

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 11, 2023

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

Stock exchange listing: Tokyo Stock Exchange

Code number: 1968

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

Representative: Jo Nojiri, Representative Director, President and Chief Executive Officer

Contact: Shinya Kusaka, Director and Senior Executive Officer/General Manager, General Affairs Administrative Division

Phone: +81-3-5213-7211

Scheduled date of annual general meeting of shareholders: June 29, 2023

Scheduled date of commencing dividend payments: June 30, 2023

Scheduled date of filing securities report: June 29, 2023

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, 2023 (April 1, 2022 – March 31, 2023)

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	125,774	(0.9)	14,345	37.2	15,092	15.0	10,619	26.3
March 31, 2022	126,908	(0.7)	10,457	41.3	13,125	57.6	8,406	49.7

(Note) Comprehensive income: Year ended March 31, 2023: 10,959 million yen [23.0%]

Year ended March 31, 2022: 8,909 million yen [21.9%]

Year ended	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	%	%	%
March 31, 2023	558.41	-	12.7	10.8	11.4
March 31, 2022	442.50	-	11.1	10.1	8.2

(Reference) Equity in earnings of affiliated companies: Year ended March 31, 2023: 161 million yen

Year ended March 31, 2022: 108 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, 2023	147,039	89,533	60.0	4,637.04
As of March 31, 2022	131,738	80,423	60.1	4,167.04

(Reference) Equity: As of March 31, 2023: 88,225 million yen

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

(3) Consolidated Cash Flows

Year ended	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
March 31, 2023	32,501	(1,445)	(1,766)	48,689
March 31, 2022	613	(8,679)	(3,848)	19,397

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, 2022	-	-	-	100.00	100.00	1,909	22.6	2.4
March 31, 2023	-	-	-	120.00	120.00	2,291	21.5	2.6
Year ending March 31, 2024 (Forecast)	-	-	-	120.00	120.00		27.2	

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - 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
Full year	135,000	7.3	11,900	(17.0)	12,700	(15.9)	8,400	(20.9)	441.50

* 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, 2023: 20,341,980 shares

March 31, 2022: 20,341,980 shares

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

March 31, 2023: 1,315,784 shares

March 31, 2022: 1,343,554 shares

3) Average number of shares during the period:

Year ended March 31, 2023: 19,018,351 shares

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

(Reference) Summary of Non-consolidated Results**1. Non-consolidated Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)**

(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, 2023	118,055	(1.5)	13,876	39.3	14,571	16.6	10,189	26.3
March 31, 2022	119,884	(1.8)	9,963	46.1	12,500	65.0	8,065	49.5

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	535.69	-
March 31, 2022	424.47	-

(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, 2023	141,534	85,934	60.7	4,515.90
As of March 31, 2022	127,056	77,282	60.8	4,067.18

(Reference) Equity: As of March 31, 2023: 85,934 million yen

As of March 31, 2022: 77,282 million yen

2. Forecast of Non-Consolidated Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% 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
	128,000	8.4	12,000	(17.6)	8,100	(20.5)	425.66

* 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 5 of the attached materials.

Table of Contents

1. Overview of Operating Results, etc.....	2
(1) Overview of Operating Results for the Fiscal Year under Review.....	2
(2) Overview of Financial Position for the Fiscal Year under Review	3
(3) Overview of Cash Flows for the Fiscal Year under Review.....	4
(4) Future Outlook	5
2. Basic Policy Regarding Selection of Accounting Standards	5
3. Consolidated Financial Statements and Primary Notes.....	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Statement of Income and Comprehensive Income.....	8
(3) Consolidated Statement of Changes in Equity	10
(4) Consolidated Statement of Cash Flows.....	12
(5) Notes to Consolidated Financial Statements	14
(Notes on going concern assumption).....	14
(Changes in accounting policies)	14
(Changes in presentation).....	14
(Segment information, etc.).....	15
(Per share information).....	17
(Significant subsequent events).....	17
4. Others	18
(1) Orders Received, Net Sales and Order Backlog by Segment.....	18
(2) Changes in Officers	18

1. Overview of Operating Results, etc.

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

During the fiscal year ended March 31, 2023 (the “fiscal year under review” or “FY2022”), the Japanese economy saw a gradual recovery, despite fragility in some areas, owing mainly to personal spending and inbound tourism demand amid an easing of restrictions on activities in place to combat COVID-19. As for the global economy, however, due to soaring raw material prices and energy costs caused by Russia’s prolonged military invasion of Ukraine, as well as corporate capital investments and consumer spending being restrained by monetary tightening in Europe and the US, the outlook remains uncertain and continues to lack stability.

In the electric power industry, the main area of business for the TAIHEI DENGYO KAISHA Group (the TDK Group), the global fossil fuel supply and demand crunch, and other factors, have provided the impetus for discussions on the medium- to long-term use of nuclear power, maintaining and developing regulated power sources necessary to make renewable energy into a main source of power along with its mass introduction, and developing technologies to realize zero-emission thermal power generation.

Under these circumstances, in this final year of its Mid-Term Business Plan (FY2020 – FY 2022), the TDK Group secured a stable earnings base by achieving net sales of 120 billion yen for a third consecutive year, despite the crisis in Ukraine, the COVID-19 pandemic and other challenges. This was the result of our efforts to enhance corporate value by thoroughly implementing an efficient construction system and responsible contracting system, establishing an equipment management system with the goal of effectively utilizing materials and equipment throughout the Company, creating opportunities to win orders through O&M and EPC business by leveraging our accumulated technical prowess, winning orders for construction work in areas where we have yet to establish ourselves in nuclear power generation equipment construction, and furthermore, through our ESG initiatives. These endeavors are based on the basic policies of “Improvement of the corporate infrastructure for sustainable development,” “Securing a revenue base capable of responding to changes in the business environment,” and “Building up our capabilities to achieve 150.0 billion yen in net sales from the baseline of 100.0 billion yen.”

In addition, as part of our ESG activities, at the Seifu-Shinto Biomass Power Plant (located in Hiroshima City), we launched a project to capture and utilize CO₂. The project separates and captures CO₂ emitted from the exhaust gas of biomass boilers using a compact CO₂ capture system, and sends clean CO₂ to an agricultural greenhouse on the power plant premises to promote the growth of vegetables and fruits and improve their flavor in a bid to achieve carbon negative. We have also embarked on a green project together with new partners to secure a stable supply of biomass fuel and revitalize the forestry industry by developing a method for planting, harvesting, and transporting fast-growing trees.

As a result, in the fiscal year ended March 31, 2023, the TDK Group recorded orders received of 137,601 million yen (an increase of 13.9% YoY) and net sales of 125,774 million yen (a decrease of 0.9% YoY) including 12,799 million yen (an increase of 108.0% YoY) for overseas works.

Regarding profits, operating profit amounted to 14,345 million yen (an increase of 37.2% YoY), ordinary profit amounted to 15,092 million yen (an increase of 15.0% YoY) and profit attributable to owners of parent amounted to 10,619 million yen (an increase of 26.3% YoY).

At the Board of Directors meeting held on May 11, 2023, the Board decided to pay a year-end ordinary dividend of 120 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 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 58,200 million yen (an increase of 32.6% YoY, composition ratio: 42.3%). Orders received in works for nuclear power plants and for environmental preservation plants increased, resulting in an increase for the overall segment.

Net sales amounted to 44,207 million yen (a decrease of 17.1% YoY, composition ratio: 35.1%). 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. However, segment profit amounted to 4,766 million yen (an increase of 149.5% YoY) owing to improved profitability achieved by streamlining the construction process and an increase in overseas works.

(Maintenance and Renovation Segment)

Orders received amounted to 79,400 million yen (an increase of 3.2% YoY, composition ratio: 57.7%). Works for iron and steel-related plants increased, resulting in an increase for the overall segment.

Net sales amounted to 81,566 million yen (an increase of 10.8% YoY, composition ratio: 64.9%). Despite a decrease in works for thermal power plants for private use, 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. Segment profit amounted to 13,744 million yen (an increase of 16.7% YoY).

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

(a) Assets

Current assets amounted to 104,316 million yen, up 14,684 million yen from the end of the previous fiscal year. This was due mainly to an increase of 29,291 million yen in cash and deposits, despite decreases of 6,180 million yen in notes receivable, accounts receivable from completed construction contracts, and contract assets and 4,323 million yen in electronically recorded monetary claims – operating.

Non-current assets amounted to 42,723 million yen, up 616 million yen from the end of the previous fiscal year. This was due mainly to an increase of 1,407 million yen in investment securities, despite a decrease of 373 million yen in machinery and vehicles.

(b) Liabilities

Current liabilities amounted to 38,750 million yen, up 4,874 million yen from the end of the previous fiscal year. This was due mainly to increases of 1,979 million yen in contract liabilities and 3,350 million yen in other current liabilities, despite a decrease of 1,453 million yen in electronically recorded obligations - operating.

Non-current liabilities amounted to 18,755 million yen, up 1,316 million yen from the end of the previous fiscal year. This was due mainly to an increase of 1,111 million yen in long-term borrowings.

(c) Net assets

Net assets amounted to 89,533 million yen, up 9,109 million yen from the end of the previous fiscal year. This was due mainly to an increase of 8,710 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 fiscal year amounted to 48,689 million yen, up 29,291 million yen from the end of the previous 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 32,501 million yen (an inflow of 613 million yen in the previous fiscal year). This is due mainly to a decrease of 12,534 million yen in trade receivables, contract assets and contract liabilities, and an increase of 3,486 million yen in accrued consumption taxes.

(b) Cash Flows from Investing Activities

Net cash used in investing activities amounted to 1,445 million yen (an outflow of 8,679 million yen in the previous fiscal year). This is due mainly to the payment of 1,002 million yen for purchase of property, plant and equipment.

(c) Cash Flows from Financing Activities

Net cash used in financing activities amounted to 1,766 million yen (an outflow of 3,848 million yen in the previous fiscal year). This is due mainly to 1,908 million yen in dividends paid.

(Reference) Trends in indicators of cash flows

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity-to-asset ratio (%)	58.0	52.4	55.9	60.1	60.0
Equity-to-asset ratio based on market value (%)	40.9	34.5	39.0	38.1	52.5
Interest-bearing liabilities to cash flow ratio (%)	-	-	87.3	2,452.2	48.0
Interest coverage ratio (times)	-	-	593.8	19.1	640.6

Equity-to-asset ratio: Equity / total assets

Equity-to-asset ratio based on market value: market capitalization / total asset

Interest-bearing liabilities to cash flow ratio: interest-bearing liabilities / cash flows

Interest coverage ratio: cash flows / 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, the economy is expected to pick up amid the progress of government-driven measures to combat COVID-19. However, as monetary tightening and other issues in Europe and the US continue, there is a risk that the slowdown in overseas economies will put downward pressure on the economy in Japan. It will be necessary to pay careful attention to the impact of rising prices, fluctuations in financial and capital markets, and other factors.

Meanwhile, the electric power industry in which the TDK Group has its main business anticipates the roll out of plans that look to achieve carbon neutrality by 2050. To accomplish this, emphasis is being placed on the need to construct sustainable electric power systems, and taking full-fledged action on system development and operations for a green transformation (GX) with an eye toward the creation of a decarbonized society.

For the next fiscal year, the TDK Group has launched its Mid-Term Business Plan (FY2023-FY2025) to respond to changes in the business environment surrounding our business and to achieve sustainable corporate growth, based on the three key concepts of “management that defends by being able to respond quickly to changes in social structure,” “management that goes on the offense to contribute to social development,” and “management that co-creates to bring about new corporate value.”

Under ever-changing circumstances as seen in COVID-19 and the global energy crisis, we will work to receive orders for work to implement safety measures which is required if nuclear power is to be used as a base-load power source, to expand our scope of work for thermal power plant repairs, and to aggressively win orders for work such as the renewal of environmental facilities. In addition, we aim to win orders for EPC contracts in a solution package as a green project, as we strive to establish ourselves as a comprehensive plant construction company that can elicit corporate growth through contributions to society.

Furthermore, in the construction industry, with overtime work limits to be put in place from April 2024, we will respond to amendments to law by streamlining operations and reducing working hours, and optimizing our workforce while further enhancing 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	19,652	48,944
Notes receivable, accounts receivable from completed construction contracts, and contract assets	48,725	42,545
Electronically recorded monetary claims - operating	6,116	1,792
Costs on construction contracts in progress	11,122	9,954
Raw materials and supplies	47	71
Other	3,970	1,009
Allowance for doubtful accounts	(4)	(1)
Total current assets	89,631	104,316
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,067	19,384
Accumulated depreciation and impairment	(10,692)	(11,160)
Buildings and structures, net	8,374	8,224
Machinery and vehicles	13,553	13,454
Accumulated depreciation	(9,812)	(10,088)
Machinery and vehicles, net	3,740	3,366
Tools, furniture and fixtures	2,519	2,661
Accumulated depreciation and impairment	(2,205)	(2,365)
Tools, furniture and fixtures, net	314	295
Land	8,144	8,989
Leased assets	429	540
Accumulated depreciation	(214)	(192)
Leased assets, net	215	348
Construction in progress	348	53
Total property, plant and equipment	21,137	21,275
Intangible assets		
Goodwill	24	-
Other	315	272
Total intangible assets	340	272
Investments and other assets		
Investment securities	10,092	11,499
Long-term loans receivable	221	259
Retirement benefit asset	5	-
Real estate for rent	7,686	7,016
Accumulated depreciation	(828)	(886)
Real estate for rent, net	6,858	6,129
Deferred tax assets	1,138	1,292
Long term-bank cash	294	317
Other	2,262	1,936
Allowance for doubtful accounts	(245)	(259)
Total investments and other assets	20,629	21,174
Total non-current assets	42,107	42,723
Total assets	131,738	147,039

(Unit: ¥1 million)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	9,517	9,879
Electronically recorded obligations - operating	10,370	8,916
Current portion of long-term borrowings	1,635	968
Lease liabilities	105	134
Income taxes payable	2,554	3,120
Contract liabilities	6,009	7,988
Provision for bonuses	989	1,018
Provision for bonuses for directors (and other officers)	136	123
Provision for warranties for completed construction	78	127
Provision for loss on construction contracts	40	685
Other	2,437	5,787
Total current liabilities	33,875	38,750
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	8,143	9,255
Lease liabilities	153	236
Deferred tax liabilities	1	4
Retirement benefit liability	3,630	3,832
Provision for share awards for directors (and other officers)	171	151
Provision for retirement benefits for directors (and other officers)	111	50
Other	227	225
Total non-current liabilities	17,439	18,755
Total liabilities	51,314	57,506
Net assets		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	4,917	4,917
Retained earnings	70,456	79,166
Treasury shares	(2,157)	(2,087)
Total shareholders' equity	77,216	85,997
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,542	2,852
Foreign currency translation adjustment	(267)	(235)
Remeasurements of defined benefit plans	(325)	(388)
Total accumulated other comprehensive income	1,950	2,228
Non-controlling interests	1,256	1,308
Total net assets	80,423	89,533
Total liabilities and net assets	131,738	147,039

(2) Consolidated Statement of Income and Comprehensive Income

(Unit: ¥1 million)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	126,908	125,774
Cost of sales	107,677	101,296
Gross profit	19,230	24,478
Selling, general and administrative expenses	8,773	10,133
Operating profit	10,457	14,345
Non-operating income		
Interest income	11	15
Dividend income	243	299
Share of profit of entities accounted for using equity method	108	161
Rental income from non-current assets	285	378
Foreign exchange gains	456	106
Insurance claim income	507	24
Subsidy income	1,000	-
Insurance return	66	148
Other	361	107
Total non-operating income	3,040	1,242
Non-operating expenses		
Interest expenses	35	51
Rental expenses on non-current assets	155	153
Loss on retirement of non-current assets	15	0
Borrowing fee	100	167
Other	65	122
Total non-operating expenses	372	494
Ordinary profit	13,125	15,092
Extraordinary income		
Gain on sale of non-current assets	191	24
Gain on sale of investment securities	0	74
Gain on recovery of money transfer scam at overseas branch	-	238
Other	0	-
Total extraordinary income	192	336
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Loss on valuation of investment securities	53	18
Loss from money transfer scam at overseas branch	734	-
Other	0	-
Total extraordinary losses	789	18

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit before income taxes	12,528	15,410
Income taxes - current	4,296	4,994
Income taxes - deferred	(278)	(250)
Total income taxes	4,018	4,744
Profit	8,509	10,666
Profit attributable to		
Profit attributable to owners of parent	8,406	10,619
Profit attributable to non-controlling interests	102	46
Other comprehensive income		
Valuation difference on available-for-sale securities	65	309
Foreign currency translation adjustment	(41)	47
Remeasurements of defined benefit plans, net of tax	375	(63)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	399	292
Comprehensive income	8,909	10,959
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,821	10,897
Comprehensive income attributable to non-controlling interests	88	61

(3) Consolidated Statement of Changes in Equity

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

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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	70,456	(2,157)	77,216
Changes during period					
Dividends of surplus			(1,909)		(1,909)
Profit attributable to owners of parent			10,619		10,619
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				70	70
Net changes in items other than shareholders' equity					
Total changes during period	-	-	8,710	69	8,780
Balance at end of period	4,000	4,917	79,166	(2,087)	85,997

	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	2,542	(267)	(325)	1,950	1,256	80,423
Changes during period						
Dividends of surplus						(1,909)
Profit attributable to owners of parent						10,619
Purchase of treasury shares						(0)
Disposal of treasury shares						70
Net changes in items other than shareholders' equity	309	32	(63)	277	51	329
Total changes during period	309	32	(63)	277	51	9,109
Balance at end of period	2,852	(235)	(388)	2,228	1,308	89,533

(4) Consolidated Statement of Cash Flows

(Unit: ¥1 million)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	12,528	15,410
Depreciation	1,705	1,688
Amortization of goodwill	24	24
Increase (decrease) in allowance for doubtful accounts	31	10
Increase (decrease) in other provisions	(159)	628
Increase (decrease) in retirement benefit liability	227	112
Interest and dividend income	(254)	(314)
Interest expenses	35	51
Borrowing fee	100	167
Foreign exchange losses (gains)	(422)	(90)
Subsidy income	(1,000)	-
Share of loss (profit) of entities accounted for using equity method	(108)	(161)
Other non-operating expenses (income)	(794)	(353)
Loss (gain) on sale and retirement of property, plant and equipment	(173)	(23)
Loss (gain) on valuation of investment securities	53	18
Loss (gain) on sale of investment securities	(0)	(74)
Gain on recovery of money transfer scam at overseas branch	-	(238)
Loss from money transfer scam at overseas branch	734	-
(Increase) decrease in trade receivables, contract assets and contract liabilities	(6,321)	12,534
Decrease (increase) in costs on construction contracts in progress	4,935	1,179
Increase (decrease) in trade payables	(1,951)	(1,099)
Decrease (increase) in consumption taxes refund receivable	(3,005)	2,987
Increase (decrease) in accrued consumption taxes	(2,592)	3,486
Other, net	(203)	349
Subtotal	3,388	36,294
Interest and dividends received	264	322
Interest paid	(32)	(50)
Subsidies received	400	200
Income taxes paid	(3,373)	(4,541)
Amount for recovery of money transfer scam at overseas branches	-	238
Payment for loss from money transfer scam at overseas branch	(734)	-
Other, net	700	38
Net cash provided by (used in) operating activities	613	32,501

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(429)	(378)
Proceeds from withdrawal of time deposits	384	378
Purchase of securities	(3,000)	-
Proceeds from sale of securities	3,000	-
Purchase of property, plant and equipment	(8,331)	(1,002)
Proceeds from sale of property, plant and equipment	191	45
Purchase of intangible assets	(47)	(44)
Purchase of investment securities	(454)	(895)
Proceeds from sale of investment securities	12	130
Purchase of shares of subsidiaries and associates	(50)	-
Loan advances	(22)	(26)
Proceeds from collection of loans receivable	0	-
Proceeds from cancellation of insurance funds	66	148
Other, net	(0)	199
Net cash provided by (used in) investing activities	(8,679)	(1,445)
Cash flows from financing activities		
Proceeds from long-term borrowings	4,000	2,125
Repayments of long-term borrowings	(1,685)	(1,680)
Payments of borrowing fee	(100)	(167)
Redemption of bonds	(4,400)	-
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	-	23
Repayments of lease liabilities	(125)	(147)
Dividends paid	(1,528)	(1,908)
Dividends paid to non-controlling interests	(8)	(9)
Net cash provided by (used in) financing activities	(3,848)	(1,766)
Effect of exchange rate change on cash and cash equivalents	370	1
Net increase (decrease) in cash and cash equivalents	(11,543)	29,291
Cash and cash equivalents at beginning of period	30,941	19,397
Cash and cash equivalents at end of period	19,397	48,689

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

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 fiscal year 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 consolidated financial statements.

(Changes in presentation)

(Consolidated statement of income and comprehensive income)

"Insurance return," which was included in "other" under "non-operating income" in the previous fiscal year is stated as a separate item from the fiscal year under review due to increased significance. 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 428 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 return" of 66 million yen and "other" income of 361 million yen.

"Provision of allowance for doubtful accounts" under "non-operating income" stated as a separate item in the previous fiscal year is included in "other" under "non-operating income" in the fiscal year under review due to decreased significance. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, 31 million yen that had been stated under "provision of allowance for doubtful accounts" under "non-operating income" and 33 million yen under "other" in the consolidated statement of income and comprehensive income for the previous fiscal year has been restated as 65 million yen under "other."

"Gain on sale of investment securities" that had been included in "other" under "extraordinary income" in the previous fiscal year has been stated as a separate item in the fiscal year under review due to increased significance. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, 0 million yen that had been stated in "other" under "extraordinary income" in the consolidated statement of income and comprehensive income for the previous fiscal year has been restated as "gain on sale of investment securities" of 0 million yen and "other" income of 0 million yen.

"Loss on valuation of investment securities" that had been included in "other" under "extraordinary losses" in the previous fiscal year has been stated as a separate item in the fiscal year under review due to increased significance. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, 54 million yen that had been stated in "other" under "extraordinary losses" in the consolidated statement of income and comprehensive income for the previous fiscal year has been restated as 53 million yen under "loss on valuation of investment securities" and 0 million yen under "other."

(Consolidated Statement of Cash Flows)

"Proceeds from cancellation of insurance funds" that had been included in "other" under "cash flows from investing activities" in the previous fiscal year has been stated as a separate item in the fiscal year under review due to increased significance. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, 66 million yen that had been stated in "other" under "cash flows from investing activities" in the consolidated statement of cash flows for the previous fiscal year has been restated as 66 million yen under "proceeds from cancellation of insurance funds" and (0) million yen under "other."

(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.

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, 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.

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Unit: ¥1 million)

	Reportable segment		Total
	Construction Segment	Maintenance and Renovation Segment	
Net sales			
Goods transferred at a point in time	11,223	50,233	61,457
Goods transferred over time	32,983	31,333	64,316
Revenue from contracts with customers	44,207	81,566	125,774
Net sales to outside customers	44,207	81,566	125,774
Inter-segment net sales or transfers	-	-	-
Total	44,207	81,566	125,774
Segment profit	4,766	13,744	18,511

(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, 2022	For the fiscal year ended March 31, 2023
Total amount for reportable segments	13,691	18,511
Corporate expenses (Note)	(3,234)	(4,166)
Operating profit in the consolidated financial statements	10,457	14,345

(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, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥4,167.04	¥4,637.04
Basic earnings per share	¥442.50	¥558.41

(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 fiscal year and 69 thousand shares for the current 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 (97 thousand shares for the previous fiscal year and 77 thousand shares for the current fiscal year).

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

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit attributable to owners of parent (million yen)	8,406	10,619
Amount not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent relating to common shares (million yen)	8,406	10,619
Average number of common shares during the period (shares)	18,998,545	19,018,351

(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, 2022		For the fiscal year ended March 31, 2023		Increase (decrease)
		Amount (¥ million)	Composition ratio (%)	Amount (¥ million)	Composition ratio (%)	Amount (¥ million)
Orders received	Construction Segment	43,881	36.3	58,200	42.3	14,318
	Maintenance and Renovation Segment	76,962	63.7	79,400	57.7	2,437
	Total	120,844	100.0	137,601	100.0	16,756
Net sales	Construction Segment	53,294	42.0	44,207	35.1	(9,087)
	Maintenance and Renovation Segment	73,613	58.0	81,566	64.9	7,953
	Total	126,908	100.0	125,774	100.0	(1,133)
Order backlog	Construction Segment	41,326	52.2	55,319	60.8	13,993
	Maintenance and Renovation Segment	37,900	47.8	35,734	39.2	(2,166)
	Total	79,226	100.0	91,053	100.0	11,827

- (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 operation of the power plants.

(2) Changes in Officers

1) Changes in Representative Director

Not applicable.

2) Changes in other officers (scheduled on July 1, 2023)

(Director to be promoted)

Director and Managing Executive Officer/ General Manager, Shinya Kusaka
General Affairs Administrative Division

(Current position: Director and Senior Executive Officer/
General Manager, General Affairs Administrative Division