

# Consolidated Financial Statements for the Three Months Ended June 30, 2022 [Japanese GAAP]



August 4, 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 filing quarterly report: August 5, 2022

Scheduled date of commencing dividend payments: -

Preparation of supplementary explanatory materials: No

Quarterly financial results briefing: No

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

## 1. Consolidated Results for the Three Months Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(1) Consolidated Operating Results (Cumulative) (% 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	%
Three months ended June 30, 2022	28,977	0.1	2,996	30.5	3,943	12.4	2,681	11.0
June 30, 2021	28,957	10.1	2,296	30.4	3,506	76.7	2,416	101.2

(Note) Comprehensive income: Three months ended June 30, 2022: 2,716 million yen [6.0%]

Three months ended June 30, 2021: 2,562 million yen [61.7%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	141.13	-
June 30, 2021	127.20	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of June 30, 2022	134,040	81,240	59.6
As of March 31, 2022	131,738	80,423	60.1

(Reference) Equity: As of June 30, 2022: 79,914 million yen

As of March 31, 2022: 79,167 million yen

## 2. Cash Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	-	-	-	100.00	100.00
Year ending March 31, 2023	-				
Year ending March 31, 2023 (Forecast)		-	-	100.00	100.00

(Note) Changes from the most recent dividends forecast: None

**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	
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen	
	130,000	2.4	7,600	(27.3)	8,200	(37.5)	5,400	(35.8)	284.23

(Note) Changes from the most recent results forecast: None

**\* Notes:**

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

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: None

(3) 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

(4) 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):

June 30, 2022: 20,341,980 shares

March 31, 2022: 20,341,980 shares

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

June 30, 2022: 1,335,394 shares

March 31, 2022: 1,343,554 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

June 30, 2022: 18,998,595 shares

June 30, 2021: 18,998,609 shares

\* These financial results are outside the scope of quarterly review 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.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the three months ended June 30, 2022, the Japanese economy faced a resurgence of COVID-19 cases. Amid continued uncertainty over when the pandemic would end, the government aimed to have social and economic activity resume and rejuvenate, imposing no new activity restrictions. The outlook for the global economy also remained uncertain, as economic sanctions were imposed against Russia for its invasion of Ukraine, resource prices soared, exchange rates fluctuated sharply, and inflation accelerated worldwide.

Under these circumstances, for the three months ended June 30, 2022, the TAIHEI DENGYO KAISHA Group recorded orders received of 25,808 million yen (an increase of 18.5% YoY) and net sales of 28,977 million yen (an increase of 0.1% YoY) including 1,975 million yen (an increase of 44.8% YoY) for overseas works.

Regarding profits, operating profit amounted to 2,996 million yen (an increase of 30.5% YoY), ordinary profit amounted to 3,943 million yen (an increase of 12.4% YoY), and profit attributable to owners of parent amounted to 2,681 million yen (an increase of 11.0% YoY).

Performance results by business segment are as follows.

#### (Construction Segment)

Orders received amounted to 7,936 million yen (an increase of 26.7% YoY, composition ratio: 30.8%). Orders received in works for thermal power plants for business use and works for environmental preservation plants increased, resulting in an increase for the overall segment.

Net sales amounted to 9,657 million yen (a decrease of 18.5% YoY, composition ratio: 33.3%). Despite an increase in net sales of works for thermal power plants for private use, net sales of works for thermal power plants for business use and works for iron and steel-related plants decreased, resulting in a decrease for the overall segment. Segment profit amounted to 554 million yen (a decrease of 22.8% YoY).

#### (Maintenance and Renovation Segment)

Orders received amounted to 17,871 million yen (an increase of 15.1% YoY, composition ratio: 69.2%). Orders received in works for thermal power plants for business use and works for iron and steel-related plants increased, resulting in an increase for the overall segment.

Net sales amounted to 19,319 million yen (an increase of 12.9% YoY, composition ratio: 66.7%). Despite a decrease in net sales of works for thermal power plants for private use, net sales of works for thermal power plants for business use and works for nuclear power plants increased, resulting in an increase for the overall segment. Segment profit amounted to 3,307 million yen (an increase of 35.2% YoY).

### (2) Explanation of Financial Position

#### (a) Assets

Current assets amounted to 92,374 million yen, up 2,743 million yen from the end of the previous fiscal year. This was due mainly to an increase of 5,051 million yen in cash and deposits.

Non-current assets amounted to 41,665 million yen, down 441 million yen from the end of the previous fiscal year. This was due mainly to a decrease of 417 million yen in deferred tax assets.

#### (b) Liabilities

Current liabilities amounted to 35,616 million yen, up 1,740 million yen from the end of the previous fiscal year. This was due mainly to an increase of 3,854 million yen in contract liabilities, despite a decrease of 1,742 million yen in income taxes payable.

Non-current liabilities amounted to 17,183 million yen, down 255 million yen from the end of the previous fiscal year. This was due mainly to a decrease of 221 million yen in long-term borrowings.

#### (c) Net assets

Net assets amounted to 81,240 million yen, up 817 million yen from the end of the previous fiscal year. This was due mainly to an increase of 771 million yen in retained earnings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There is no change to the consolidated financial results forecast for the full year from the forecast in the “Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022” published on May 10, 2022.

Forward-looking statements, such as performance forecasts, made in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and actual results, etc. may differ significantly due to various factors.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: ¥1 million)

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	19,652	24,704
Notes receivable, accounts receivable from completed construction contracts, and contract assets	48,725	39,275
Electronically recorded monetary claims - operating	6,116	7,649
Costs on construction contracts in progress	11,122	15,350
Raw materials and supplies	47	68
Other	3,970	5,331
Allowance for doubtful accounts	(4)	(4)
Total current assets	89,631	92,374
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,067	19,152
Accumulated depreciation and impairment	(10,692)	(10,774)
Buildings and structures, net	8,374	8,377
Machinery and vehicles	13,553	13,536
Accumulated depreciation	(9,812)	(9,934)
Machinery and vehicles, net	3,740	3,601
Tools, furniture and fixtures	2,519	2,529
Accumulated depreciation and impairment	(2,205)	(2,237)
Tools, furniture and fixtures, net	314	292
Land	8,144	8,857
Leased assets	429	542
Accumulated depreciation	(214)	(240)
Leased assets, net	215	301
Construction in progress	348	353
Total property, plant and equipment	21,137	21,783
Intangible assets		
Goodwill	24	18
Other	315	299
Total intangible assets	340	317
Investments and other assets		
Investment securities	10,092	10,093
Long-term loans receivable	221	237
Retirement benefit asset	5	-
Real estate for rent	7,686	7,060
Accumulated depreciation	(828)	(841)
Real estate for rent, net	6,858	6,218
Deferred tax assets	1,138	720
Long term-bank cash	294	323
Other	2,262	2,228
Allowance for doubtful accounts	(245)	(257)
Total investments and other assets	20,629	19,564
Total non-current assets	42,107	41,665
Total assets	131,738	134,040

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(Unit: ¥1 million)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts	9,517	9,807
Electronically recorded obligations - operating	10,370	11,182
Current portion of long-term borrowings	1,635	1,385
Lease liabilities	105	123
Income taxes payable	2,554	812
Contract liabilities	6,009	9,863
Provision for bonuses	989	330
Provision for bonuses for directors (and other officers)	136	26
Provision for warranties for completed construction	78	91
Provision for loss on construction contracts	40	36
Other	2,437	1,956
<b>Total current liabilities</b>	<b>33,875</b>	<b>35,616</b>
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	8,143	7,921
Lease liabilities	153	215
Deferred tax liabilities	1	3
Retirement benefit liability	3,630	3,626
Provision for share awards for directors (and other officers)	171	171
Provision for retirement benefits for directors (and other officers)	111	47
Other	227	196
<b>Total non-current liabilities</b>	<b>17,439</b>	<b>17,183</b>
<b>Total liabilities</b>	<b>51,314</b>	<b>52,799</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	4,917	4,917
Retained earnings	70,456	71,227
Treasury shares	(2,157)	(2,136)
<b>Total shareholders' equity</b>	<b>77,216</b>	<b>78,009</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,542	2,506
Foreign currency translation adjustment	(267)	(297)
Remeasurements of defined benefit plans	(325)	(303)
<b>Total accumulated other comprehensive income</b>	<b>1,950</b>	<b>1,905</b>
Non-controlling interests	1,256	1,326
<b>Total net assets</b>	<b>80,423</b>	<b>81,240</b>
<b>Total liabilities and net assets</b>	<b>131,738</b>	<b>134,040</b>

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(2) Quarterly Consolidated Statement of Income and Comprehensive Income  
Three Months Ended June 30, 2021 and 2022

(Unit: ¥1 million)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	28,957	28,977
Cost of sales	24,527	23,771
Gross profit	4,429	5,206
Selling, general and administrative expenses	2,133	2,209
Operating profit	2,296	2,996
Non-operating income		
Interest income	2	4
Dividend income	118	155
Share of profit of entities accounted for using equity method	16	61
Rental income from non-current assets	52	92
Foreign exchange gains	-	649
Subsidy income	1,000	-
Other	111	59
Total non-operating income	1,302	1,022
Non-operating expenses		
Interest expenses	7	8
Foreign exchange losses	34	-
Rental expenses on non-current assets	32	36
Loss on retirement of non-current assets	5	0
Other	12	30
Total non-operating expenses	92	75
Ordinary profit	3,506	3,943
Extraordinary income		
Gain on sale of non-current assets	0	-
Gain on recovery of money transfer scam at overseas branch	-	12
Total extraordinary income	0	12
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	24	-
Other	0	-
Total extraordinary losses	25	0



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	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit before income taxes	3,481	3,955
Income taxes – current	657	770
Income taxes – deferred	394	430
Total income taxes	1,051	1,200
Profit	2,430	2,755
Profit attributable to		
Profit attributable to owners of parent	2,416	2,681
Profit attributable to non-controlling interests	13	73
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	(35)
Foreign currency translation adjustment	23	(24)
Remeasurements of defined benefit plans, net of tax	111	21
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	132	(38)
Comprehensive income	2,562	2,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,541	2,636
Comprehensive income attributable to non-controlling interests	21	79

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31; June 17, 2021; the "Implementation Guidance") from the beginning of the three months ended June 30, 2022. New accounting policies based on the Implementation Guidance have been applied prospectively in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance. This had no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

Segment		Three months from April 1, 2021 to June 30, 2021		Three months from April 1, 2022 to June 30, 2022		Increase (decrease)
		Amount (¥ million)	Composition ratio (%)	Amount (¥ million)	Composition ratio (%)	Amount (¥ million)
Orders received	Construction Segment	6,262	28.7	7,936	30.8	1,674
	Maintenance and Renovation Segment	15,524	71.3	17,871	69.2	2,347
	Total	21,786	100.0	25,808	100.0	4,021
Net sales	Construction Segment	11,849	40.9	9,657	33.3	(2,191)
	Maintenance and Renovation Segment	17,107	59.1	19,319	66.7	2,212
	Total	28,957	100.0	28,977	100.0	20
Order backlog	Construction Segment	45,152	57.8	39,605	52.1	(5,547)
	Maintenance and Renovation Segment	32,966	42.2	36,451	47.9	3,484
	Total	78,119	100.0	76,056	100.0	(2,062)

- (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.

(Significant subsequent events)

Not applicable.