen, up 7,859 million yen from the end of the previous consolidated fiscal year. This was due mainly to an increase of 5,904 million yen in real estate for rent.

(b) Liabilities

Current liabilities amounted to 33,875 million yen, down 6,611 million yen from the end of the previous consolidated fiscal year. This was due mainly to a decrease of 4,400 million yen in current portion of bonds payable and a decrease of 2,923 million yen in other current liabilities despite an increase of 1,920 million yen in contract liabilities.

Non-current liabilities amounted to 17,439 million yen, up 2,283 million yen from the end of the previous consolidated fiscal year. This was due mainly to an increase of 2,364 million yen in long-term borrowings.

(c) Net assets

Net assets amounted to 80,423 million yen, up 7,310 million yen from the end of the previous consolidated fiscal year. This was due mainly to an increase of 6,831 million yen in retained earnings.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents as of the end of the current consolidated fiscal year amounted to 19,397 million yen, down 11,543 million yen from the end of the previous consolidated fiscal year. Cash flows by activity type and factors behind the results are summarized below.

(a) Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 613 million yen (19,576 million yen in the previous consolidated fiscal year). This is due mainly to an increase of 6,321 million yen in notes and accounts receivable-trade and contract assets and income taxes paid of 3,373 million yen, despite a decrease of 4,935 million yen in costs on construction contracts in progress.

(b) Cash Flows from Investing Activities

Net cash used in investing activities amounted to 8,679 million yen (2,011 million yen in the previous consolidated fiscal year). This is due mainly to the payment of 8,331 million yen for purchase of property, plant and equipment.

(c) Cash Flows from Financing Activities

Net cash used in financing activities amounted to 3,848 million yen (3,927 million yen in the previous consolidated fiscal year). This is due mainly to the payment of 4,400 million yen for redemption of bonds.

(Reference) Trends in indicators of cash flows

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity-to-asset ratio (%)	64.9	58.0	52.4	55.9	60.1
Equity-to-asset ratio based on market value (%)	53.7	40.9	34.5	39.0	38.1
Interest-bearing liabilities to cash flow ratio (%)	272.6	-	-	87.3	2,452.2
Interest coverage ratio (times)	398.6	-	-	593.8	19.1

Equity-to-asset ratio: $\text{Equity} / \text{total assets}$

Equity-to-asset ratio based on market value: $\text{market capitalization} / \text{total asset}$

Interest-bearing liabilities to cash flow ratio: $\text{interest-bearing liabilities} / \text{cash flows}$

Interest coverage ratio: $\text{cash flows} / \text{interest payments}$

* All indicators are calculated using financial figures on a consolidated basis.

* Market capitalization is calculated by multiplying the stock price at the end of the period by the number of shares issued and outstanding at the end of the period (excluding treasury shares).

* For the cash flows, the cash flows from operating activities are used.

* Interest-bearing liabilities include all liabilities recorded on the Consolidated Balance Sheet for which interest is paid. In addition, for interest payments, interest paid stated on the Consolidated Statement of Cash Flows is used.

* Interest-bearing liabilities to cash flow ratio and interest coverage ratio are not stated for fiscal years during which cash flow from operating activities was negative.

(4) Future Outlook

As for the future outlook, economic activities are expected to begin to normalize and the economy is expected to pick up with factors such as the increased availability of therapeutic drugs for COVID-19. However, there are concerns that uncertainties caused by the situation in Ukraine and the developments in the U.S. economy including soaring resource prices and turmoil in the financial markets may affect consumer confidence and business sentiment to result in slowdown in consumption and investment, and the outlook for economy requires closer monitoring.

In the electric power industry, the TDK Group's main business area, while challenges remain in the balance between supply and demand of power, there will be accelerated moves toward the maximized use of renewable energy sources, the restart and stable operation of nuclear power plants, and the development of technologies for zero-emission thermal power generation, and efforts to achieve carbon neutrality by 2050 based on "S+3E (safety, energy security, economic efficiency, and environment)" will be further pursued.

In the next consolidated fiscal year, the final year of the Mid-Term Business Plan (FY2020-FY2022), the TDK Group will continue to optimize its management resource allocation and make strategic investments under the basic policies of "enhancing the corporate foundation for sustainable growth," "ensuring a revenue base that responds to changes in the business environment," and "building muscular strength to achieve 150 billion yen in sales from the baseline of 100 billion yen."

As a member of the Prime Market started with the restructuring of the Tokyo Stock Exchange market in April 2022, the Company will further strengthen its efforts for compliance with the Corporate Governance Code, disclosure of climate change-related information, and ESG. Aiming to become carbon neutral by 2050, it will work aggressively to seek business opportunities in renewable-energy power generation, to win more works for nuclear power plants to comply with new regulations, works for fuel switching at thermal power plants, and EPC contracts, and to expand its overseas bases.

Furthermore, the Company will work to increase its public recognition through publicity and advertising activities to build a human resource base with a wide variety of backgrounds and talents, while growing the next

generation of talents able to succeed in the open world and steadily handing down technologies to the next generation, to further increase its corporate value.

2. Basic Policy Regarding Selection of Accounting Standards

Taking into account the comparability of periods and among companies of consolidated financial statements, the TDK Group intends to prepare consolidated financial statements in accordance with Japanese GAAP for the time being. Also, as a policy, the TDK Group will appropriately respond to adoption of IFRS in consideration of conditions inside and outside of Japan.

3. Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheet

(Unit: ¥1 million)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	31,151	19,652
Notes receivable, accounts receivable from completed construction contracts	40,058	-
Notes receivable, accounts receivable from completed construction contracts, and contract assets	-	48,725
Electronically recorded monetary claims - operating	6,480	6,116
Costs on construction contracts in progress	16,002	11,122
Raw materials and supplies	65	47
Other	754	3,970
Allowance for doubtful accounts	(3)	(4)
Total current assets	94,508	89,631
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,189	19,067
Accumulated depreciation and impairment	(10,214)	(10,692)
Buildings and structures, net	7,974	8,374
Machinery and vehicles	14,648	13,553
Accumulated depreciation	(10,489)	(9,812)
Machinery and vehicles, net	4,158	3,740
Tools, furniture and fixtures	2,337	2,519
Accumulated depreciation and impairment	(2,076)	(2,205)
Tools, furniture and fixtures, net	261	314
Land	7,610	8,144
Leased assets	298	429
Accumulated depreciation	(152)	(214)
Leased assets, net	146	215
Construction in progress	314	348
Total property, plant and equipment	20,466	21,137
Intangible assets		
Goodwill	48	24
Other	371	315
Total intangible assets	420	340
Investments and other assets		
Investment securities	9,427	10,092
Long-term loans receivable	182	221
Retirement benefit asset	6	5
Real estate for rent	1,782	7,686
Accumulated depreciation	(785)	(828)
Real estate for rent, net	996	6,858
Deferred tax assets	1,081	1,138
Long term-bank cash	271	294
Other	1,608	2,262
Allowance for doubtful accounts	(213)	(245)
Total investments and other assets	13,362	20,629
Total non-current assets	34,248	42,107
Total assets	128,757	131,738

(Unit: ¥1 million)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	10,485	9,517
Electronically recorded obligations - operating	11,336	10,370
Current portion of bonds payable	4,400	-
Current portion of long-term borrowings	1,685	1,635
Lease liabilities	95	105
Income taxes payable	1,561	2,554
Advances received on construction contracts in progress	4,088	-
Contract liabilities	-	6,009
Provision for bonuses	967	989
Provision for bonuses for directors (and other officers)	124	136
Provision for warranties for completed construction	152	78
Provision for loss on construction contracts	229	40
Other	5,361	2,437
Total current liabilities	40,487	33,875
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	5,778	8,143
Lease liabilities	125	153
Deferred tax liabilities	1	1
Retirement benefit liability	3,939	3,630
Provision for share awards for directors (and other officers)	109	171
Provision for retirement benefits for directors (and other officers)	104	111
Other	97	227
Total non-current liabilities	15,156	17,439
Total liabilities	55,643	51,314
Net assets		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	4,917	4,917
Retained earnings	63,624	70,456
Treasury shares	(2,156)	(2,157)
Total shareholders' equity	70,385	77,216
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,476	2,542
Foreign currency translation adjustment	(225)	(267)
Remeasurements of defined benefit plans	(700)	(325)
Total accumulated other comprehensive income	1,550	1,950
Non-controlling interests	1,176	1,256
Total net assets	73,113	80,423
Total liabilities and net assets	128,757	131,738

(2) Consolidated Statement of Income and Comprehensive Income

(Unit: ¥1 million)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	127,779	126,908
Cost of sales	111,869	107,677
Gross profit	15,910	19,230
Selling, general and administrative expenses	8,510	8,773
Operating profit	7,400	10,457
Non-operating income		
Interest income	9	11
Dividend income	203	243
Share of profit of entities accounted for using equity method	112	108
Rental income from non-current assets	212	285
Foreign exchange gains	243	456
Insurance claim income	19	507
Subsidy income	200	1,000
Other	200	428
Total non-operating income	1,200	3,040
Non-operating expenses		
Interest expenses	34	35
Rental expenses on non-current assets	146	155
Loss on retirement of non-current assets	5	15
Provision of allowance for doubtful accounts	29	31
Borrowing fee	9	100
Other	44	33
Total non-operating expenses	271	372
Ordinary profit	8,329	13,125
Extraordinary income		
Gain on sale of non-current assets	461	191
Other	-	0
Total extraordinary income	461	192
Extraordinary losses		
Loss on retirement of non-current assets	26	1
Loss on valuation of golf club membership	3	-
Loss from money transfer scam at overseas branch	-	734
Other	0	54
Total extraordinary losses	30	789

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit before income taxes	8,760	12,528
Income taxes - current	2,891	4,296
Income taxes - deferred	(39)	(278)
Total income taxes	2,851	4,018
Profit	5,908	8,509
Profit attributable to		
Profit attributable to owners of parent	5,613	8,406
Profit attributable to non-controlling interests	295	102
Other comprehensive income		
Valuation difference on available-for-sale securities	1,331	65
Foreign currency translation adjustment	0	(41)
Remeasurements of defined benefit plans, net of tax	65	375
Share of other comprehensive income of entities accounted for using equity method	2	0
Total other comprehensive income	1,399	399
Comprehensive income	7,308	8,909
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,012	8,821
Comprehensive income attributable to non-controlling interests	296	88

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Unit: ¥1 million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,000	4,888	59,845	(2,162)	66,572
Changes during period					
Dividends of surplus			(1,714)		(1,714)
Profit attributable to owners of parent			5,613		5,613
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		29		6	35
Change in scope of consolidation			(121)		(121)
Net changes in items other than shareholders' equity					
Total changes during period	-	29	3,778	5	3,813
Balance at end of period	4,000	4,917	63,624	(2,156)	70,385

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,144	(155)	(766)	222	828	67,623
Changes during period						
Dividends of surplus						(1,714)
Profit attributable to owners of parent						5,613
Purchase of treasury shares						(0)
Disposal of treasury shares						35
Change in scope of consolidation						(121)
Net changes in items other than shareholders' equity	1,332	(69)	65	1,328	348	1,676
Total changes during period	1,332	(69)	65	1,328	348	5,490
Balance at end of period	2,476	(225)	(700)	1,550	1,176	73,113

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Unit: ¥1 million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,000	4,917	63,624	(2,156)	70,385
Cumulative effects of changes in accounting policies			(46)		(46)
Restated balance	4,000	4,917	63,577	(2,156)	70,338
Changes during period					
Dividends of surplus			(1,527)		(1,527)
Profit attributable to owners of parent			8,406		8,406
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	6,878	(0)	6,878
Balance at end of period	4,000	4,917	70,456	(2,157)	77,216

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,476	(225)	(700)	1,550	1,176	73,113
Cumulative effects of changes in accounting policies						(46)
Restated balance	2,476	(225)	(700)	1,550	1,176	73,066
Changes during period						
Dividends of surplus						(1,527)
Profit attributable to owners of parent						8,406
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	65	(41)	375	399	79	479
Total changes during period	65	(41)	375	399	79	7,357
Balance at end of period	2,542	(267)	(325)	1,950	1,256	80,423

(4) Consolidated Statement of Cash Flows

(Unit: ¥1 million)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	8,760	12,528
Depreciation	1,689	1,705
Amortization of goodwill	24	24
Increase (decrease) in allowance for doubtful accounts	112	31
Increase (decrease) in other provisions	(27)	(159)
Increase (decrease) in retirement benefit liability	124	227
Interest and dividend income	(212)	(254)
Interest expenses	34	35
Borrowing fee	9	100
Foreign exchange losses (gains)	(245)	(422)
Subsidy income	-	(1,000)
Share of loss (profit) of entities accounted for using equity method	(112)	(108)
Other non-operating expenses (income)	(460)	(794)
Loss (gain) on sale and retirement of property, plant and equipment	(303)	(173)
Loss (gain) on valuation of investment securities	0	53
Loss from money transfer scam at overseas branch	-	734
Decrease (increase) in trade receivables	6,054	-
Decrease (increase) in notes and accounts receivable-trade and contract assets	-	(6,321)
Decrease (increase) in costs on construction contracts in progress	4,595	4,935
Increase (decrease) in trade payables	(852)	(1,951)
Decrease (increase) in consumption taxes refund receivable	1,252	(3,005)
Increase (decrease) in accrued consumption taxes	2,572	(2,592)
Other, net	(215)	(203)
Subtotal	22,803	3,388
Interest and dividends received	229	264
Interest paid	(32)	(32)
Subsidies received	-	400
Income taxes paid	(3,883)	(3,373)
Payment for loss from money transfer scam at overseas branch	-	(734)
Other, net	460	700
Net cash provided by (used in) operating activities	19,576	613
Cash flows from investing activities		
Payments into time deposits	(295)	(429)
Proceeds from withdrawal of time deposits	676	384
Purchase of securities	(3,000)	(3,000)
Proceeds from sale of securities	3,000	3,000
Purchase of property, plant and equipment	(1,554)	(8,331)
Proceeds from sale of property, plant and equipment	501	191
Purchase of intangible assets	(87)	(47)
Purchase of investment securities	(928)	(454)
Proceeds from sale of investment securities	-	12
Purchase of shares of subsidiaries and associates	-	(50)
Loan advances	(203)	(22)
Proceeds from collection of loans receivable	30	0
Other, net	(150)	66
Net cash provided by (used in) investing activities	(2,011)	(8,679)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	3,000	-
Repayments of short-term borrowings	(3,000)	-
Proceeds from long-term borrowings	-	4,000
Repayments of long-term borrowings	(1,685)	(1,685)
Payments of borrowing fee	(10)	(100)
Redemption of bonds	(400)	(4,400)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	7	-
Repayments of lease liabilities	(119)	(125)
Dividends paid	(1,713)	(1,528)
Dividends paid to non-controlling interests	(5)	(8)
Net cash provided by (used in) financing activities	(3,927)	(3,848)
Effect of exchange rate change on cash and cash equivalents	152	370
Net increase (decrease) in cash and cash equivalents	13,790	(11,543)
Cash and cash equivalents at beginning of period	16,974	30,941
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	176	-
Cash and cash equivalents at end of period	30,941	19,397

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020) (the “Revenue Recognition Standard”) and others from the beginning of the consolidated fiscal year under review. Revenue is recognized in the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer.

Previously, the percentage-of-completion method was applied to construction contracts for which results are deemed certain in terms of the progress portion, and the completed-contract method was applied to other construction contracts. However, due to the application of this Revenue Recognition Standard, the method has been changed such that if performance obligations are satisfied over a certain period of time, revenue is recognized over a certain period of time based on an estimated progress rate for the satisfaction of performance obligations. If the progress rate for the satisfaction of performance obligations cannot be reasonably estimated, but recovery of expenses to be incurred can be expected, revenue is recognized using the cost recovery method. For construction contracts in which the period from the start date in the contract to the estimated time of fully satisfying the performance obligations is very short, revenue is recognized when the performance obligations are fully satisfied.

With regard to the application of the Revenue Recognition Standard, etc. in accordance with the transitional treatment stipulated in the proviso to Paragraph 84 of the Revenue Recognition Standard, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the consolidated fiscal year under review has been added to or subtracted from retained earnings at the beginning of the consolidated fiscal year under review, and the new accounting policy has been applied from the beginning of said period.

Due to the application of the Revenue Recognition Standard, etc., “notes receivable, accounts receivable from completed construction contracts” under “current assets” and “advances received on construction contracts in progress” under “current liabilities” in the consolidated balance sheets for the previous fiscal year have been included in “notes receivable, accounts receivable from completed construction contracts, and contract assets” and “contract liabilities,” respectively, from the consolidated fiscal year under review. In addition, “decrease (increase) in trade receivables” under “cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year have been included in “decrease (increase) in notes and accounts receivable-trade and contract assets” from the consolidated fiscal year under review. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been reclassified in accordance with the new approach to presentation.

As a result, for the consolidated fiscal year under review, net sales increased by 1,311 million yen, cost of sales increased by 1,393 million yen, and operating profit, ordinary profit, and profit before income taxes each decreased by 82 million yen.

Since the cumulative effect has been reflected on net assets at the beginning of the previous consolidated fiscal year, retained earnings in the consolidated statement of changes in equity at the beginning of the current period decreased by 46 million yen.

The impact of this change on per share information is not shown because the impact is negligible.

(Application of the Accounting Standard for Fair Value Measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; July 4, 2019) (the “Fair Value Standard”) and others from the beginning of the consolidated fiscal year under review. New accounting policies based on the Fair Value Standard have been applied prospectively in accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10; July 4, 2019). There is no impact on the consolidated financial statements.

(Changes in presentation)

(Consolidated statement of income and comprehensive income)

“Insurance claim income,” which was included in “other” under “non-operating income” in the previous consolidated fiscal year is stated as a separate item from the consolidated fiscal year under review, given that it amounted to more than ten one-hundredths of total non-operating income. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, “other” income of 220 million yen under “non-operating income” in the consolidated statement of income and comprehensive income for the previous fiscal year has been reclassified into “insurance claim income” of 19 million yen and “other” income of 200 million yen.

“Loss on valuation of investment securities” stated as a separate item under “extraordinary losses” in the previous consolidated fiscal year is included in “other” in the consolidated fiscal year under review because the amount is of little significance. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, “loss on valuation of investment securities” of 0 million yen under “extraordinary losses” in the consolidated statement of income and comprehensive income for the previous fiscal year has been restated as 0 million yen of “other” extraordinary loss.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

(1) Method for determining reportable segments

The Company’s reportable segments are components of the Company about which separate financial information is available. These segments are subject to periodic examinations to enable the company’s Board of Directors to decide how to allocate management resources and assess performance.

The Company establishes control departments by the types of works which it operates and engages in businesses related to construction, repair and maintenance of various plants and facilities inside and outside of Japan as well as the power generation business. Two segments, the “Construction Segment” and “Maintenance and Renovation Segment,” comprise the TDK Group’s reportable segments.

(2) Types of products and services belonging to each reportable segment

Construction Segment includes businesses inside and outside of Japan such as installation and reconstruction works, etc., for thermal power plants, nuclear power plants, iron and steel-related plants, environmental preservation plants and chemical plants, etc., electric and instrumentation work, and insulation and painting works incidental to these facilities, as well as demolition and decommissioning, etc., of various plants and facilities.

Maintenance and Renovation Segment includes businesses such as periodic inspection, daily maintenance, renovation, etc., for the various plants and facilities mentioned above.

The power generation business is included in the Maintenance and Renovation Segment.

2. Method of measurement for the amounts of net sales, profit (loss), assets, liabilities and other items for each reportable segment

The method of accounting for the reportable business segments is the same as those employed for preparing the consolidated financial statements.”

Profits for the reportable segments are operating profit-based figures.

As mentioned in “(Changes in accounting policies),” the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020) and others from the beginning of the consolidated fiscal year under review and changed the method of accounting concerning revenue recognition. The method of calculation for business segment profit or loss has also been changed accordingly.

As a result, compared to the previously used method, for the consolidated fiscal year under review, net sales increased by 839 million yen and segment profit decreased by 41 million yen for the Construction Segment, and net sales increased by 472 million yen and segment profit decreased by 40 million yen for the Maintenance and Renovation Segment.

3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment and information on the breakdown of income

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Unit: ¥1 million)

	Reportable segment		Total
	Construction Segment	Maintenance and Renovation Segment	
Net sales			
Net sales to outside customers	57,510	70,268	127,779
Inter-segment net sales or transfers	-	-	-
Total	57,510	70,268	127,779
Segment profit	2,555	8,222	10,777

(Note) Segment assets are not stated since assets are not allocated to the business segments.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Unit: ¥1 million)

	Reportable segment		Total
	Construction Segment	Maintenance and Renovation Segment	
Net sales			
Goods transferred at a point in time	14,381	48,952	63,333
Goods transferred over time	38,913	24,660	63,574
Revenue from contracts with customers	53,294	73,613	126,908
Net sales to outside customers	53,294	73,613	126,908
Inter-segment net sales or transfers	-	-	-
Total	53,294	73,613	126,908
Segment profit	1,910	11,781	13,691

(Note) Segment assets are not stated since assets are not allocated to the business segments.

4. Differences between the total amount for reportable segments and the amount recorded in the consolidated financial statements and main details of the differences (matters relating to reconciliation)

(Unit: ¥1 million)

Profits	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Total amount for reportable segments	10,777	13,691
Corporate expenses (Note)	(3,377)	(3,234)
Operating profit in the consolidated financial statements	7,400	10,457

(Note) Corporate expenses are general and administrative expenses and common expenses which do not belong to any reportable segments.

(Per share information)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	¥3,786.40	¥4,167.04
Basic earnings per share	¥295.54	¥442.50

(Notes) 1. Diluted earnings per share are not stated since there are no diluted shares.

2. The Company's shares held by trust banks (officer compensation BIP trust account) which were recorded as treasury shares under shareholders' equity are included in the number of treasury shares excluded from the total number of shares issued and outstanding at the end of the period for calculating net assets per share (97 thousand shares for the previous consolidated fiscal year and 97 thousand shares for the current consolidated fiscal year). In addition, in calculating the average number of common shares during the period that serves as the basis for calculating basic earnings per share, the Company's shares held by trust banks (officer compensation BIP trust account) are included in the treasury shares to be excluded (78 thousand shares for the previous consolidated fiscal year and 97 thousand shares for the current consolidated fiscal year).

3. Basis of calculation of basic earnings per share is as follows:

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit attributable to owners of parent (million yen)	5,613	8,406
Amount not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent relating to common shares (million yen)	5,613	8,406
Average number of common shares during the period (shares)	18,995,471	18,998,545

(Significant subsequent events)

Not applicable.

4. Others

(1) Orders Received, Net Sales and Order Backlog by Segment

Segment		For the fiscal year ended March 31, 2021		For the fiscal year ended March 31, 2022		Increase (decrease)
		Amount (¥ million)	Composition ratio (%)	Amount (¥ million)	Composition ratio (%)	Amount (¥ million)
Orders received	Construction Segment	60,418	48.4	43,881	36.3	(16,536)
	Maintenance and Renovation Segment	64,329	51.6	76,962	63.7	12,633
	Total	124,747	100.0	120,844	100.0	(3,902)
Net sales	Construction Segment	57,510	45.0	53,294	42.0	(4,215)
	Maintenance and Renovation Segment	70,268	55.0	73,613	58.0	3,344
	Total	127,779	100.0	126,908	100.0	(871)
Order backlog	Construction Segment	50,739	59.5	41,326	52.2	(9,412)
	Maintenance and Renovation Segment	34,550	40.5	37,900	47.8	3,349
	Total	85,289	100.0	79,226	100.0	(6,063)

- (Notes) 1. Construction Segment includes businesses such as installation and reconstruction works, etc., for thermal power plants, nuclear power plants, iron and steel-related plants, environmental preservation plants and chemical plants, etc., electric and instrumentation work, and insulation and painting works incidental to these facilities, as well as demolition and decommissioning, etc., of various plants and facilities.
2. Maintenance and Renovation Segment includes businesses such as periodic inspection, daily maintenance, renovation, etc., for the various plants and facilities mentioned above as well as the power generation business.

(2) Changes in Officers

1) Changes in Representative Director

Not applicable.

2) Changes in other officers (scheduled on June 29, 2022)

(New candidates for Director)

Director and Senior Executive Officer; General Manager,
Technical & Engineering Operations Division; General
Manager, Power Business Division

Shingo Okamoto

(Current position: Executive Officer; General Manager, Nagoya
Branch)

Outside Director

Fuyuki Kojima

(Directors to retire)

Director and Senior Managing Executive Officer; General
Manager, Construction Operations Division

Yasushi Takeshita (to be
appointed as Advisor)

Director and Managing Executive Officer; General Manager,
Technical & Engineering Operations Division

Toru Tsurunaga (to be
appointed as Advisor)

Outside Director

Yuji Kato

(Director to be promoted)

Director and Managing Executive Officer; General Manager,
Sales Operations Division

Hiroaki Ito

(Current position: Director and Senior Executive Officer;
General Manager, Sales Operations Division; General Manager,
Power Business Division)

(New candidates for Audit & Supervisory Board Member)

Outside Audit & Supervisory Board Member

Yoshiyuki Higuchi

(Audit & Supervisory Board Member to retire)

Outside Audit & Supervisory Board Member

Hiroshi Omura