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April 28, 2023

[Summary] Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

Company name: TOENEC CORPORATION
 Stock exchange listing: Tokyo, Nagoya
 Code number: 1946
 URL: <https://www.toenec.co.jp/english/>
 Representative: Yuzo Fujita, President and Director Chief Executive Officer
 Contact: Toshihiko Ogura, Executive Officer General Manager Finance & Accounting Division
 Phone: +81-52-219-1916
 Scheduled date of Annual General Meeting of Shareholders: June 28, 2023
 Scheduled date of commencing dividend payments: June 29, 2023
 Scheduled date of filing annual securities report: June 29, 2023
 Availability of supplementary briefing material on annual financial results: No
 Schedule of annual financial results briefing session: No

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

1. Consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	%
Fiscal year ended March 31, 2023	232,053	5.7	10,287	(26.9)	8,983	(32.9)	(5,548)	–
March 31, 2022	219,617	1.8	14,072	(9.3)	13,394	(2.4)	8,283	(6.2)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥(6,897) million [–%]
 Fiscal year ended March 31, 2022: ¥9,130 million [(27.8)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	(296.83)	–	(4.6)	3.0	4.4
March 31, 2022	443.23	–	6.7	4.4	6.4

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

Fiscal year ended March 31, 2023: ¥75 million
 Fiscal year ended March 31, 2022: ¥747 million

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2023	300,172	117,193	39.0	6,267.16
March 31, 2022	301,599	126,596	42.0	6,772.38

(Reference) Equity:

As of March 31, 2023: ¥117,159 million
 As of March 31, 2022: ¥126,570 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 period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	12,640	(2,119)	(8,358)	30,601
March 31, 2022	5,943	2,969	(27,522)	28,424

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	–	45.00	–	90.00	135.00	2,523	30.5	2.0
March 31, 2023	–	45.00	–	50.00	95.00	1,775	–	1.5
March 31, 2024 (Forecast)	–	60.00	–	70.00	130.00		30.4	

3. Consolidated financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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
Six months ending September 30, 2023	120,000	11.5	6,800	42.6	6,400	55.3	4,400	–	235.37
Full year	245,000	5.6	13,000	26.4	12,000	33.6	8,000	–	427.94

* **Notes:**

- (1) Changes in significant subsidiaries during the period under review
(changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2023	19,329,990 shares
March 31, 2022	19,329,990 shares

- 2) Total number of treasury shares at the end of the period:

March 31, 2023	635,825 shares
March 31, 2022	640,758 shares

- 3) Average number of shares during the period:

Fiscal year ended March 31, 2023	18,692,720 shares
Fiscal year ended March 31, 2022	18,689,603 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	207,618	5.0	8,373	(31.4)	7,412	(32.9)	(6,502)	–
March 31, 2022	197,749	0.7	12,202	(8.6)	11,053	(9.7)	6,724	(7.8)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	(347.86)	–
March 31, 2022	359.80	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	268,781	95,637	35.6	5,115.88
March 31, 2022	274,375	104,789	38.2	5,606.94

(Reference) Equity

As of March 31, 2023: ¥95,637 million
As of March 31, 2022: ¥104,789 million

2. Non-consolidated financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2023	108,000	11.7	6,200	53.8	5,800	52.6	4,000	–	213.97
Full year	220,000	6.0	11,500	37.3	10,500	41.7	7,000	–	374.45

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

Consolidated Financial Statements
Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	29,015	30,101
Deposits paid	1,500	1,700
Notes receivable, accounts receivable from completed construction contracts and other	69,521	79,887
Costs on construction contracts in progress	6,577	6,787
Raw materials and supplies	3,177	3,505
Merchandise	111	117
Other	3,458	3,673
Allowance for doubtful accounts	(90)	(138)
Total current assets	113,270	125,633
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,341	58,171
Machinery, vehicles, tools, furniture and fixtures	113,655	116,256
Land	31,633	31,897
Construction in progress	9,634	401
Accumulated depreciation	(67,373)	(74,796)
Total property, plant and equipment	145,891	131,931
Intangible assets		
Goodwill	1,253	940
Other	2,793	3,121
Total intangible assets	4,047	4,061
Investments and other assets		
Investment securities	28,877	28,405
Deferred tax assets	4,868	6,871
Other	6,511	6,662
Allowance for doubtful accounts	(1,869)	(3,393)
Total investments and other assets	38,389	38,546
Total non-current assets	188,328	174,538
Total assets	301,599	300,172

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	39,531	45,485
Short-term borrowings	4,182	9,082
Lease liabilities	7,470	7,710
Accrued expenses	7,351	7,100
Income taxes payable	1,852	1,111
Advances received on construction contracts in progress	2,533	3,719
Provision for loss on construction contracts	247	292
Provision for loss on cancellation of leases	–	967
Other	1,536	2,467
Total current liabilities	64,704	77,937
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term borrowings	23,463	22,381
Lease liabilities	55,463	49,483
Retirement benefit liability	18,662	19,594
Asset retirement obligations	3,801	4,686
Other	506	495
Total non-current liabilities	110,298	105,041
Total liabilities	175,002	182,978
Net assets		
Shareholders' equity		
Share capital	7,680	7,680
Capital surplus	6,840	6,848
Retained earnings	105,381	97,310
Treasury shares	(1,548)	(1,537)
Total shareholders' equity	118,354	110,302
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,689	7,548
Foreign currency translation adjustment	206	388
Remeasurements of defined benefit plans	320	(1,079)
Total accumulated other comprehensive income	8,216	6,857
Non-controlling interests	26	34
Total net assets	126,596	117,193
Total liabilities and net assets	301,599	300,172

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales		
Net sales of completed construction contracts	203,614	214,981
Sales in other businesses	16,002	17,071
Total net sales	219,617	232,053
Cost of sales		
Cost of sales of completed construction contracts	173,356	187,403
Cost of sales in other businesses	11,357	12,329
Total cost of sales	184,713	199,732
Gross profit		
Gross profit on completed construction contracts	30,258	27,578
Gross profit - other business	4,644	4,742
Total gross profit	34,903	32,320
Selling, general and administrative expenses	20,831	22,033
Operating profit	14,072	10,287
Non-operating income		
Interest income	109	51
Dividend income	336	441
Rental income from land and buildings	175	192
Share of profit of entities accounted for using equity method	747	75
Miscellaneous income	212	172
Total non-operating income	1,582	932
Non-operating expenses		
Interest expenses	2,106	2,131
Commission for syndicated loans	20	–
Miscellaneous expenses	132	104
Total non-operating expenses	2,259	2,236
Ordinary profit	13,394	8,983
Extraordinary income		
Gain on sale of non-current assets	904	12
Reversal of allowance for doubtful accounts	0	–
Gain on sale of investment securities	–	106
Total extraordinary income	905	118
Extraordinary losses		
Loss on sale and retirement of non-current assets	109	139
Impairment losses	–	10,004
Provision of allowance for doubtful accounts	1,574	1,525
Loss on valuation of investment securities	10	0
Loss on cancellation of leases	610	–
Provision for loss on cancellation of leases	–	967
Compensation for damage	–	510
Total extraordinary losses	2,305	13,148
Profit (loss) before income taxes	11,994	(4,046)
Income taxes - current	3,751	2,824
Income taxes - deferred	(44)	(1,330)
Total income taxes	3,706	1,493
Profit (loss)	8,288	(5,539)
Profit attributable to non-controlling interests	4	8
Profit (loss) attributable to owners of parent	8,283	(5,548)

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit (loss)	8,288	(5,539)
Other comprehensive income		
Valuation difference on available-for-sale securities	491	(147)
Foreign currency translation adjustment	208	105
Remeasurements of defined benefit plans, net of tax	157	(1,357)
Share of other comprehensive income of entities accounted for using equity method	(15)	41
Total other comprehensive income	842	(1,357)
Comprehensive income	9,130	(6,897)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,123	(6,907)
Comprehensive income attributable to non-controlling interests	7	9

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,680	6,839	99,368	(1,545)	112,343
Cumulative effects of changes in accounting policies			158		158
Restated balance	7,680	6,839	99,527	(1,545)	112,502
Changes during period					
Dividends of surplus			(2,429)		(2,429)
Profit attributable to owners of parent			8,283		8,283
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	0	5,854	(2)	5,852
Balance at end of period	7,680	6,840	105,381	(1,548)	118,354

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,198	1	176	7,376	20	119,740
Cumulative effects of changes in accounting policies						158
Restated balance	7,198	1	176	7,376	20	119,898
Changes during period						
Dividends of surplus						(2,429)
Profit attributable to owners of parent						8,283
Purchase of treasury shares						(2)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	491	204	143	839	6	845
Total changes during period	491	204	143	839	6	6,697
Balance at end of period	7,689	206	320	8,216	26	126,596

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,680	6,840	105,381	(1,548)	118,354
Changes during period					
Dividends of surplus			(2,523)		(2,523)
Loss attributable to owners of parent			(5,548)		(5,548)
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		8		13	21
Net changes in items other than shareholders' equity					
Total changes during period	–	8	(8,071)	11	(8,052)
Balance at end of period	7,680	6,848	97,310	(1,537)	110,302

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,689	206	320	8,216	26	126,596
Changes during period						
Dividends of surplus						(2,523)
Loss attributable to owners of parent						(5,548)
Purchase of treasury shares						(2)
Disposal of treasury shares						21
Net changes in items other than shareholders' equity	(141)	182	(1,399)	(1,358)	8	(1,350)
Total changes during period	(141)	182	(1,399)	(1,358)	8	(9,402)
Balance at end of period	7,548	388	(1,079)	6,857	34	117,193

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	11,994	(4,046)
Depreciation	8,970	9,887
Impairment losses	–	10,004
Amortization of goodwill	313	313
Increase (decrease) in allowance for doubtful accounts	1,580	1,571
Provision for loss on cancellation of leases	–	967
Increase (decrease) in other provisions	(57)	45
Increase (decrease) in retirement benefit liability	(942)	(1,020)
Interest and dividend income	(446)	(492)
Interest expenses	2,106	2,131
Foreign exchange losses (gains)	(85)	14
Loss (gain) on valuation of investment securities	10	0
Loss (gain) on sale of investment securities	–	(106)
Share of loss (profit) of entities accounted for using equity method	(747)	(75)
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	(795)	127
Loss on cancellation of leases	610	–
Decrease (increase) in trade receivables	(9,788)	(10,339)
Decrease (increase) in costs on construction contracts in progress	(1,629)	(187)
Decrease (increase) in inventories	(223)	(335)
Increase (decrease) in trade payables	4,758	5,130
Increase (decrease) in advances received on construction contracts in progress	254	1,166
Increase (decrease) in accrued consumption taxes	(4,417)	1,404
Other, net	(32)	33
Subtotal	11,434	16,194
Loss on cancellation of leases paid	(610)	–
Income taxes paid	(4,880)	(3,553)
Net cash provided by (used in) operating activities	5,943	12,640
Cash flows from investing activities		
Payments into time deposits	(30)	(201)
Proceeds from withdrawal of time deposits	100	30
Net decrease (increase) in deposits paid	(500)	500
Purchase of investment securities	(149)	(25)
Proceeds from sale of investment securities	3	154
Purchase of shares of subsidiaries and associates	(3,086)	(176)
Proceeds from collection of loans receivable	18	12
Purchase of property, plant and equipment	(4,974)	(2,378)
Proceeds from sale of property, plant and equipment	7,357	51
Proceeds from key deposits and other	4,580	–
Interest and dividends received	682	887
Other, net	(1,030)	(973)
Net cash provided by (used in) investing activities	2,969	(2,119)

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(7,200)	4,900
Proceeds from long-term borrowings	1,979	–
Repayments of long-term borrowings	(1,082)	(1,082)
Redemption of bonds	(5,708)	–
Purchase of treasury shares	(2)	(2)
Proceeds from sale of treasury shares	0	0
Repayments of lease liabilities	(10,992)	(7,526)
Proceeds from sale and leaseback transactions	21	7
Interest paid	(2,106)	(2,131)
Dividends paid	(2,426)	(2,518)
Dividends paid to non-controlling interests	(1)	(1)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	(27,522)	(8,358)
Effect of exchange rate change on cash and cash equivalents	177	13
Net increase (decrease) in cash and cash equivalents	(18,432)	2,176
Cash and cash equivalents at beginning of period	46,857	28,424
Cash and cash equivalents at end of period	28,424	30,601

Non-consolidated Financial Statements
Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	19,527	21,646
Notes receivable - trade	324	765
Electronically recorded monetary claims - operating	3,384	5,131
Accounts receivable from completed construction contracts	57,858	62,498
Costs on construction contracts in progress	6,120	6,192
Raw materials and supplies	3,176	3,494
Merchandise	49	51
Accounts receivable - other	3,059	2,986
Other	3,135	3,240
Allowance for doubtful accounts	(58)	(119)
Total current assets	96,577	105,887
Non-current assets		
Property, plant and equipment		
Buildings	50,042	49,695
Accumulated depreciation	(33,627)	(34,324)
Buildings, net	16,415	15,370
Structures	6,893	6,860
Accumulated depreciation	(4,760)	(4,923)
Structures, net	2,132	1,936
Machinery and equipment	100,465	102,535
Accumulated depreciation	(17,917)	(24,138)
Machinery and equipment, net	82,548	78,396
Vehicles	1,688	1,533
Accumulated depreciation	(904)	(763)
Vehicles, net	784	770
Tools, furniture and fixtures	6,659	6,783
Accumulated depreciation	(5,841)	(5,955)
Tools, furniture and fixtures, net	817	827
Land	31,471	31,769
Construction in progress	9,621	398
Total property, plant and equipment	143,791	129,470
Intangible assets		
Software	1,307	1,735
Other	1,245	1,145
Total intangible assets	2,553	2,881

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	14,436	14,185
Shares of subsidiaries and associates	7,905	7,957
Investments in capital of subsidiaries and associates	138	138
Long-term loans receivable	42	30
Long-term loans receivable from subsidiaries and associates	403	424
Distressed receivables	153	152
Long-term prepaid expenses	1,648	1,554
Deferred tax assets	4,337	5,623
Other	4,643	4,279
Allowance for doubtful accounts	(2,257)	(3,805)
Total investments and other assets	31,453	30,541
Total non-current assets	177,797	162,893
Total assets	274,375	268,781
Liabilities		
Current liabilities		
Notes payable - trade	663	467
Electronically recorded obligations - operating	8,623	13,237
Accounts payable for construction contracts	24,681	24,295
Short-term borrowings	4,182	9,082
Lease liabilities	7,518	7,764
Accounts payable - other	3,131	2,952
Accrued expenses	6,448	6,172
Income taxes payable	1,563	755
Advances received on construction contracts in progress	1,737	2,579
Provision for loss on construction contracts	247	264
Provision for loss on cancellation of leases	–	967
Other	1,236	2,186
Total current liabilities	60,031	70,723
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term borrowings	23,463	22,381
Lease liabilities	55,660	49,843
Provision for retirement benefits	18,198	17,194
Asset retirement obligations	3,801	4,559
Other	30	43
Total non-current liabilities	109,554	102,421
Total liabilities	169,586	173,144

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	7,680	7,680
Capital surplus		
Legal capital surplus	6,831	6,831
Other capital surplus	8	16
Total capital surplus	6,840	6,848
Retained earnings		
Legal retained earnings	1,639	1,639
Other retained earnings		
Reserve for seeking an international market	100	100
Reserve for tax purpose reduction entry of non-current assets	1,231	1,220
General reserve	73,900	78,200
Retained earnings brought forward	7,292	(6,021)
Total retained earnings	84,163	75,138
Treasury shares	(1,548)	(1,537)
Total shareholders' equity	97,136	88,130
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,652	7,506
Total valuation and translation adjustments	7,652	7,506
Total net assets	104,789	95,637
Total liabilities and net assets	274,375	268,781

Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales		
Net sales of completed construction contracts	182,154	190,894
Net sales in sideline businesses	15,595	16,724
Total net sales	197,749	207,618
Cost of sales		
Cost of sales of completed construction contracts	156,048	167,832
Cost of sales in sideline businesses	11,124	12,128
Total cost of sales	167,173	179,960
Gross profit		
Gross profit on completed construction contracts	26,105	23,061
Gross profit on sideline businesses	4,471	4,595
Total gross profit	30,576	27,657
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	341	337
Employees' salaries and allowances	9,239	9,486
Retirement benefit expenses	749	658
Legal welfare expenses	1,488	1,519
Welfare expenses	665	722
Repair and maintenance expenses	172	135
Stationery expenses	143	140
Communication and transportation expenses	430	538
Power utilities expenses	156	225
Research study expenses	455	507
Advertising expenses	237	285
Provision of allowance for doubtful accounts	2	60
Entertainment expenses	134	195
Donations	5	7
Rent expenses on land and buildings	649	726
Depreciation	857	995
Taxes and dues	639	676
Insurance expenses	22	23
Miscellaneous expenses	1,982	2,041
Total selling, general and administrative expenses	18,374	19,284
Operating profit	12,202	8,373
Non-operating income		
Interest income	92	18
Dividend income	571	831
Rental income from land and buildings	270	285
Miscellaneous income	162	152
Total non-operating income	1,097	1,287
Non-operating expenses		
Interest expenses	2,050	2,105
Interest expenses on bonds	50	33
Commission for syndicated loans	20	–
Miscellaneous expenses	125	109
Total non-operating expenses	2,246	2,248
Ordinary profit	11,053	7,412

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of non-current assets	902	6
Reversal of allowance for doubtful accounts	0	–
Gain on sale of investment securities	–	106
Total extraordinary income	902	112
Extraordinary losses		
Loss on sale and retirement of non-current assets	59	113
Impairment losses	–	10,004
Provision of allowance for doubtful accounts	1,574	1,525
Loss on valuation of investment securities	5	0
Loss on cancellation of leases	610	–
Provision for loss on cancellation of leases	–	967
Compensation for damage	–	510
Total extraordinary losses	2,249	13,121
Profit (loss) before income taxes	9,706	(5,596)
Income taxes - current	3,094	2,116
Income taxes - deferred	(113)	(1,210)
Total income taxes	2,981	905
Profit (loss)	6,724	(6,502)

Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for seeking an international market	Reserve for tax purpose reduction entry of non-current assets	Reserve for special depreciation
Balance at beginning of period	7,680	6,831	7	6,839	1,639	100	1,243	9
Cumulative effects of changes in accounting policies								
Restated balance	7,680	6,831	7	6,839	1,639	100	1,243	9
Changes during period								
Dividends of surplus								
Reversal of reserve for tax purpose reduction entry of non-current assets							(11)	
Reversal of reserve for special depreciation								(9)
Provision of general reserve								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes in items other than shareholders' equity								
Total changes during period	-	-	0	0	-	-	(11)	(9)
Balance at end of period	7,680	6,831	8	6,840	1,639	100	1,231	-

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings					
	General reserve	Retained earnings brought forward						
Balance at beginning of period	69,200	7,554	79,748	(1,545)	92,722	7,160	7,160	99,883
Cumulative effects of changes in accounting policies		120	120		120			120
Restated balance	69,200	7,675	79,868	(1,545)	92,843	7,160	7,160	100,004
Changes during period								
Dividends of surplus		(2,429)	(2,429)		(2,429)			(2,429)
Reversal of reserve for tax purpose reduction entry of non-current assets		11	–		–			–
Reversal of reserve for special depreciation		9	–		–			–
Provision of general reserve	4,700	(4,700)	–		–			–
Profit		6,724	6,724		6,724			6,724
Purchase of treasury shares				(2)	(2)			(2)
Disposal of treasury shares				0	0			0
Net changes in items other than shareholders' equity						492	492	492
Total changes during period	4,700	(383)	4,294	(2)	4,292	492	492	4,784
Balance at end of period	73,900	7,292	84,163	(1,548)	97,136	7,652	7,652	104,789

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for seeking an international market	Reserve for tax purpose reduction entry of non-current assets	General reserve
Balance at beginning of period	7,680	6,831	8	6,840	1,639	100	1,231	73,900
Changes during period								
Dividends of surplus								
Reversal of reserve for tax purpose reduction entry of non-current assets							(11)	
Provision of general reserve								4,300
Loss								
Purchase of treasury shares								
Disposal of treasury shares			8	8				
Net changes in items other than shareholders' equity								
Total changes during period	–	–	8	8	–	–	(11)	4,300
Balance at end of period	7,680	6,831	16	6,848	1,639	100	1,220	78,200

	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at beginning of period	7,292	84,163	(1,548)	97,136	7,652	7,652	104,789
Changes during period							
Dividends of surplus	(2,523)	(2,523)		(2,523)			(2,523)
Reversal of reserve for tax purpose reduction entry of non-current assets	11	–		–			–
Provision of general reserve	(4,300)	–		–			–
Loss	(6,502)	(6,502)		(6,502)			(6,502)
Purchase of treasury shares			(2)	(2)			(2)
Disposal of treasury shares			13	21			21
Net changes in items other than shareholders' equity					(145)	(145)	(145)
Total changes during period	(13,313)	(9,025)	11	(9,006)	(145)	(145)	(9,152)
Balance at end of period	(6,021)	75,138	(1,537)	88,130	7,506	7,506	95,637