

Financial Report for the Fiscal Year ended March 31, 2020

May 22, 2020

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..... First Section of Tokyo Stock Exchange

Code..... 1979

Representative..... Koji Kato, President and Representative Director

Contact..... Masanori Nakagawa, Director, Managing Corporate Officer, Administrative Management
Headquarters Chief Executive

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Scheduled date for annual general meeting of shareholders : June 26, 2020

Scheduled date to commence dividends payments : June 29, 2020

Scheduled date to submit securities report : June 26, 2020

Supplemental materials prepared for financial results : Yes

Briefing session of financial results : No

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2019 through March 31, 2020)

(1) Consolidated operating results

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended								
March 31, 2020	225,378	(0.0)	15,439	10.0	15,991	6.0	9,132	3.3
March 31, 2019	225,402	(2.8)	14,035	15.2	15,085	15.3	8,841	21.9

(Note) Comprehensive income Year ended March 31, 2020 5,437 million yen (19.1)%
Year ended March 31, 2019 6,724 million yen (52.3)%

	Basic earnings per share	Diluted earning per share	Ratio of Profit to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	yen	yen	%	%	%
Year ended					
March 31, 2020	268.07	—	8.4	7.3	6.9
March 31, 2019	259.53	—	8.3	6.9	6.2

(Note) Equity in earnings of affiliates Year ended March 31, 2020 (74) million yen
Year ended March 31, 2019 (36) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
As of				
March 31, 2020	215,389	112,843	50.2	3,176.25
March 31, 2019	223,080	113,649	48.8	3,193.18

(Note) Shareholders' Equity As of March 31, 2020 108,209 million yen
As of March 31, 2019 108,787 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
	million yen	million yen	million yen	million yen
Year ended				
March 31, 2020	21,386	(877)	(11,475)	58,846
March 31, 2019	9,159	(2,830)	2,396	49,861

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, 2019	—	25.00	—	66.00	91.00	3,100	35.1	2.9
March 31, 2020	—	30.00	—	70.00	100.00	3,420	37.3	3.1
Year ending March 31, 2021 (Forecast)	—	—	—	—	—		—	

(Note) 1 Dividends Paid (Total) for the fiscal year ended March 31, 2020 includes dividends of 13 million yen for treasury shares owned by trust assets of "Board Benefit Trust (BBT)".

2 Dividend forecast for the fiscal year ending March 31, 2021 has not yet determined. It will be promptly announced when it becomes possible to be disclosed.

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2021 (April 1, 2020 through March 31, 2021)

(Note) Consolidated earnings forecasts for the fiscal year ending March 31, 2021 have not yet determined because it is difficult to estimate reasonably due to the impact of spread of COVID-19. They will be promptly announced when they become possible to be disclosed.

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. : None
- (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, 2020 | 35,082,009 shares |
| As of March 31, 2019 | 35,082,009 shares |
- (ii) Number of treasury shares at end of period
- | | |
|----------------------|------------------|
| As of March 31, 2020 | 1,013,573 shares |
| As of March 31, 2019 | 1,013,293 shares |
- (iii) Average number of shares during the period
- | | |
|---------------------------|-------------------|
| Year ended March 31, 2020 | 34,068,618 shares |
| Year ended March 31, 2019 | 34,068,891 shares |

(Note) The Company has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan since second quarter of the fiscal year ended March 31, 2020 and its own shares remaining in the Trust are included as treasury shares. The number of treasury shares at the end of period is 136,400 and average number of shares during the period is 83,938.

(Reference) Summary of Non-Consolidated Operating Performance

1. Non-Consolidated Operating Performance (April 1, 2019 through March 31, 2020)

(1) Non-Consolidated operating result

(% indicates increase ratio over previous year)

Year ended	Sales		Operating income		Ordinary income		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2020	132,630	6.0	8,171	(4.3)	11,333	(8.2)	7,645	5.2
March 31, 2019	125,181	1.3	8,534	(6.9)	12,345	0.2	7,269	(8.0)

Year ended	Basic earnings per share	Diluted earning per share
	yen	yen
March 31, 2020	224.40	—
March 31, 2019	213.36	—

(2) Non-Consolidated financial position

As of	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
March 31, 2020	145,603	91,588	62.9	2,688.38
March 31, 2019	150,685	90,684	60.2	2,661.81

(Note) Shareholders' Equity

As of March 31, 2020	91,588 million yen
As of March 31, 2019	90,684 million yen

2. Non-Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2021 (April 1, 2020 through March 31, 2021)

(Note) Non-consolidated earnings forecasts for the fiscal year ending March 31, 2021 have not yet determined because it is difficult to estimate reasonably due to the impact of spread of COVID-19. They will be promptly announced when they become possible to be disclosed.

- ※ 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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	52,107	57,626
Notes receivable, accounts receivable from completed construction contracts and other	104,705	96,726
Securities	1,000	3,500
Costs on uncompleted construction contracts	2,807	3,097
Raw materials and supplies	396	358
Other	8,379	7,979
Allowance for doubtful accounts	(428)	(329)
Total current assets	168,968	168,958
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,179	8,632
Machinery, vehicles, tools, furniture and fixtures	11,077	11,002
Land	2,058	2,038
Other	551	703
Accumulated depreciation	(11,534)	(11,884)
Total property, plant and equipment	10,333	10,493
Intangible assets		
Goodwill	1,332	755
Other	3,318	2,824
Total intangible assets	4,650	3,580
Investments and other assets		
Investment securities	29,378	24,388
Deferred tax assets	1,847	655
Net defined benefit asset	5,912	5,181
Other	2,043	2,187
Allowance for doubtful accounts	(53)	(55)
Total investments and other assets	39,128	32,357
Total non-current assets	54,111	46,430
Total assets	223,080	215,389

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	55,835	57,623
Short-term loans payable	10,892	6,460
Income taxes payable	2,711	1,481
Advances received on uncompleted construction contracts	14,778	14,342
Provision for warranties for completed construction	787	836
Provision for loss on construction contracts	407	289
Provision for directors' bonuses	154	116
Other	13,225	12,772
Total current liabilities	98,791	93,924
Non-current liabilities		
Long-term loans payable	3,076	1,952
Deferred tax liabilities	5,876	4,497
Provision for directors' retirement benefits	62	51
Provision for share-based remuneration for directors	—	109
Net defined benefit liability	1,370	1,706
Other	250	305
Total non-current liabilities	10,638	8,622
Total liabilities	109,430	102,546
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,244	5,058
Retained earnings	84,984	90,842
Treasury shares	(2,476)	(2,593)
Total shareholders' equity	96,208	99,762
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,842	8,376
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	164	372
Accumulated remeasurements of defined benefit plans	572	(302)
Total accumulated other comprehensive income	12,578	8,447
Non-controlling interests	4,862	4,633
Total net assets	113,649	112,843
Total liabilities and net assets	223,080	215,389

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

	Millions of yen	
	Year ended March 31, 2019	Year ended March 31, 2020
	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
Net sales of completed construction contracts	225,402	225,378
Cost of sales of completed construction contracts	189,148	187,683
Gross profit on completed construction contracts	36,254	37,694
Selling, general and administrative expenses		
Directors' compensations	895	894
Employees' salaries and allowances	8,827	8,911
Provision for directors' bonuses	154	116
Retirement benefit expenses	533	534
Provision for directors' retirement benefits	13	15
Provision for share-based remuneration for directors	—	109
Correspondence and transportation expenses	1,252	1,227
Provision of allowance for doubtful accounts	239	(62)
Rents	1,504	1,539
Depreciation	1,825	1,947
Amortization of goodwill	220	92
Other	6,752	6,928
Total selling, general and administrative expenses	22,218	22,254
Operating income	14,035	15,439
Non-operating income		
Interest income	334	358
Dividend income	606	635
Dividend income of insurance	189	124
Real estate rent	103	109
Foreign exchange gains	75	—
Reversal of allowance for doubtful accounts	1	—
Other	245	221
Total non-operating income	1,556	1,450
Non-operating expenses		
Interest expenses	275	174
Sales discounts	85	160
Rent expenses on real estates	33	23
Foreign exchange losses	—	385
Provision of allowance for doubtful accounts	—	4
Share of loss of entities accounted for using equity method	36	74
Other	74	75
Total non-operating expenses	506	898
Ordinary income	15,085	15,991

	Millions of yen	
	Year ended	Year ended
	March 31, 2019	March 31, 2020
	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
Extraordinary income		
Gain on disposal of non-current assets	12	58
Gain on sales of investment securities	855	447
Total extraordinary income	868	506
Extraordinary losses		
Loss on disposal of non-current assets	195	83
Impairment loss	166	97
Loss on sales of investment securities	10	0
Loss on valuation of investment securities	—	0
Amortization of goodwill	1,245	455
Total extraordinary losses	1,618	637
Income before income taxes and non-controlling interests	14,335	15,860
Income taxes-current	5,406	4,636
Income taxes-deferred	(664)	1,560
Total income taxes	4,742	6,197
Profit	9,593	9,663
Profit attributable to non-controlling interests	751	530
Profit attributable to owners of parent	8,841	9,132

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Year ended March 31, 2019	Year ended March 31, 2020
	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
Profit	9,593	9,663
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,400)	(3,465)
Deferred gains or losses on hedges	(2)	0
Foreign currency translation adjustment	(1,127)	147
Remeasurements of defined benefit plans	(293)	(891)
Share of other comprehensive income of entities accounted for using equity method	(44)	(16)
Total other comprehensive income	(2,868)	(4,225)
Comprehensive income	6,724	5,437
Comprehensive income attributable to :		
Owners of parent	6,168	5,001
Non-controlling interests	555	436

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2019 (April 1, 2018 through March 31, 2019)

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	7,258	78,698	(2,475)	89,936
Changes of items during the period					
Dividends of surplus			(2,555)		(2,555)
Profit attributable to owners of parent			8,841		8,841
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					—
Purchase of shares of consolidated subsidiaries		(13)			(13)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(13)	6,286	(0)	6,272
Balance at the end of current period	6,455	7,244	84,984	(2,476)	96,208

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	13,242	3	1,141	864	15,252	5,461	110,650
Changes of items during the period							
Dividends of surplus							(2,555)
Profit attributable to owners of parent							8,841
Purchase of treasury shares							(0)
Disposal of treasury shares							—
Purchase of shares of consolidated subsidiaries							(13)
Net changes of items other than shareholders' equity	(1,400)	(4)	(977)	(291)	(2,673)	(599)	(3,272)
Total changes of items during the period	(1,400)	(4)	(977)	(291)	(2,673)	(599)	2,999
Balance at the end of current period	11,842	(0)	164	572	12,578	4,862	113,649

Year ended March 31, 2020 (April 1, 2019 through March 31, 2020)

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	7,244	84,984	(2,476)	96,208
Changes of items during the period					
Dividends of surplus			(3,274)		(3,274)
Profit attributable to owners of parent			9,132		9,132
Purchase of treasury shares				(450)	(450)
Disposal of treasury shares		116		333	449
Purchase of shares of consolidated subsidiaries		(2,303)			(2,303)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(2,186)	5,858	(117)	3,553
Balance at the end of current period	6,455	5,058	90,842	(2,593)	99,762

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	11,842	(0)	164	572	12,578	4,862	113,649
Changes of items during the period							
Dividends of surplus							(3,274)
Profit attributable to owners of parent							9,132
Purchase of treasury shares							(450)
Disposal of treasury shares							449
Purchase of shares of consolidated subsidiaries							(2,303)
Net changes of items other than shareholders' equity	(3,465)	0	208	(874)	(4,131)	(229)	(4,360)
Total changes of items during the period	(3,465)	0	208	(874)	(4,131)	(229)	(806)
Balance at the end of current period	8,376	(0)	372	(302)	8,447	4,633	112,843

(4) Consolidated Statements of Cash Flows

	Millions of yen	
	Year ended March 31, 2019	Year ended March 31, 2020
	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
Cash flows from operating activities		
Income before income taxes and non-controlling interests	14,335	15,860
Depreciation and amortization	2,030	2,167
Amortization of goodwill	1,466	548
Increase (decrease) in allowance for doubtful accounts	(48)	(100)
Increase (decrease) in provision for warranties for completed construction	124	50
Increase (decrease) in provision for loss on construction contracts	(55)	(112)
Increase (decrease) in provision for directors' retirement benefits	(1)	(11)
Increase (decrease) in provision for share-based remuneration for directors	—	109
Increase (decrease) in net defined benefit asset and liability	(205)	(242)
Interest and dividends income	(941)	(993)
Interest expenses	275	174
Share of (profit) loss of entities accounted for using equity method	44	74
Loss (gain) on disposal of non-current assets	182	24
Loss (gain) on sales of investment securities	(845)	(447)
Loss (gain) on valuation of investment securities	—	0
Decrease (increase) in notes and accounts receivable-trade	(4,101)	7,852
Decrease (increase) in inventories	(849)	(311)
Decrease (increase) in accounts receivable-other	(235)	205
Increase (decrease) in notes and accounts payable-trade	(3,614)	2,054
Increase (decrease) in advances received on uncompleted construction contracts	3,480	(193)
Increase (decrease) in accrued consumption taxes	255	748
Increase (decrease) in deposits received	229	452
Increase (decrease) in accrued expenses	87	(104)
Other, net	3,682	(1,251)
Subtotal	15,292	26,555
Interest and dividends income received	941	993
Interest expenses paid	(279)	(170)
Income taxes paid	(6,795)	(5,992)
Net cash provided by (used in) operating activities	9,159	21,386

	Millions of yen	
	Year ended	Year ended
	March 31, 2019	March 31, 2020
	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
Cash flows from investing activities		
Payments into time deposits	(4,718)	(3,199)
Proceeds from withdrawal of time deposits	6,092	4,067
Purchase of property, plant and equipment and intangible assets	(4,140)	(2,086)
Proceeds from sales of property, plant and equipment and intangible assets	31	44
Purchase of investment securities	(1,000)	(5)
Proceeds from sales of investment securities	1,089	499
Proceeds from redemption of investment securities	0	0
Contingent consideration payments for shares of subsidiaries	(132)	(131)
Payments of long-term loans receivable	(59)	(61)
Collection of long-term loans receivable	36	50
Purchase of insurance funds	(0)	(0)
Purchase of long-term prepaid expenses	(23)	(19)
Other, net	(4)	(37)
Net cash provided by (used in) investing activities	<u>(2,830)</u>	<u>(877)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,727	(4,959)
Proceeds from long-term loans payable	3,626	1,378
Repayment of long-term loans payable	(1,361)	(1,569)
Repayments of lease obligations	(39)	(62)
Repayments to non-controlling shareholders	—	(133)
Net decrease (increase) in treasury shares	(0)	(0)
Cash dividends paid	(2,554)	(3,273)
Cash dividends paid to non-controlling interests	(815)	(536)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(185)	(2,316)
Net cash provided by (used in) financing activities	<u>2,396</u>	<u>(11,475)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(1,157)</u>	<u>(48)</u>
Net increase (decrease) in cash and cash equivalents	<u>7,568</u>	<u>8,985</u>
Cash and cash equivalents at beginning of period	<u>42,292</u>	<u>49,861</u>
Cash and cash equivalents at end of period	<u>49,861</u>	<u>58,846</u>

(Additional information)

(Introduction of the Board Benefit Trust (BBT))

The Company has introduced the “Board Benefit Trust (BBT)” as its performance-linked and share-based compensation plan (hereinafter referred to as the “Plan”) for the Company's Board Members (excluding Outside Board Members) (hereinafter referred to as the “Board Members”), starting from the second quarter, pursuant to the resolution of the 74th Ordinary General Shareholders’ Meeting held on June 27, 2019.

The purpose of the Plan is to promote the motivation of Board Members in contributing to the improvement of business performance and corporate value over the medium to long term by making the linkage between their compensation and the Company's business performance and shareholder value even clearer and having Board Members share not only the benefits from higher stock prices, but also the risk of a drop in stock prices, with shareholders.

The gross method has been used for the accounting treatment under the Plan in accordance with “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts” (Practical Issues Task Force No. 30 of March 26, 2015).

(1) Overview of Transactions

The Plan is a scheme whereby money contributed by the Company is used as financial resources to acquire the Company's shares through a trust (the trust established under the Plan shall be hereinafter referred to as the “Trust”), and the Company's shares and money in the amount of monetary equivalence of the Company's shares measured at fair value (hereinafter referred to as “the Company’s Shares, etc.”) are provided to Board Members through the Trust in accordance with the “Share Benefit Regulations for Directors” stipulated by the Company.

The time when the Company’s Shares, etc., are provided to Board Members shall be, in principle, the date of the retirement from the Company.

(2) The Company’s Own Shares Remaining in the Trust

The Company recognizes its own shares remaining in the Trust as treasury shares under the category of net assets, using the carrying amount in the Trust (excluding the amount of ancillary expenses). The carrying amount of such treasury shares as of the end of the consolidated fiscal year is 449 million yen, and the number of such shares is 136,400.

(Accounting estimates associated with the spread of COVID-19)

The future outlook of the world economy and market environment in our group are extremely uncertain because it is difficult to estimate when the COVID-19 is expected to be convergent and how much it impacts on domestic and foreign economy.

Under these circumstances, assuming that the impact on decrease in order-received due to weak capital investments especially in North America and Europe is expected to be affected until at least 2020 year end, accounting estimates for the recoverability of deferred tax assets and the valuation of fixed assets including goodwill etc. are performed based on the assumption.

(Segment information)

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

Year ended March 31, 2019 (April 1, 2018 through March 31, 2019)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	149,164	76,238	225,402	—	225,402
Intersegment	—	7	7	(7)	—
Total	149,164	76,245	225,409	(7)	225,402
Segment profit	13,567	1,676	15,244	(159)	15,085
Segment assets	101,036	76,009	177,046	46,033	223,080
Other items					
Depreciation expenses	781	1,299	2,080	(50)	2,030
Amortization of goodwill	—	1,466	1,466	—	1,466
Interest income	151	190	341	(6)	334
Interest expenses	8	246	254	20	275
Share of loss of entities accounted for using equity method	—	(36)	(36)	—	(36)
Investments in associates accounted for using the equity method	—	634	634	—	634
Increase in tangible and intangible assets	186	2,897	3,083	473	3,557

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

(1) Eliminations/ Corporate of Segment profit of minus 159 million yen includes non-allocatable common profits (net amount of common profit and loss) of minus 158 million yen and other adjustment of minus 1 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 46,033 million yen are elimination of receivable and payable etc. of minus 2,783 million yen and non-allocatable common assets those are not allocated to any segments of 48,816 million yen.

Non-allocatable common assets are mainly cash and deposit, 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 473 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, 2020 (April 1, 2019 through March 31, 2020)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	157,374	68,003	225,378	—	225,378
Intersegment	3	3	6	(6)	—
Total	157,378	68,006	225,384	(6)	225,378
Segment profit	13,893	2,814	16,708	(716)	15,991
Segment assets	94,453	64,595	159,048	56,341	215,389
Other items					
Depreciation expenses	739	1,447	2,187	(19)	2,167
Amortization of goodwill	—	548	548	—	548
Interest income	175	187	363	(5)	358
Interest expenses	1	155	157	17	174
Share of loss of entities accounted for using equity method	—	(74)	(74)	—	(74)
Investments in associates accounted for using the equity method	—	545	545	—	545
Increase in tangible and intangible assets	510	1,038	1,548	701	2,250

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

(1) Eliminations/ Corporate of Segment profit of minus 716 million yen includes non-allocatable common profits (net amount of common profit and loss) of minus 720 million yen and other adjustment of 3 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 56,341 million yen are elimination of receivable and payable etc. of minus 2,742 million yen and non-allocatable common assets those are not allocated to any segments of 59,083 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 701 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.

2. Sales by regions

Year ended March 31, 2019 (April 1, 2018 through March 31, 2019)

Millions of yen

Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
119,266	19,543	25,126	19,559	14,230	1,669	8,881	17,125	225,402

Year ended March 31, 2020 (April 1, 2019 through March 31, 2020)

Millions of yen

Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
132,348	14,707	19,619	21,727	12,252	1,759	8,698	14,263	225,378

3. Property, plant and equipment

As of March 31, 2019

Millions of yen

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
4,523	447	204	676	1,775	2,467	237	10,333

As of March 31, 2020

Millions of yen

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
5,047	484	216	577	1,560	2,114	491	10,493

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

Year ended March 31, 2019 (April 1, 2018 through March 31, 2019)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Impairment loss	20	—	20	146	166

(Note) Eliminations/ Corporate is generated from impairment loss of expected to be removed assets and idle assets.

Year ended March 31, 2020 (April 1, 2019 through March 31, 2020)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Impairment loss	0	97	97	0	97

(Note) Eliminations/ Corporate is generated from impairment loss of expected to be removed assets and idle assets.

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

As of March 31, 2019

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Balance as of March 31, 2019	—	1,332	1,332	—	1,332

(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, 2020

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Balance as of March 31, 2020	—	755	755	—	755

(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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	22,008	29,459
Notes receivable-trade	610	459
Electronically recorded monetary claims	3,222	1,916
Accounts receivable from completed construction contracts	69,582	59,528
Securities	1,000	3,500
Costs on uncompleted construction contracts	328	511
Raw materials and supplies	157	142
Prepaid expenses	330	378
Accounts receivable-other	1,382	1,923
Other	836	1,316
Allowance for doubtful accounts	(75)	(19)
Total current assets	99,382	99,117
Non-current assets		
Property, plant and equipment		
Buildings	5,312	5,364
Accumulated depreciation	(3,103)	(3,152)
Buildings, net	2,208	2,212
Structures	180	179
Accumulated depreciation	(132)	(135)
Structures, net	47	43
Machinery and equipment	1,112	1,039
Accumulated depreciation	(612)	(646)
Machinery and equipment, net	499	392
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	0	0
Tools, furniture and fixtures	888	808
Accumulated depreciation	(701)	(630)
Tools, furniture and fixtures, net	186	178
Land	1,408	1,408
Construction in progress	11	201
Total property, plant and equipment	4,362	4,436
Intangible assets		
Leasehold right	0	0
Software	2,426	1,877
Other	1	1
Total intangible assets	2,428	1,878

Millions of yen

	As of March 31, 2019	As of March 31, 2020
Investments and other assets		
Investment securities	28,734	23,833
Shares of subsidiaries and associates	9,423	9,681
Investments in capital	0	0
Long-term loans receivable from employees	7	4
Lease and guarantee deposits	1,263	1,262
Long-term prepaid expenses	40	8
Prepaid pension cost	5,044	5,374
Claims provable in bankruptcy, claims provable in rehabilitation and other	0	0
Other	3	9
Allowance for doubtful accounts	(5)	(4)
Total investments and other assets	44,512	40,170
Total non-current assets	51,302	46,486
Total assets	150,685	145,603
Liabilities		
Current liabilities		
Notes payable-trade	6,572	6,234
Electronically recorded obligations - operating	16,013	15,747
Accounts payable for construction contracts	14,097	14,358
Short-term loans payable	6,644	2,433
Accounts payable-other	6,794	7,180
Accrued expenses	707	685
Income taxes payable	2,425	1,101
Advances received on uncompleted construction contracts	1,442	1,513
Deposits received	315	761
Unearned revenue	6	5
Provision for warranties for completed construction	250	258
Provision for loss on construction contracts	133	133
Provision for directors' bonuses	140	109
Other	369	589
Total current liabilities	55,913	51,113
Non-current liabilities		
Long-term loans payable	100	164
Deferred tax liabilities	3,841	2,471
Provision for retirement benefits	131	120
Provision for share-based remuneration for directors	—	109
Other	14	35
Total non-current liabilities	4,087	2,901
Total liabilities	60,000	54,014

	As of March 31, 2019	As of March 31, 2020
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	7,297	7,413
Retained earnings		
Legal retained earnings	1,613	1,613
Other retained earnings		
Reserve for reduction entry	0	0
Reserve for investment on information technology	2,120	1,840
General reserve	35,720	35,720
Retained earnings brought forward	28,112	32,763
Total retained earnings	67,566	71,937
Treasury shares	(2,476)	(2,593)
Total shareholders' equity	78,842	83,212
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11,842	8,376
Deferred gains or losses on hedges	(0)	(0)
Total valuation and translation adjustments	11,841	8,376
Total net assets	90,684	91,588
Total liabilities and net assets	150,685	145,603

(2) Income Statements (Non-consolidated)

	Millions of yen	
	Year ended	Year ended
	March 31, 2019 Apr. 1, 2018 - Mar. 31, 2019	March 31, 2020 Apr. 1, 2019 - Mar. 31, 2020
Net sales of completed construction contracts	125,181	132,630
Cost of sales of completed construction contracts	102,994	110,663
Gross profit on completed construction contracts	<u>22,187</u>	<u>21,966</u>
Selling, general and administrative expenses		
Directors' compensations	409	414
Employees' salaries and allowances	6,422	6,494
Provision for directors' bonuses	140	109
Retirement benefit expenses	364	322
Provision for share-based remuneration for directors	—	109
Legal welfare expenses	871	878
Welfare expenses	348	347
Repair and maintenance	180	171
Stationery expenses	435	481
Correspondence and transportation expenses	664	645
Power utilities expenses	53	48
Research study expenses	265	332
Advertising expenses	110	105
Provision of allowance for doubtful accounts	75	(48)
Entertainment expenses	101	98
Donation	5	5
Rents	898	931
Depreciation	840	886
Taxes and dues	528	485
Insurance expenses	17	28
Miscellaneous expenses	917	946
Total selling, general and administrative expenses	<u>13,652</u>	<u>13,795</u>
Operating income	<u>8,534</u>	<u>8,171</u>
Non-operating income		
Interest income	0	0
Interest on securities	0	0
Dividends income	2,250	2,139
Dividends income of insurance	189	123
Real estate rent	168	164
Technical advisory fee	1,415	1,272
Reversal of allowance for doubtful accounts	1	1
Other	26	58
Total non-operating income	<u>4,051</u>	<u>3,760</u>
Non-operating expenses		
Interest expenses	28	23
Sales discounts	85	160
Rent expenses on real estates	57	48
Foreign exchange losses	49	334
Other	19	31
Total non-operating expenses	<u>240</u>	<u>598</u>
Ordinary income	<u>12,345</u>	<u>11,333</u>

	Millions of yen	
	Year ended	Year ended
	March 31, 2019	March 31, 2020
	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
Extraordinary income		
Gain on sales of investment securities	855	447
Total extraordinary income	855	447
Extraordinary losses		
Loss on disposal of non-current assets	193	72
Impairment loss	146	0
Loss on sales of investment securities	10	—
Loss on valuation of investment securities	—	0
Loss on valuation of shares of subsidiaries and associates	2,065	851
Total extraordinary losses	2,416	924
Income before income taxes	10,785	10,856
Income taxes-current	4,316	3,198
Income taxes-deferred	(799)	13
Total income taxes	3,516	3,211
Profit	7,269	7,645

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

Year ended March 31, 2019 (April 1, 2018 through March 31, 2019)

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	—	7,297	1,613	0	2,400	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								
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	—	7,297	1,613	0	2,120	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	23,119	62,852	(2,475)	74,129	13,242	4	13,247	87,377
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	(2,555)	(2,555)		(2,555)				(2,555)
Profit	7,269	7,269		7,269				7,269
Purchase of treasury shares			(0)	(0)				(0)
Disposal of treasury shares				—				—
Net changes of items other than shareholders' equity					(1,400)	(5)	(1,405)	(1,405)
Total changes of items during the period	4,993	4,713	(0)	4,712	(1,400)	(5)	(1,405)	3,307
Balance at the end of current period	28,112	67,566	(2,476)	78,842	11,842	(0)	11,841	90,684

Year ended March 31, 2020 (April 1, 2019 through March 31, 2020)

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	—	7,297	1,613	0	2,120	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			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	116	7,413	1,613	0	1,840	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	28,112	67,566	(2,476)	78,842	11,842	(0)	11,841	90,684
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	(3,274)	(3,274)		(3,274)				(3,274)
Profit	7,645	7,645		7,645				7,645
Purchase of treasury shares			(450)	(450)				(450)
Disposal of treasury shares			333	449				449
Net changes of items other than shareholders' equity					(3,465)	0	(3,464)	(3,464)
Total changes of items during the period	4,650	4,370	(117)	4,369	(3,465)	0	(3,464)	904
Balance at the end of current period	32,763	71,937	(2,593)	83,212	8,376	(0)	8,376	91,588

(Additional information)

(Accounting estimates associated with the spread of COVID-19)

The future outlook of the world economy and market environment in our group are extremely uncertain because it is difficult to estimate when the COVID-19 is expected to be convergent and how much it impacts on domestic and foreign economy.

Under these circumstances, assuming that the impact on decrease in order-received due to weak capital investments especially in North America and Europe is expected to be affected until at least 2020 year end, accounting estimate for the valuation of shares of subsidiaries and associates is performed based on the assumption.

(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, 2019 (Apr. 1, 2018 - Mar. 31, 2019)		Year ended March 31, 2020 (Apr. 1, 2019 - Mar. 31, 2020)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	46,731	19.3	47,755	21.0	1,023	2.2
Industrial HVAC	111,856	46.3	112,767	49.7	910	0.8
Total	158,588	65.6	160,522	70.7	1,933	1.2
[Overseas]	[42,385]	[17.5]	[49,527]	[21.8]	[7,141]	[16.8]
Paint Finishing System Division	83,300	34.4	66,387	29.3	(16,913)	(20.3)
[Overseas]	[69,627]	[28.8]	[52,784]	[23.3]	[(16,842)]	[(24.2)]
Total	241,889	100.0	226,909	100.0	(14,979)	(6.2)
[Overseas]	[112,013]	[46.3]	[102,312]	[45.1]	[(9,701)]	[(8.7)]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	46,158	20.5	54,963	24.4	8,804	19.1
Industrial HVAC	103,005	45.7	102,411	45.4	(594)	(0.6)
Total	149,164	66.2	157,374	69.8	8,210	5.5
[Overseas]	[41,614]	[18.5]	[38,964]	[17.3]	[(2,649)]	[(6.4)]
Paint Finishing System Division	76,238	33.8	68,003	30.2	(8,235)	(10.8)
[Overseas]	[64,522]	[28.6]	[54,064]	[24.0]	[(10,457)]	[(16.2)]
Total	225,402	100.0	225,378	100.0	(24)	(0.0)
[Overseas]	[106,136]	[47.1]	[93,029]	[41.3]	[(13,107)]	[(12.3)]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	52,813	30.1	45,605	26.1	(7,208)	(13.6)
Industrial HVAC	59,767	34.0	70,034	40.1	10,267	17.2
Total	112,580	64.1	115,639	66.2	3,059	2.7
[Overseas]	[24,021]	[13.7]	[34,495]	[19.8]	[10,474]	[43.6]
Paint Finishing System Division	63,082	35.9	58,922	33.8	(4,160)	(6.6)
[Overseas]	[56,194]	[32.0]	[52,370]	[30.0]	[(3,823)]	[(6.8)]
Total	175,663	100.0	174,562	100.0	(1,101)	(0.6)
[Overseas]	[80,215]	[45.7]	[86,865]	[49.8]	[6,650]	[8.3]

(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 no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division.

There is 7 million yen difference between net sales of completed construction contracts of 76,238 million yen and total sales of 76,245 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 3 million yen difference between net sales of completed construction contracts of 157,374 million yen and total sales of 157,378 million yen in the segment information by the Green Technology System Division.

There is 3 million yen difference between net sales of completed construction contracts of 68,003 million yen and total sales of 68,006 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 subsidiaries, fluctuation amount because of foreign exchange is adjusted in the beginning balance of construction contracts carried forward.

Green Technology System Division

HVAC for buildings	52,813 million yen		
Industrial HVAC	59,679 million yen	[overseas	23,932 million yen]
Sub total	112,492 million yen	[overseas	23,932 million yen]
Paint Finishing System Division	60,537 million yen	[overseas	53,650 million yen]
Total	173,030 million yen	[overseas	77,582 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, 2019 (Apr. 1, 2018 - Mar. 31, 2019)		Year ended March 31, 2020 (Apr. 1, 2019 - Mar. 31, 2020)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	43,365	32.2	43,932	35.8	567	1.3
Industrial HVAC	69,510	51.5	63,546	51.7	(5,963)	(8.6)
Total	112,875	83.7	107,479	87.5	(5,396)	(4.8)
[Overseas]	[112]	[0.1]	[406]	[0.3]	[293]	[261.3]
Paint Finishing System Division	21,924	16.3	15,365	12.5	(6,559)	(29.9)
[Overseas]	[10,849]	[8.0]	[5,033]	[4.1]	[(5,816)]	[(53.6)]
Total	134,799	100.0	122,844	100.0	(11,955)	(8.9)
[Overseas]	[10,962]	[8.1]	[5,440]	[4.4]	[(5,522)]	[(50.4)]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	42,964	34.3	52,147	39.3	9,182	21.4
Industrial HVAC	61,418	49.1	63,559	47.9	2,140	3.5
Total	104,383	83.4	115,707	87.2	11,323	10.8
[Overseas]	[125]	[0.1]	[211]	[0.2]	[85]	[68.2]
Paint Finishing System Division	20,798	16.6	16,923	12.8	(3,874)	(18.6)
[Overseas]	[11,138]	[8.9]	[6,630]	[5.0]	[(4,507)]	[(40.5)]
Total	125,181	100.0	132,630	100.0	7,448	6.0
[Overseas]	[11,264]	[9.0]	[6,842]	[5.2]	[(4,421)]	[(39.3)]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	52,138	53.2	43,924	49.7	(8,214)	(15.8)
Industrial HVAC	35,745	36.4	35,732	40.5	(13)	(0.0)
Total	87,884	89.6	79,656	90.2	(8,227)	(9.4)
[Overseas]	[6]	[0.0]	[201]	[0.2]	[194]	[-]
Paint Finishing System Division	10,198	10.4	8,639	9.8	(1,558)	(15.3)
[Overseas]	[4,497]	[4.6]	[2,900]	[3.3]	[(1,596)]	[(35.5)]
Total	98,082	100.0	88,296	100.0	(9,786)	(10.0)
[Overseas]	[4,504]	[4.6]	[3,102]	[3.5]	[(1,402)]	[(31.1)]