

Financial Report for the Fiscal Year ended March 31, 2023

May 15, 2023

The following statements are an English translation of the original Japanese document.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of company... Taikisha Ltd.

Stock Exchange..... Tokyo Stock Exchange

Code..... 1979

Representative..... Masashi Osada, President and Representative Director

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

Scheduled date to commence dividends payments : June 30, 2023

Scheduled date to submit securities report : June 29, 2023

Supplemental materials prepared for financial results : Yes

Briefing session of financial results : Yes (for institutional investors and analysts)

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2022 through March 31, 2023)

(1) Consolidated operating results

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2023	214,793	2.6	11,556	22.6	13,001	20.2	7,917	9.2
March 31, 2022	209,261	3.3	9,428	(19.3)	10,818	(12.0)	7,248	(12.5)

(Note) Comprehensive income Year ended March 31, 2023 9,607 million yen 21.9 %
Year ended March 31, 2022 7,878 million yen (53.0) %

	Basic earnings per share	Diluted earnings per share	Ratio of Profit to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
Year ended	yen	yen	%	%	%
March 31, 2023	234.62	—	6.3	5.6	5.4
March 31, 2022	212.69	—	5.9	4.7	4.5

(Note) Equity in earnings of affiliates Year ended March 31, 2023 (3) million yen
Year ended March 31, 2022 (32) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
As of	million yen	million yen	%	yen
March 31, 2023	237,105	131,992	53.1	3,788.75
March 31, 2022	228,159	130,788	54.7	3,658.54

(Note) Shareholders' Equity As of March 31, 2023 125,791 million yen
As of March 31, 2022 124,695 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 the end of period
Year ended	million yen	million yen	million yen	million yen
March 31, 2023	4,806	(1,748)	(9,822)	43,946
March 31, 2022	(8,544)	(1,071)	6,000	48,791

2. Dividends

	Dividends per share					Dividends Paid (Total)	Dividends Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	1Q	2Q	3Q	Year End	Total (annually)			
Year ended	yen	yen	yen	yen	yen	million yen	%	%
March 31, 2022	—	30.00	—	70.00	100.00	3,420	47.0	2.8
March 31, 2023	—	50.00	—	71.00	121.00	4,065	51.6	3.2
Year ending March 31, 2024 (Forecast)	—	50.00	—	77.00	127.00		45.3	

(Note) Dividends Paid (Total) for the fiscal year ended March 31, 2022 and March 31, 2023 includes dividends of 12 million yen and of 14 million yen for treasury shares owned by trust assets of "Board Benefit Trust (BBT)" respectively.

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2024 (April 1, 2023 through March 31, 2024)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Half year	127,100	48.2	5,700	48.1	6,300	35.3	4,600	88.2	138.55
Full year	255,000	18.7	13,100	13.4	14,000	7.7	9,300	17.5	280.11

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (2) Changes in accounting policies, changes in accounting estimates and restatements
- (i) Changes in accounting policies due to revisions of accounting standards etc. : Yes
- (ii) Changes in accounting policies other than (i) : None
- (iii) Changes in accounting estimates : None
- (iv) Restatements : None
- (3) Number of shares issued (common shares)
- (i) Number of shares issued at end of period (including treasury shares)
- As of March 31, 2023 33,582,009 shares
- As of March 31, 2022 35,082,009 shares
- (ii) Number of treasury shares at end of period
- As of March 31, 2023 380,689 shares
- As of March 31, 2022 998,559 shares
- (iii) Average number of shares during the period
- Year ended March 31, 2023 33,744,600 shares
- Year ended March 31, 2022 34,078,868 shares

(Note) The Company has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan and its own shares remaining in the Trust are included as treasury shares. The number of treasury shares owned by the Trust as of March 31, 2023 and as of March 31, 2022 are 120,700 and 120,700, respectively. The average number of treasury shares owned by the Trust for the year ended March 31, 2023 and for the year ended March 31, 2022 are 120,700 and 125,531, respectively.

(Reference) Summary of Non-Consolidated Operating Performance

1. Non-Consolidated Operating Performance (April 1, 2022 through March 31, 2023)

(1) Non-Consolidated operating result

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2023	133,342	24.1	7,185	20.0	10,623	(6.2)	8,546	11.6
March 31, 2022	107,435	(1.1)	5,989	(8.3)	11,323	5.9	7,657	13.1

	Basic earnings per share	Diluted earnings per share
Year ended	yen	yen
March 31, 2023	253.26	—
March 31, 2022	224.68	—

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
As of	million yen	million yen	%	yen
March 31, 2023	166,751	103,151	61.9	3,106.84
March 31, 2022	148,593	103,110	69.4	3,025.25

(Note) Shareholders' Equity

As of March 31, 2023 103,151 million yen

As of March 31, 2022 103,110 million yen

**2. Non-Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2024
(April 1, 2023 through March 31, 2024)**

(% indicates increase ratio over previous year)

	Sales		Ordinary income		Profit		Basic earnings per share
	million yen	%	million yen	%	million yen	%	yen
Half year	78,000	45.9	6,000	23.8	5,000	9.5	150.60
Full year	137,500	3.1	9,400	(11.5)	8,000	(6.4)	240.95

※ This financial report is not subject to audit procedures.

※ Explanation about the proper use of consolidated forecasts and other notes

The data and forward-looking statements disclosed herein are based on current information as of today, and may change depending upon various factors. The data and assumptions do not mean guaranteeing accomplishment of goals and projections, and may be changed at any time without notice. Consequently, the Company ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. The company will not be liable for any damages that result from the use of this information.

1 Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	49,085	46,988
Notes receivable, accounts receivable from completed construction contracts and other	104,956	124,236
Securities	3,000	—
Costs on uncompleted construction contracts	1,775	2,346
Raw materials and supplies	1,007	843
Other	9,084	10,721
Allowance for doubtful accounts	(718)	(668)
Total current assets	168,190	184,467
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,389	8,043
Machinery, vehicles, tools, furniture and fixtures	13,756	7,852
Land	1,737	1,705
Other	639	1,163
Accumulated depreciation	(13,279)	(10,207)
Total property, plant and equipment	11,243	8,557
Intangible assets		
Goodwill	3,966	3,640
Customer-related assets	1,334	1,184
Other	2,081	1,104
Total intangible assets	7,381	5,929
Investments and other assets		
Investment securities	29,605	26,487
Deferred tax assets	520	582
Net defined benefit asset	8,909	8,595
Other	2,710	2,993
Allowance for doubtful accounts	(401)	(507)
Total investments and other assets	41,344	38,152
Total non-current assets	59,969	52,638
Total assets	228,159	237,105

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	47,102	55,472
Short-term loans payable	15,535	2,942
Income taxes payable	1,672	1,772
Advances received on uncompleted construction contracts	6,901	23,306
Provision for warranties for completed construction	714	614
Provision for loss on construction contracts	392	300
Provision for directors' bonuses	43	71
Other	9,524	11,460
Total current liabilities	81,886	95,940
Non-current liabilities		
Long-term loans payable	5,605	98
Deferred tax liabilities	7,877	7,034
Provision for directors' retirement benefits	44	56
Provision for share-based remuneration for directors	145	212
Net defined benefit liability	1,462	1,343
Other	349	427
Total non-current liabilities	15,484	9,172
Total liabilities	97,371	105,112
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	5,058	3,540
Retained earnings	99,893	100,296
Treasury shares	(2,544)	(1,158)
Total shareholders' equity	108,862	109,133
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,908	10,535
Deferred gains or losses on hedges	(25)	(63)
Foreign currency translation adjustment	2,017	4,779
Accumulated remeasurements of defined benefit plans	1,932	1,405
Total accumulated other comprehensive income	15,833	16,657
Non-controlling interests	6,092	6,201
Total net assets	130,788	131,992
Total liabilities and net assets	228,159	237,105

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

	Millions of yen	
	Year ended March 31, 2022	Year ended March 31, 2023
	Apr. 1, 2021 - Mar. 31, 2022	Apr. 1, 2022 - Mar. 31, 2023
Net sales of completed construction contracts	209,261	214,793
Cost of sales of completed construction contracts	177,646	181,721
Gross profit on completed construction contracts	31,614	33,071
Selling, general and administrative expenses		
Directors' compensations	931	915
Employees' salaries and allowances	8,159	8,157
Provision for directors' bonuses	43	71
Retirement benefit expenses	390	330
Provision for directors' retirement benefits	11	11
Provision for share-based remuneration for directors	40	67
Correspondence and transportation expenses	902	1,091
Provision of allowance for doubtful accounts	468	332
Rents	1,642	1,322
Depreciation	2,146	1,578
Amortization of goodwill	414	462
Other	7,034	7,172
Total selling, general and administrative expenses	22,186	21,515
Operating income	9,428	11,556
Non-operating income		
Interest income	259	324
Dividend income	657	698
Dividend income of insurance	159	178
Real estate rent	126	112
Foreign exchange gains	317	78
Reversal of allowance for doubtful accounts	—	0
Other	322	372
Total non-operating income	1,841	1,766
Non-operating expenses		
Interest expenses	303	152
Rent expenses on real estates	16	15
Provision of allowance for doubtful accounts	0	—
Share of loss of entities accounted for using equity method	32	3
Other	99	149
Total non-operating expenses	451	320
Ordinary income	10,818	13,001

	Millions of yen	
	Year ended	Year ended
	March 31, 2022	March 31, 2023
	Apr. 1, 2021 - Mar. 31, 2022	Apr. 1, 2022 - Mar. 31, 2023
Extraordinary income		
Gain on disposal of non-current assets	50	18
Gain on sales of investment securities	1,177	1,844
Gain on sale of shares of subsidiaries and associates	—	881
Total extraordinary income	1,228	2,744
Extraordinary losses		
Loss on disposal of non-current assets	45	57
Impairment loss	0	642
Loss on sale of investment securities	—	0
Loss on valuation of investment securities	—	21
Loss on sale of shares of subsidiaries and associates	—	3
Business restructuring expenses	—	2,461
Total extraordinary losses	45	3,188
Profit before income taxes	12,001	12,557
Income taxes-current	3,179	4,002
Income taxes-deferred	753	(286)
Total income taxes	3,932	3,716
Profit	8,068	8,841
Profit attributable to non-controlling interests	820	924
Profit attributable to owners of parent	7,248	7,917

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Year ended March 31, 2022	Year ended March 31, 2023
	Apr. 1, 2021 - Mar. 31, 2022	Apr. 1, 2022 - Mar. 31, 2023
Profit	8,068	8,841
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,329)	(1,372)
Deferred gains or losses on hedges	(22)	(38)
Foreign currency translation adjustment	2,547	2,664
Remeasurements of defined benefit plans	(455)	(516)
Share of other comprehensive income of entities accounted for using equity method	69	29
Total other comprehensive income	(190)	765
Comprehensive income	7,878	9,607
Comprehensive income attributable to :		
Owners of parent	6,669	8,467
Non-controlling interests	1,208	1,139

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2022 (April 1, 2021 through March 31, 2022)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	6,455	5,058	95,701	(2,594)	104,620
Cumulative effects of changes in accounting policies			21		21
Restated balance	6,455	5,058	95,723	(2,594)	104,642
Changes of items during the period					
Dividends of surplus			(3,078)		(3,078)
Profit attributable to owners of parent			7,248		7,248
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				51	51
Cancellation of treasury shares					—
Purchase of shares of consolidated subsidiaries		(0)			(0)
Sale of shares of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(0)	4,169	50	4,220
Balance at the end of current period	6,455	5,058	99,893	(2,544)	108,862

Millions of yen

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	14,237	(3)	(237)	2,416	16,412	5,277	126,311
Cumulative effects of changes in accounting policies			(1)		(1)	(15)	4
Restated balance	14,237	(3)	(239)	2,416	16,411	5,261	126,315
Changes of items during the period							
Dividends of surplus							(3,078)
Profit attributable to owners of parent							7,248
Purchase of treasury shares							(1)
Disposal of treasury shares							51
Cancellation of treasury shares							—
Purchase of shares of consolidated subsidiaries				(0)	(0)		(0)
Sale of shares of consolidated subsidiaries							—
Net changes of items other than shareholders' equity	(2,329)	(21)	2,256	(484)	(578)	830	251
Total changes of items during the period	(2,329)	(21)	2,256	(484)	(578)	830	4,472
Balance at the end of current period	11,908	(25)	2,017	1,932	15,833	6,092	130,788

Year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	6,455	5,058	99,893	(2,544)	108,862
Cumulative effects of changes in accounting policies					—
Restated balance	6,455	5,058	99,893	(2,544)	108,862
Changes of items during the period					
Dividends of surplus			(4,093)		(4,093)
Profit attributable to owners of parent			7,917		7,917
Purchase of treasury shares				(3,001)	(3,001)
Disposal of treasury shares					—
Cancellation of treasury shares		(116)	(4,270)	4,386	—
Purchase of shares of consolidated subsidiaries		(1,401)			(1,401)
Sale of shares of consolidated subsidiaries			850		850
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(1,517)	403	1,385	271
Balance at the end of current period	6,455	3,540	100,296	(1,158)	109,133

Millions of yen

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	11,908	(25)	2,017	1,932	15,833	6,092	130,788
Cumulative effects of changes in accounting policies							—
Restated balance	11,908	(25)	2,017	1,932	15,833	6,092	130,788
Changes of items during the period							
Dividends of surplus							(4,093)
Profit attributable to owners of parent							7,917
Purchase of treasury shares							(3,001)
Disposal of treasury shares							—
Cancellation of treasury shares							—
Purchase of shares of consolidated subsidiaries							(1,401)
Sale of shares of consolidated subsidiaries							850
Net changes of items other than shareholders' equity	(1,372)	(38)	2,761	(526)	824	109	933
Total changes of items during the period	(1,372)	(38)	2,761	(526)	824	109	1,204
Balance at the end of current period	10,535	(63)	4,779	1,405	16,657	6,201	131,992

(4) Consolidated Statements of Cash Flows

	Millions of yen	
	Year ended March 31, 2022	Year ended March 31, 2023
	Apr. 1, 2021 - Mar. 31, 2022	Apr. 1, 2022 - Mar. 31, 2023
Cash flows from operating activities		
Profit before income taxes	12,001	12,557
Depreciation and amortization	2,496	2,000
Amortization of goodwill	414	462
Increase (decrease) in allowance for doubtful accounts	385	315
Increase (decrease) in provision for warranties for completed construction	210	(81)
Increase (decrease) in provision for loss on construction contracts	(16)	(103)
Increase (decrease) in provision for directors' retirement benefits	4	11
Increase (decrease) in provision for share-based remuneration for directors	(25)	67
Increase (decrease) in net defined benefit asset and liability	(572)	(597)
Interest and dividends income	(916)	(1,022)
Interest expenses	303	152
Share of (profit) loss of entities accounted for using equity method	32	3
Loss (gain) on disposal of non-current assets	(4)	39
Loss (gain) on sales of investment securities	(1,177)	(1,843)
Loss (gain) on valuation of investment securities	—	21
Loss (gain) on sale of shares of subsidiaries and associates	—	(878)
Business restructuring expenses	—	2,461
Decrease (increase) in notes and accounts receivable-trade	(846)	(31,405)
Decrease (increase) in inventories	(655)	(356)
Decrease (increase) in accounts receivable-other	(238)	(17)
Increase (decrease) in notes and accounts payable-trade	(6,473)	10,670
Increase (decrease) in advances received on uncompleted construction contracts	(8,014)	17,466
Increase (decrease) in accrued consumption taxes	(423)	443
Increase (decrease) in deposits received	(69)	529
Increase (decrease) in accrued expenses	(196)	(84)
Other, net	(2,398)	(310)
Subtotal	<u>(6,181)</u>	<u>10,502</u>
Interest and dividends income received	916	1,017
Interest expenses paid	(303)	(152)
Income taxes paid	(2,976)	(4,099)
Payments for business restructuring expenses	—	(2,461)
Net cash provided by (used in) operating activities	<u>(8,544)</u>	<u>4,806</u>

	Millions of yen	
	Year ended	Year ended
	March 31, 2022	March 31, 2023
	Apr. 1, 2021 - Mar. 31, 2022	Apr. 1, 2022 - Mar. 31, 2023
Cash flows from investing activities		
Payments into time deposits	(4,327)	(4,056)
Proceeds from withdrawal of time deposits	4,433	4,293
Purchase of property, plant and equipment and intangible assets	(2,314)	(2,176)
Proceeds from sales of property, plant and equipment and intangible assets	151	52
Purchase of investment securities	(501)	(44)
Proceeds from sales of investment securities	1,455	3,145
Proceeds from redemption of investment securities	0	—
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(2,270)
Payments of long-term loans receivable	(35)	(183)
Collection of long-term loans receivable	56	50
Purchase of insurance funds	(0)	(0)
Purchase of long-term prepaid expenses	(9)	(228)
Other, net	18	(329)
Net cash provided by (used in) investing activities	<u>(1,071)</u>	<u>(1,748)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	8,389	(134)
Proceeds from long-term loans payable	3,438	101
Repayment of long-term loans payable	(2,460)	(201)
Repayments of lease obligations	(95)	(102)
Net decrease (increase) in treasury shares	50	(3,001)
Cash dividends paid	(3,078)	(4,090)
Cash dividends paid to non-controlling interests	(239)	(304)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(4)	(2,087)
Net cash provided by (used in) financing activities	<u>6,000</u>	<u>(9,822)</u>
Effect of exchange rate change on cash and cash equivalents	<u>1,737</u>	<u>1,919</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,878)</u>	<u>(4,845)</u>
Cash and cash equivalents at beginning of period	<u>50,670</u>	<u>48,791</u>
Cash and cash equivalents at end of period	<u>48,791</u>	<u>43,946</u>

(Change in scope of consolidation or in scope of application of the equity method)

(Significant change in scope of consolidation)

In the consolidated fiscal year, the Company entered into a contract to transfer a portion of its shares in Geico S.p.A. ("Geico") and the transfer has been completed.

With this share transfer, Geico and its consolidated subsidiaries, J-CO America Corporation, J-CO Mexico, S. de R.L. de C.V., Geico Brasil Ltda., Geico Paint Shop India Private Limited, Geico Painting System (Suzhou) Co., Ltd, "Geico Russia" LLC, Geico Taikisha GmbH, Geico Taikisha Controls d.o.o. and Process Solution Partner Rus LLC have been excluded from the scope of consolidation.

In the consolidated fiscal year, Taikisha group transferred all of its shares of BTE Co., Ltd. ("BTE"), and BTE has been excluded from the scope of consolidation.

(Change in accounting policy)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as the "Implementation Guidance on Accounting Standard for Fair Value Measurement ") has been applied from the beginning of the current consolidated fiscal year.

In accordance with the transitional treatment prescribed in Paragraph 27-2 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement", the Company has decided to apply the new accounting policies set forth by the "Implementation Guidance on Accounting Standard for Fair Value Measurement" from the beginning of the current consolidated fiscal year to the future.

This change has no impact on the Company's consolidated financial statements.

(Segment information)

1. Sales, profits or losses, assets, liabilities and other items by reportable segments

Year ended March 31, 2022 (April 1, 2021 through March 31, 2022)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	134,393	74,867	209,261	—	209,261
Intersegment	6	14	20	(20)	—
Total	134,399	74,882	209,282	(20)	209,261
Segment profit	9,302	667	9,969	849	10,818
Segment assets	109,420	70,719	180,139	48,019	228,159
Other items					
Depreciation expenses	1,052	1,461	2,513	(17)	2,496
Amortization of goodwill	362	52	414	—	414
Interest income	108	154	263	(4)	259
Interest expenses	3	294	298	5	303
Share of loss of entities accounted for using equity method	(7)	(25)	(32)	—	(32)
Investments in associates accounted for using the equity method	—	559	559	—	559
Increase in tangible and intangible assets	1,210	900	2,111	212	2,324

(Note) 1. The amount of Eliminations/ Corporate is as follows:

(1) Eliminations/ Corporate of Segment profit of 849 million yen includes non-allocatable common profits (net amount of common profit and loss) of 849 million yen and other adjustment of 0 million yen.

Non-allocatable common profits are mainly general administrative expense, dividends income etc. those are not attributed to any reportable segments.

(2) Eliminations/ Corporate of Segment assets of 48,019 million yen are elimination of receivable and payable etc. of minus 3,312 million yen and non-allocatable common assets those are not allocated to any segments of 51,332 million yen.

Non-allocatable common assets are mainly cash and deposit, securities, property, plant and equipment, intangible assets and net defined benefit asset etc. those are not attributed to any reportable segments.

(3) Eliminations/ Corporate of increase in tangible and intangible assets of 212 million yen are building and structure, machinery, equipment, vehicles, tools, furniture and fixtures and software etc. those are not attributed to any reportable segments.

(4) The allocation method of assets for reportable segments is different from that of related sales and expenses.

2. Segment profit is adjusted in the ordinary income of the consolidated income statement.

Year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	171,844	42,948	214,793	—	214,793
Intersegment	23	12	36	(36)	—
Total	171,868	42,960	214,829	(36)	214,793
Segment profit (loss)	14,599	(1,606)	12,992	9	13,001
Segment assets	145,565	49,303	194,869	42,236	237,105
Other items					
Depreciation expenses	1,167	837	2,005	(5)	2,000
Amortization of goodwill	400	62	462	—	462
Interest income	159	166	325	(1)	324
Interest expenses	5	134	139	12	152
Share of profit (loss) of entities accounted for using equity method	(6)	3	(3)	—	(3)
Investments in associates accounted for using the equity method	—	591	591	—	591
Increase in tangible and intangible assets	1,139	1,046	2,185	204	2,390

(Note) 1. The amount of Eliminations/ Corporate is as follows:

(1) Eliminations/ Corporate of Segment profit (loss) of 9 million yen includes non-allocatable common profits (net amount of common profit and loss) of 9 million yen and other adjustment of 0 million yen.

Non-allocatable common profits are mainly general administrative expense, dividends income etc. those are not attributed to any reportable segments.

(2) Eliminations/ Corporate of Segment assets of 42,236 million yen are elimination of receivable and payable etc. of minus 2,917 million yen and non-allocatable common assets those are not allocated to any segments of 45,154 million yen.

Non-allocatable common assets are mainly cash and deposit, securities, property, plant and equipment, intangible assets and net defined benefit asset etc. those are not attributed to any reportable segments.

(3) Eliminations/ Corporate of increase in tangible and intangible assets of 204 million yen are building and structure, machinery, equipment, vehicles, tools, furniture and fixtures and software etc. those are not attributed to any reportable segments.

(4) The allocation method of assets for reportable segments is different from that of related sales and expenses.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

2. Sales by regions

Year ended March 31, 2022 (April 1, 2021 through March 31, 2022)

Millions of yen

Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
107,708	17,347	17,106	19,765	14,416	2,605	11,456	18,855	209,261

Year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

Millions of yen

Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
134,236	6,203	19,719	23,648	13,982	3,058	13,173	770	214,793

3. Property, plant and equipment

As of March 31, 2022

Millions of yen

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
5,249	490	205	491	1,994	2,300	512	11,243

As of March 31, 2023

Millions of yen

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
4,724	381	198	588	2,148	—	515	8,557

4. Impairment loss of the non-current assets by reportable segments

Year ended March 31, 2022 (April 1, 2021 through March 31, 2022)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Impairment loss	—	—	—	0	0

(Note) Eliminations/ Corporate is generated from impairment loss of idle assets.

Year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Impairment loss	643	—	643	(0)	642

(Note) Eliminations/ Corporate is generated from impairment loss of idle assets.

5. Amortization of goodwill and the unamortized balance by reportable segments

As of March 31, 2022

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Balance as of March 31, 2022	3,282	684	3,966	—	3,966

(Note) Amortization of goodwill is omitted because this information is already disclosed in "Sales, profits or losses, assets, liabilities and other items by reportable segments".

As of March 31, 2023

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Balance as of March 31, 2023	2,913	726	3,640	—	3,640

(Note) Amortization of goodwill is omitted because this information is already disclosed in "Sales, profits or losses, assets, liabilities and other items by reportable segments".

2 Non-consolidated Financial Statements

(1) Balance Sheets (Non-consolidated)

Millions of yen

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	22,145	13,068
Notes receivable-trade	258	327
Electronically recorded monetary claims	2,046	8,071
Accounts receivable from completed construction contracts	60,373	86,566
Securities	3,000	—
Costs on uncompleted construction contracts	36	32
Raw materials and supplies	183	236
Prepaid expenses	393	571
Accounts receivable-other	3,006	1,315
Other	1,497	1,733
Allowance for doubtful accounts	(238)	(288)
Total current assets	92,702	111,635
Non-current assets		
Property, plant and equipment		
Buildings	4,204	4,275
Accumulated depreciation	(1,966)	(1,965)
Buildings, net	2,237	2,309
Structures	108	109
Accumulated depreciation	(79)	(82)
Structures, net	29	26
Machinery and equipment	1,010	1,012
Accumulated depreciation	(733)	(785)
Machinery and equipment, net	276	227
Vehicles	1	1
Accumulated depreciation	(0)	(0)
Vehicles, net	0	0
Tools, furniture and fixtures	812	855
Accumulated depreciation	(695)	(656)
Tools, furniture and fixtures, net	117	199
Land	1,039	1,015
Leased assets	—	3
Accumulated depreciation	—	(1)
Leased assets, net	—	2
Construction in progress	58	238
Total property, plant and equipment	3,758	4,018
Intangible assets		
Leasehold right	0	—
Software	870	476
Other	0	547
Total intangible assets	872	1,024

Millions of yen

	As of March 31, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	29,033	25,883
Shares of subsidiaries and associates	14,454	15,895
Investments in capital	0	0
Long-term loans receivable	390	390
Long-term loans receivable from employees	3	10
Lease and guarantee deposits	1,253	1,259
Long-term prepaid expenses	2	122
Prepaid pension cost	6,116	6,713
Other	9	10
Allowance for doubtful accounts	(3)	(212)
Total investments and other assets	51,260	50,073
Total non-current assets	55,890	55,115
Total assets	148,593	166,751
Liabilities		
Current liabilities		
Notes payable-trade	2,304	2,408
Electronically recorded obligations - operating	13,620	22,781
Accounts payable for construction contracts	11,533	16,002
Short-term loans payable	2,522	2,101
Lease liabilities	—	1
Accounts payable-other	4,116	5,432
Accrued expenses	521	611
Income taxes payable	971	1,343
Advances received on uncompleted construction contracts	1,228	6,106
Deposits received	253	778
Unearned revenue	6	6
Provision for warranties for completed construction	203	168
Provision for loss on construction contracts	321	131
Provision for directors' bonuses	40	67
Provision for business restructuring	2,461	—
Other	524	914
Total current liabilities	40,629	58,857
Non-current liabilities		
Long-term loans payable	100	96
Lease liabilities	—	0
Deferred tax liabilities	4,377	4,137
Provision for retirement benefits	114	137
Provision for share-based remuneration for directors	145	212
Other	115	159
Total non-current liabilities	4,852	4,743
Total liabilities	45,482	63,600

	As of March 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus		
Legal capital surplus	7,297	7,297
Other capital surplus	116	—
Total capital surpluses	7,413	7,297
Retained earnings		
Legal retained earnings	1,613	1,613
Other retained earnings		
Reserve for reduction entry	0	0
Reserve for investment on information technology	1,280	1,000
General reserve	35,720	35,720
Retained earnings brought forward	41,288	41,751
Total retained earnings	79,902	80,084
Treasury shares	(2,544)	(1,158)
Total shareholders' equity	91,227	92,678
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11,908	10,535
Deferred gains or losses on hedges	(24)	(63)
Total valuation and translation adjustments	11,883	10,472
Total net assets	103,110	103,151
Total liabilities and net assets	148,593	166,751

(2) Income Statements (Non-consolidated)

	Millions of yen	
	Year ended	Year ended
	March 31, 2022	March 31, 2023
	Apr. 1, 2021 - Mar. 31, 2022	Apr. 1, 2022 - Mar. 31, 2023
Net sales of completed construction contracts	107,435	133,342
Cost of sales of completed construction contracts	88,835	112,354
Gross profit on completed construction contracts	18,599	20,987
Selling, general and administrative expenses		
Directors' compensations	359	351
Employees' salaries and allowances	5,560	5,889
Provision for directors' bonuses	40	67
Retirement benefit expenses	211	223
Provision for share-based remuneration for directors	40	67
Legal welfare expenses	844	898
Welfare expenses	344	361
Repair and maintenance	123	120
Stationery expenses	511	612
Correspondence and transportation expenses	477	571
Power utilities expenses	50	58
Research study expenses	339	469
Advertising expenses	107	137
Provision of allowance for doubtful accounts	4	(1)
Entertainment expenses	32	88
Donation	4	6
Rents	894	882
Depreciation	837	984
Taxes and dues	434	450
Insurance expenses	42	45
Miscellaneous expenses	1,350	1,516
Total selling, general and administrative expenses	12,610	13,801
Operating income	5,989	7,185
Non-operating income		
Interest income	2	5
Interest on securities	0	1
Dividends income	3,586	1,896
Dividends income of insurance	157	178
Real estate rent	195	182
Foreign exchange gains	138	44
Technical advisory fee	1,249	1,193
Reversal of allowance for doubtful accounts	—	0
Other	97	32
Total non-operating income	5,428	3,534
Non-operating expenses		
Interest expenses	12	20
Rent expenses on real estates	35	34
Provision of allowance for doubtful accounts	0	—
Other	47	41
Total non-operating expenses	95	96
Ordinary income	11,323	10,623

	Millions of yen	
	Year ended	Year ended
	March 31, 2022	March 31, 2023
	Apr. 1, 2021 - Mar. 31, 2022	Apr. 1, 2022 - Mar. 31, 2023
Extraordinary income		
Gain on disposal of non-current assets	0	0
Gain on sales of investment securities	1,177	1,844
Gain on sale of shares of subsidiaries and associates	—	0
Total extraordinary income	1,178	1,844
Extraordinary losses		
Loss on disposal of non-current assets	42	38
Impairment loss	0	0
Loss on sale of investment securities	—	0
Loss on valuation of investment securities	—	21
Loss on valuation of shares of subsidiaries and associates	62	706
Business restructuring expenses	2,461	—
Provision of allowance for doubtful accounts for subsidiaries and associates	—	273
Total extraordinary losses	2,566	1,040
Income before income taxes	9,935	11,427
Income taxes-current	2,303	2,606
Income taxes-deferred	(25)	274
Total income taxes	2,278	2,881
Profit	7,657	8,546

(3) Statements of Changes in Net Assets (Non-consolidated)

Year ended March 31, 2022 (April 1, 2021 through March 31, 2022)

Millions of yen

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry	Reserve for investment on information technology	General reserve
Balance at the beginning of current period	6,455	7,297	116	7,413	1,613	0	1,560	35,720
Cumulative effects of changes in accounting policies								
Restated balance	6,455	7,297	116	7,413	1,613	0	1,560	35,720
Changes of items during the period								
Provision of reserve for investment on information technology							200	
Reversal of reserve for investment on information technology							(480)	
Dividends of surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares								
Cancellation of treasury shares				—				
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	—	—	(280)	—
Balance at the end of current period	6,455	7,297	116	7,413	1,613	0	1,280	35,720

Millions of yen

	Shareholders' equity				Valuation and translation adjustments			Total Net assets
	Retained earnings		Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Other retained earnings	Total Retained earnings						
	Retained earnings brought forward							
Balance at the beginning of current period	36,391	75,285	(2,594)	86,559	14,237	(3)	14,234	100,794
Cumulative effects of changes in accounting policies	38	38		38				38
Restated balance	36,430	75,324	(2,594)	86,598	14,237	(3)	14,234	100,832
Changes of items during the period								
Provision of reserve for investment on information technology	(200)	—		—				—
Reversal of reserve for investment on information technology	480	—		—				—
Dividends of surplus	(3,078)	(3,078)		(3,078)				(3,078)
Profit	7,657	7,657		7,657				7,657
Purchase of treasury shares			(1)	(1)				(1)
Disposal of treasury shares			51	51				51
Cancellation of treasury shares		—		—				—
Net changes of items other than shareholders' equity					(2,329)	(21)	(2,350)	(2,350)
Total changes of items during the period	4,858	4,578	50	4,628	(2,329)	(21)	(2,350)	2,278
Balance at the end of current period	41,288	79,902	(2,544)	91,227	11,908	(24)	11,883	103,110

Year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

Millions of yen

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry	Reserve for investment on information technology	General reserve
Balance at the beginning of current period	6,455	7,297	116	7,413	1,613	0	1,280	35,720
Cumulative effects of changes in accounting policies								
Restated balance	6,455	7,297	116	7,413	1,613	0	1,280	35,720
Changes of items during the period								
Provision of reserve for investment on information technology							200	
Reversal of reserve for investment on information technology							(480)	
Dividends of surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares								
Cancellation of treasury shares			(116)	(116)				
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	(116)	(116)	—	—	(280)	—
Balance at the end of current period	6,455	7,297	—	7,297	1,613	0	1,000	35,720

Millions of yen

	Shareholders' equity				Valuation and translation adjustments			Total Net assets
	Retained earnings		Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Other retained earnings	Total Retained earnings						
	Retained earnings brought forward							
Balance at the beginning of current period	41,288	79,902	(2,544)	91,227	11,908	(24)	11,883	103,110
Cumulative effects of changes in accounting policies	—	—		—				—
Restated balance	41,288	79,902	(2,544)	91,227	11,908	(24)	11,883	103,110
Changes of items during the period								
Provision of reserve for investment on information technology	(200)	—		—				—
Reversal of reserve for investment on information technology	480	—		—				—
Dividends of surplus	(4,093)	(4,093)		(4,093)				(4,093)
Profit	8,546	8,546		8,546				8,546
Purchase of treasury shares			(3,001)	(3,001)				(3,001)
Disposal of treasury shares				—				—
Cancellation of treasury shares	(4,270)	(4,270)	4,386	—				—
Net changes of items other than shareholders' equity					(1,372)	(38)	(1,411)	(1,411)
Total changes of items during the period	462	182	1,385	1,451	(1,372)	(38)	(1,411)	40
Balance at the end of current period	41,751	80,084	(1,158)	92,678	10,535	(63)	10,472	103,151

(Change in accounting policy)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as the "Implementation Guidance on Accounting Standard for Fair Value Measurement ") has been applied from the beginning of the current consolidated fiscal year.

In accordance with the transitional treatment prescribed in Paragraph 27-2 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement", the Company has decided to apply the new accounting policies set forth by the "Implementation Guidance on Accounting Standard for Fair Value Measurement" from the beginning of the current consolidated fiscal year to the future.

This change has no impact on the Company's consolidated financial statements.

(Supplementary information)

1. Statement for orders-received, net sales of completed construction contracts, and construction carried forward by each division (consolidated)

Millions of yen

	Year ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)		Year ended March 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	43,329	18.7	36,188	12.5	(7,140)	(16.5)
Industrial HVAC	115,588	49.8	171,889	59.6	56,301	48.7
Total	158,917	68.5	208,078	72.1	49,160	30.9
[Overseas]	[35,964]	[15.5]	[77,158]	[26.7]	[41,194]	[114.5]
Paint Finishing System Division	73,202	31.5	80,591	27.9	7,389	10.1
[Overseas]	[52,686]	[22.7]	[58,797]	[20.4]	[6,111]	[11.6]
Total	232,120	100.0	288,670	100.0	56,549	24.4
[Overseas]	[88,650]	[38.2]	[135,956]	[47.1]	[47,305]	[53.4]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	40,978	19.6	45,355	21.1	4,376	10.7
Industrial HVAC	93,414	44.6	126,488	58.9	33,074	35.4
Total	134,393	64.2	171,844	80.0	37,450	27.9
[Overseas]	[40,255]	[19.2]	[48,762]	[22.7]	[8,507]	[21.1]
Paint Finishing System Division	74,867	35.8	42,948	20.0	(31,919)	(42.6)
[Overseas]	[61,297]	[29.3]	[31,793]	[14.8]	[(29,503)]	[(48.1)]
Total	209,261	100.0	214,793	100.0	5,531	2.6
[Overseas]	[101,552]	[48.5]	[80,556]	[37.5]	[(20,996)]	[(20.7)]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	52,777	26.6	43,611	16.9	(9,166)	(17.4)
Industrial HVAC	90,388	45.6	139,281	53.9	48,893	54.1
Total	143,166	72.2	182,892	70.8	39,726	27.7
[Overseas]	[33,672]	[17.0]	[65,561]	[25.4]	[31,888]	[94.7]
Paint Finishing System Division	55,123	27.8	75,406	29.2	20,282	36.8
[Overseas]	[39,218]	[19.8]	[48,862]	[18.9]	[9,643]	[24.6]
Total	198,289	100.0	258,299	100.0	60,009	30.3
[Overseas]	[72,891]	[36.8]	[114,423]	[44.3]	[41,532]	[57.0]

(Note) 1. The amounts of orders received, net sales of completed construction contracts, and construction carried forward are the transacted amount with external customers.

2. In the previous consolidated fiscal year, there is 6 million yen difference between net sales of completed construction contracts of 134,393 million yen and total sales of 134,399 million yen in the segment information by the Green Technology System Division.

There is 14 million yen difference between net sales of completed construction contracts of 74,867 million yen and total sales of 74,882 million yen in the segment information by Paint Finishing System Division.

Above differences are due to intersegment sales.

3. In the consolidated fiscal year, there is 23 million yen difference between net sales of completed construction contracts of 171,844 million yen and total sales of 171,868 million yen in the segment information by the Green Technology System Division.

There is 12 million yen difference between net sales of completed construction contracts of 42,948 million yen and total sales of 42,960 million yen in the segment information by Paint Finishing System Division.

Above differences are due to intersegment sales.

4.Regarding foreign exchange translation of contracts carried forward from previous year in foreign consolidated subsidiaries, fluctuation amount because of foreign exchange is adjusted in the beginning balance of construction contracts carried forward.

In the consolidated fiscal year, due to the exclusion from the scope of consolidation of Geico S.p.A. and its consolidated subsidiaries, J-CO America Corporation, J-CO Mexico, S. de R.L. de C.V., Geico Brasil Ltda., Geico Paint Shop India Private Limited, Geico Painting System (Suzhou) Co., Ltd, "Geico Russia" LLC, Geico Taikisha GmbH, Geico Taikisha Controls d.o.o. and Process Solution Partner Rus LLC, and BTE Co., Ltd, projects on hand of the consolidated subsidiaries are excluded from the beginning balance of construction contracts carried forward. Beginning balance of construction contracts carried forward after adjustment in the fiscal year is as follows.

Green Technology System Division

HVAC for buildings	52,777 million yen		
Industrial HVAC	93,880 million yen	[overseas	37,165 million yen]
Sub total	146,658 million yen	[overseas	37,165 million yen]
Paint Finishing System Division	37,763 million yen	[overseas	21,858 million yen]
Total	184,422 million yen	[overseas	59,023 million yen]

2. Statement for orders-received, net sales of completed construction contracts, and construction carried forward by each division (Non-consolidated)

Millions of yen

	Year ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)		Year ended March 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	40,766	28.1	32,092	20.9	(8,673)	(21.3)
Industrial HVAC	79,619	54.8	95,221	61.8	15,602	19.6
Total	120,385	82.9	127,314	82.7	6,929	5.8
[Overseas]	[148]	[0.1]	[697]	[0.5]	[549]	[370.7]
Paint Finishing System Division	24,893	17.1	26,673	17.3	1,780	7.2
[Overseas]	[6,029]	[4.2]	[6,193]	[4.0]	[164]	[2.7]
Total	145,278	100.0	153,987	100.0	8,709	6.0
[Overseas]	[6,177]	[4.3]	[6,890]	[4.5]	[713]	[11.6]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	38,301	35.7	41,567	31.1	3,265	8.5
Industrial HVAC	53,341	49.6	77,707	58.3	24,365	45.7
Total	91,643	85.3	119,274	89.4	27,630	30.1
[Overseas]	[317]	[0.3]	[221]	[0.2]	[(96)]	[(30.3)]
Paint Finishing System Division	15,791	14.7	14,067	10.6	(1,723)	(10.9)
[Overseas]	[4,177]	[3.9]	[4,274]	[3.2]	[97]	[2.3]
Total	107,435	100.0	133,342	100.0	25,906	24.1
[Overseas]	[4,494]	[4.2]	[4,495]	[3.4]	[0]	[0.0]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	52,068	40.3	42,594	28.4	(9,474)	(18.2)
Industrial HVAC	56,679	43.9	74,193	49.6	17,514	30.9
Total	108,748	84.2	116,788	78.0	8,040	7.4
[Overseas]	[2]	[0.0]	[478]	[0.3]	[476]	[-]
Paint Finishing System Division	20,352	15.8	32,957	22.0	12,605	61.9
[Overseas]	[5,025]	[3.9]	[6,944]	[4.6]	[1,919]	[38.2]
Total	129,100	100.0	149,746	100.0	20,645	16.0
[Overseas]	[5,027]	[3.9]	[7,423]	[4.9]	[2,395]	[47.6]