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April 11, 2023

Summary of Consolidated Financial Results For the Fiscal Year Ended February 28, 2023 [Japan GAAP]

Name of Company: TAKEUCHI MFG. CO., LTD.
Stock Code: 6432
Stock Exchange Listing: Tokyo Stock Exchange
URL: <https://www.takeuchi-mfg.co.jp/>
Representative Title: President & Representative Director
Name: Toshiya Takeuchi
Contact Person Title: Director, Manager of Business Management Department
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Date of regular general meeting of shareholders (tentative): May 25, 2023
Date of commencement of dividend payment (tentative): May 26, 2023
Date of securities report (tentative): May 25, 2023
Supplementary explanatory documents: Yes
Financial results briefing: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Consolidated financial results for the fiscal year ended February 2023 (March 1, 2022 – February 28, 2023)

(1) Result of operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 2023	178,966	27.0	21,221	19.5	21,379	18.2	15,979	19.7
Fiscal year ended Feb. 2022	140,892	25.5	17,764	34.5	18,080	36.0	13,348	36.7

(Note) Comprehensive income: FY Feb./2023: 21,012 million yen [25.8%], FY Feb./2022: 16,706 million yen [94.0 %]

	Earnings per share	Earnings per share fully diluted	Return on equity	Ratio of ordinary profit to assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Feb. 2023	335.19	-	14.1	14.4	11.9
Fiscal year ended Feb. 2022	279.91	-	13.8	14.3	12.6

(Reference) Equity in earnings/losses of affiliates: FY Feb./2023 - million yen FY Feb./2022 - million yen

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2023	158,785	121,802	76.7	2,555.26
As of February 28, 2022	137,201	104,083	75.9	2,182.68

(Reference) Shareholders' equity: As of February 28, 2023: 121,802 million yen As of February 28, 2022: 104,083 million yen

(3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Feb. 2023	8,537	(8,863)	(3,320)	43,519
Fiscal year ended Feb. 2022	13,780	(4,303)	(2,532)	46,648

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2. Dividends

	Dividend per share					Annual total amount	Payout ratio (Consolidated)	Dividends/ net assets (Consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Feb. 2022	-	0.00	-	68.00	68.00	3,246	24.3	3.3
Fiscal year ended Feb. 2023	-	0.00	-	98.00	98.00	4,679	29.2	4.1
Fiscal year ending Feb. 2024 (estimated)	-	0.00	-	115.00	115.00		31.9	

(Note) Breakdown of the year-end dividend per share for the fiscal year ending Feb. 2024 (estimated):

Ordinary dividend: 110.00 yen, Commemorative dividend for the 60th anniversary of founding: 5.00 yen

3. Forecast for the fiscal year ending February 2024 (Consolidated, March 1, 2023 to February 29, 2024)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	96,200	11.8	14,500	55.4	14,400	39.3	10,300	34.4	216.08
Full year	189,000	5.6	24,000	13.1	23,900	11.8	17,200	7.6	360.83

* Notes

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

(2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of February 28, 2023: 48,999,000 As of February 28, 2022: 48,999,000

(b) Treasury shares

As of February 28, 2023: 1,331,562 As of February 28, 2022: 1,312,862

(c) Average number of shares

Period ended February 28, 2023: 47,674,918 Period ended February 28, 2022: 47,686,146

(Note) Treasury shares include shares held by the Board Incentive Plan Trust (77,640 shares as of February 28, 2023 and 58,940 shares as of February 28, 2022).

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended February 2023 (March 1, 2022 – February 28, 2023)

(1) Result of operations (Non-consolidated) (Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 2023	157,199	28.1	11,524	4.6	11,833	6.6	8,492	8.0
Fiscal year ended Feb. 2022	122,753	28.1	11,019	63.2	11,105	63.9	7,864	60.4

	Earnings per share		Earnings per share fully diluted	
	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 2023	178.12	-	-	-
Fiscal year ended Feb. 2022	164.92	-	-	-

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(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2023	115,099	81,147	70.5	1,702.36
As of February 28, 2022	104,590	75,930	72.6	1,592.30

(Reference) Shareholders' equity As of Feb. 28, 2023: 81,147 million yen As of Feb. 28, 2022: 75,930 million yen

* This report is exempt from the requirement of review by a certified public accountant or audit firm.

* Cautionary statement regarding forecasts of operating results and special notes

(1) Financial Outlook

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "1. Results of Operations (4) Future Outlook" on page 4 of the Supplementary Information

(2) Access to supplementary explanatory materials for financial results and contents of financial results briefing

We plan to hold a financial results briefing for institutional investors and securities analysts on April 24, 2023. The financial results briefing materials will be posted on our website immediately after the meeting.

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1. Results of Operations

(1) Overview of Consolidated Business Performance

During the current consolidated fiscal year (March 1, 2022 to February 28, 2023), the global economy experienced shortages of parts, materials, and energy, and soaring prices as a result of large-scale economic sanctions in response to Russia's invasion of Ukraine, amid a persistent global shortage of goods. Historic inflation, and rapid interest rate hikes in the United States and European countries in an attempt to stabilize prices have had a negative impact on both business and consumer activities, as well as causing sharp changes in exchange rates. The situation continues to be unpredictable.

Despite this situation, we believe that demand for our products, which are closely related to housing and indispensable for utility businesses that support social infrastructure, will continue to grow steadily in the future, and we are working to increase production capacity. In September 2022, production of track loaders started at the factory in South Carolina, the United States, which we acquired in April 2022. More than 90% of these products are sold in the United States. By manufacturing in the United States, the largest market for track loaders, we shorten lead times and establish a more responsive supply system with an aim to increase sales volume and market share. On the sales front, we launched a new compact excavator, TB335R, on the market in September 2022.

The demand for our products remained strong in both Europe and the United States. Orders received during the current consolidated fiscal year totaled 235,864 million yen (up 2.6% year on year). On the other hand, the delay in parts delivery continued due to a combination of factors, including the prolonged impact of the spread of COVID-19, chronic parts shortages, and unstable overseas conditions. As a result, the Group's production volume was slightly lower than the previous consolidated fiscal year, and the order backlog at the end of the current consolidated fiscal year was 190,747 million yen (up 42.5% year on year).

Due to the above, net sales for the current consolidated fiscal year reached a record high of 178,966 million yen (up 27.0% year on year), while profits at each stage were also at record highs. Although there were factors that reduced profits, such as increased raw material prices and transportation costs, the operating profit was 21,221 million yen (up 19.5% year on year) and ordinary profit was 21,379 million yen (up 18.2% year on year) because of increased net sales due to higher sales volume, product price increases, and the impact of yen depreciation. After income taxes of 5,399 million yen, profit attributable to owners of parent was 15,979 million yen (up 19.7% year on year).

The performance by geographic segment was as follows.

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(a) Japan

Shipments to distributors in Europe account for most of the sales in this segment. In Europe, product sales remained strong although the outlook remained uncertain, as policy interest rates were raised due to rising prices caused by the war in Ukraine and global raw material price hikes. The sales volume of compact excavators and hydraulic excavators to European distributors significantly increased, and net sales were 60,658 million yen (up 23.8% year on year). Although there were factors which reduced profits, such as increased raw material prices and transportation costs, segment profit was 13,209 million yen (up 6.1% year on year) due to increased net sales, product price increases, and the impact of the yen depreciation.

(b) United States

In the United States segment, product sales remained strong, despite concerns about rising interest rates and shortages of lumber and other materials in the housing market. The sales volume of compact excavators, hydraulic excavators, and track loaders in the United States increased significantly, and due to product price increases and the impact of the yen depreciation, etc., net sales were 98,506 million yen (up 43.4% year on year) and segment profit was 9,895 million yen (up 56.0% year on year)

(c) United Kingdom

In the UK segment, product demand remained strong, but the local machine inventory was in short supply, resulting in a year on year decline in sales volume. Despite product price increases and the impact of the yen depreciation, net sales were 12,130 million yen (down 12.9% year on year), and segment profit was 1,101 million yen (down 12.3% year on year).

(d) France

In the France segment, product demand remained strong, but the local machine inventory was in short supply, resulting in a year on year decline in sales volume. Despite product price increases and the impact of the yen depreciation, net sales were 7,523 million yen (down 18.3% year on year), and segment profit was 682 million yen (up 9.6% year on year).

(e) China

In the China segment, net sales were 147 million yen (up 122.7% year on year) due to sales of products to Southeast Asia, etc. However, due to a sharp rise in raw material costs, segment profit was 20 million yen (down 76.1% year on year).

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(2) Overview of Financial Condition

(Assets)

Assets were 158,785 million yen at the end of the current consolidated fiscal year, 21,584 million yen more than at the end of the previous consolidated fiscal year. This was mainly due to an increase of 10,002 million yen in notes and accounts receivable - trade due to increased sales, an increase of 6,369 million yen in inventories, and an increase of 7,338 million yen in property, plant and equipment due to the acquisition of a factory in the United States and the construction of a factory in Aoki-mura, despite a decrease of 3,263 million yen in cash and deposits. Of the increase in inventory, work in process increased by 9,238 million yen to 15,346 million yen. This was mainly due to an increase in local work in process inventories resulting from prior shipments of work in process with no electronic components installed in order to retrofit electronic components locally as a countermeasure for the unstable arrival of electronic components, and track loaders, which will be finished at the United States factory, began to be shipped as work in process from the home office factory due to the start of operation of the United States factory.

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year increased by 3,865 million yen compared to the end of the previous consolidated fiscal year to 36,983 million yen. This was mainly due to increases in accounts payable - trade of 2,263 million yen, other current liabilities of 1,997 million yen, and provision for product warranties of 357 million yen, despite a decrease in income taxes payable of 993 million yen.

(Net assets)

Net assets at the end of the current consolidated fiscal year increased by 17,718 million yen compared to the end of the previous consolidated fiscal year to 121,802 million yen. This was mainly due to the increase in retained earnings because of an increase in profit attributable to owners of parent of 15,979 million yen despite a decrease of 3,246 million yen for dividend payments, and the increase in foreign currency translation adjustments of 5,060 million yen.

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the current consolidated fiscal year decreased by 3,128 million yen compared to the end of the previous consolidated fiscal year to 43,519 million yen. The status of each cash flow and their factors during the current consolidated fiscal year are as follows.

(Cash-flow from operating activities)

Net cash provided by operating activities decreased by 5,242 million yen compared to the previous consolidated fiscal year to 8,537 million yen.

This was mainly due to income before income taxes of 21,379 million yen, despite expenditures such as an increase in notes and accounts receivable of 8,132 million yen, income taxes paid of 7,098 million yen and an increase in inventories of 3,205 million yen.

(Cash-flow from investing activities)

Net cash used in investing activities increased by 4,560 million yen compared to the previous consolidated fiscal year to 8,863 million yen.

This is mainly due to the expenditure of 8,766 million yen for the purchase of property, plant and equipment and 235 million yen for the purchase of intangible assets, despite the proceeds from redemption of investment securities of 300 million yen.

(Cash-flow from financing activities)

Net cash used in financing activities increased by 787 million yen compared to the previous consolidated fiscal year to 3,320 million yen.

This was mainly due to a dividend paid of 3,246 million yen.

(Reference) Cash flow indices

	FY Feb./2019	FY Feb./2020	FY Feb./2021	FY Feb./2022	FY Feb./2023
Equity ratio (%)	74.5	76.8	77.8	75.9	76.7
Market capitalization equity ratio (%)	89.8	72.4	111.2	89.1	87.3
Cash flow to debt ratio (years)	-	-	-	-	-
Interest coverage ratio (times)	-	-	-	-	-

Equity ratio = Shareholders' equity/Total assets

Market capitalization equity ratio = Market capitalization/Total assets

Cash flow to debt ratio = Interest-bearing debts/Operating cash flows

Interest coverage ratio = Operating cash flows/Interest expenses paid

Notes:

1. Consolidated financial data are used for all ratios.
2. Market capitalization is based on the number of shares issued after deducting treasury shares.
3. Interest-bearing debt is all balance sheet liabilities on which interest is paid.
4. Operating cash flows and interest expenses paid are the corresponding figures on the statements of cash flows.
5. No cash flow to debt ratio is shown because there were no interest-bearing debts.

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6. No interest coverage ratio is shown because there were no interest expenses paid.
7. Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28, February 16, 2018) has been applied since the beginning of FY Feb./ 2020. These amendments have been applied retroactively to figures used for cash flow indices for FY Feb./2019.

(4) Future Outlook

Consolidated Earnings Forecast

	FY Feb./2023	Forecast for FY Feb./2024	Change
	Million yen	Million yen	%
Net sales	178,966	189,000	5.6
Operating profit	21,221	24,000	13.1
Ordinary profit	21,379	23,900	11.8
Profit attributable to owners of parent	15,979	17,200	7.6

Exchange rates

	Average in FY Feb./2023	Assumption for FY Feb./2024
	Yen	Yen
US dollar	133.12	127.00
British pound	162.58	154.00
Euro	139.81	136.00
Yuan	19.49	18.70

Consolidated results for the fiscal year ending February 2024, are expected to be as shown in the table above.

The Group's main markets are the United States and Europe, where our products are used in housing-related construction projects, living infrastructure development projects, and public and private-sector construction investment. The outlook for the global economy has become more uncertain due to Russia's invasion of Ukraine, shortages of parts, materials, and energy, and soaring prices, as well as rising interest rates in Europe and the United States and unstable exchange rates. However, we believe that demand for our products, which are closely related to "housing" and indispensable to utility business, can be expected to grow steadily over the medium to long term. Therefore, we expect our business performance to remain strong in the fiscal year ending February 2024.

Under these circumstances, the Group is working to increase our production capacity. In September 2022, the Company started the operation of a U.S. factory in South Carolina, U.S.A., and production of track loaders using a semi-knockdown production method (a production method in which products are assembled to a ready-to-drive stage at the home office factory in Japan, then shipped, and the remaining processes are completed at the U.S. factory). In May 2023, all track loader production for the U.S. market will be switched to a semi-knockdown production system, and the factory is expected to reach a 90% operation rate by October 2023. However, taking into account the transportation time from the home office factory to the U.S. factory and the time from manufacturing at the U.S. factory to sales, we expect the contribution to the increase in track loader sales at the U.S. subsidiary (December 31 fiscal year end) will not be fully reflected until the fiscal year ending February 2025. In September 2023, a new factory is scheduled to start operation in Aoki-mura, Chiisagata-gun, Nagano Prefecture. We plan to transfer the production of 4- to 9-ton medium-sized excavators to there from the home office factory. We plan to gradually increase excavator production starting in October 2023, but taking into account the transportation time to Europe and the U.S., we expect the contribution to the increase in excavator sales at our subsidiaries in the U.S., U.K., and France (December 31 fiscal year end) will not be fully reflected until the fiscal year ending in February 2025.

As a result of the above, sales volume for the fiscal year ending February 2024 is expected to increase by 1.8% over the current consolidated fiscal year, and consolidated net sales are expected to increase by 5.6% to 189,000 million yen. Earnings forecasts are: operating profit of 24,000 million yen (up 13.1% year on year), ordinary profit of 23,900 million yen (up 11.8% year on year), and profit attributable to owners of parent of 17,200 million yen (up 7.6% year on year). This is mainly due to an expected significant decrease in ocean freight rates to Europe and the United States and a planned increase in selling prices, although we also acknowledge factors that would reduce profits, including higher procurement prices for purchased parts, an increase in fixed costs such as labor and depreciation associated with the start of operations of the new factory, and higher personnel costs from increased investment in human capital.

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This forecast is based on information that was available when this document was released. The forecast is vulnerable to many uncertainties including, but not limited to, changes in demand and other aspects of market conditions and foreign exchange rate movements. Consequently, actual results of operations may differ from this forecast because of changes in a variety of factors.

2. Basic Stance for the Selection of Accounting Standards

The policy of the Group is to continue preparing consolidated financial statements based on Japanese accounting standards for the time being.

For the application of international accounting standards, actions will be taken in an appropriate manner based on all relevant factors in Japan and other countries.

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3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	47,258	43,995
Notes and accounts receivable - trade	25,737	35,739
Merchandise and finished goods	27,569	22,013
Work in process	6,108	15,346
Raw materials and supplies	7,674	10,363
Other	3,435	4,138
Allowance for doubtful accounts	(1,079)	(1,137)
Total current assets	116,705	130,459
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,648	9,592
Machinery, equipment and vehicles, net	1,546	2,491
Tools, furniture and fixtures, net	480	758
Land	2,627	3,553
Construction in progress	3,078	6,324
Total property, plant and equipment	15,382	22,721
Intangible assets	682	759
Investments and other assets		
Investment securities	1,385	1,008
Deferred tax assets	2,323	2,882
Retirement benefit asset	289	218
Other	454	757
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	4,430	4,846
Total non-current assets	20,496	28,326
Total assets	137,201	158,785

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	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	24,491	26,755
Income taxes payable	2,862	1,869
Provision for bonuses	426	639
Provision for product warranties	1,701	2,058
Other	3,055	5,053
Total current liabilities	32,537	36,376
Non-current liabilities		
Provision for share awards for directors (and other officers)	69	94
Retirement benefit liability	80	72
Other	430	439
Total non-current liabilities	580	606
Total liabilities	33,117	36,983
Net assets		
Shareholders' equity		
Share capital	3,632	3,632
Capital surplus	3,631	3,631
Retained earnings	96,444	109,177
Treasury shares	(1,985)	(2,032)
Total shareholders' equity	101,723	114,409
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1)	16
Foreign currency translation adjustment	2,326	7,387
Remeasurements of defined benefit plans	34	(11)
Total accumulated other comprehensive income	2,360	7,392
Total net assets	104,083	121,802
Total liabilities and net assets	137,201	158,785

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

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	140,892	178,966
Cost of sales	110,563	135,928
Gross profit	30,328	43,037
Selling, general and administrative expenses		
Transportation costs	6,213	13,871
Provision for product warranties	886	1,231
Provision of allowance for doubtful accounts	8	0
Remuneration for directors (and other officers)	302	336
Salaries and allowances	2,181	2,678
Provision for bonuses	77	110
Retirement benefit expenses	51	72
Provision for share awards for directors (and other officers)	14	24
Other	2,828	3,489
Total selling, general and administrative expenses	12,564	21,816
Operating profit	17,764	21,221
Non-operating income		
Interest income	38	170
Dividend income	2	3
Foreign exchange gains	178	206
Other	113	98
Total non-operating income	332	478
Non-operating expenses		
Loss on retirement of non-current assets	15	299
Other	0	20
Total non-operating expenses	16	320
Ordinary profit	18,080	21,379
Profit before income taxes	18,080	21,379
Income taxes - current	5,288	5,855
Income taxes - deferred	(556)	(456)
Total income taxes	4,732	5,399
Profit	13,348	15,979
Profit attributable to owners of parent	13,348	15,979

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(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit	13,348	15,979
Other comprehensive income		
Valuation difference on available-for-sale securities	8	18
Foreign currency translation adjustment	3,321	5,060
Remeasurements of defined benefit plans, net of tax	27	(46)
Total other comprehensive income	3,358	5,032
Comprehensive income	16,706	21,012
Comprehensive income attributable to owners of parent	16,706	21,012
Comprehensive income attributable to non-controlling interests	—	—

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(3) Consolidated Statement of Changes in Equity
Previous fiscal year (March 1, 2021 – February 28, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,632	3,631	85,626	(1,985)	90,906
Cumulative effects of changes in accounting policies					
Restated balance					
Changes during period					
Dividends of surplus			(2,530)		(2,530)
Profit attributable to owners of parent			13,348		13,348
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	10,817	(0)	10,817
Balance at end of period	3,632	3,631	96,444	(1,985)	101,723

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(10)	(994)	6	(997)	89,908
Cumulative effects of changes in accounting policies					
Restated balance					
Changes during period					
Dividends of surplus					(2,530)
Profit attributable to owners of parent					13,348
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	8	3,321	27	3,358	3,358
Total changes during period	8	3,321	27	3,358	14,175
Balance at end of period	(1)	2,326	34	2,360	104,083

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Current fiscal year (March 1, 2022 – February 28, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,632	3,631	96,444	(1,985)	101,723
Cumulative effects of changes in accounting policies					
Restated balance					
Changes during period					
Dividends of surplus			(3,246)		(3,246)
Profit attributable to owners of parent			15,979		15,979
Purchase of treasury shares				(47)	(47)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	12,733	(47)	12,686
Balance at end of period	3,632	3,631	109,177	(2,032)	114,409

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(1)	2,326	34	2,360	104,083
Cumulative effects of changes in accounting policies					
Restated balance					
Changes during period					
Dividends of surplus					(3,246)
Profit attributable to owners of parent					15,979
Purchase of treasury shares					(47)
Net changes in items other than shareholders' equity	18	5,060	(46)	5,032	5,032
Total changes during period	18	5,060	(46)	5,032	17,718
Balance at end of period	16	7,387	(11)	7,392	121,802

(English translation of the original Japanese document)

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(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	18,080	21,379
Depreciation	1,586	2,039
Increase (decrease) in allowance for doubtful accounts	(145)	0
Increase (decrease) in provision for bonuses	47	206
Increase (decrease) in provision for product warranties	(3)	209
Decrease (increase) in retirement benefit asset	10	3
Increase (decrease) in provision for share awards for directors (and other officers)	14	24
Interest and dividend income	(40)	(173)
Foreign exchange losses (gains)	872	1,969
Loss (gain) on sale of non-current assets	8	(2)
Loss on retirement of non-current assets	6	299
Decrease (increase) in trade receivables	2,891	(8,132)
Decrease (increase) in inventories	(10,000)	(3,205)
Increase (decrease) in trade payables	3,567	(664)
Decrease (increase) in other assets	(72)	(401)
Increase (decrease) in other liabilities	516	1,916
Other, net	(5)	(4)
Subtotal	17,332	15,463
Interest and dividends received	40	173
Income taxes paid	(3,591)	(7,098)
Net cash provided by (used in) operating activities	13,780	8,537
Cash flows from investing activities		
Decrease (increase) in time deposits	(2)	(165)
Proceeds from redemption of securities	300	—
Purchase of property, plant and equipment	(4,454)	(8,766)
Proceeds from sale of property, plant and equipment	3	4
Purchase of intangible assets	(148)	(235)
Purchase of investment securities	(10)	—
Proceeds from redemption of investment securities	—	300
Other, net	8	(1)
Net cash provided by (used in) investing activities	(4,303)	(8,863)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(47)
Dividends paid	(2,530)	(3,246)
Repayments of lease liabilities	(2)	(27)
Net cash provided by (used in) financing activities	(2,532)	(3,320)
Effect of exchange rate change on cash and cash equivalents	85	517
Net increase (decrease) in cash and cash equivalents	7,029	(3,128)
Cash and cash equivalents at beginning of period	39,619	46,648
Cash and cash equivalents at end of period	46,648	43,519

(English translation of the original Japanese document)

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(5) Notes to the Consolidated Financial Statements

(Notes to Going Concern Assumptions)

None

(Changes in Accounting Principles)

(Application of accounting standard for revenue recognition, etc.)

The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) and others from the beginning of this consolidated fiscal year and recognizes revenue at the time of the transfer of promised goods or services to the customer in an amount we expect to be entitled in exchange for those goods or services. As a result, we recognize revenue on export sales when the risk burden is transferred to the customer in accordance with trade terms mainly defined by Incoterms or other agreements.

In accordance with transitional treatment set out in the proviso of Paragraph 84 of "Accounting Standard for Revenue Recognition", the cumulative effects arising from the retroactive application of these new accounting policies to all the previous fiscal years were reflected in Retained Earnings as of March 1, 2022, and the new accounting policies are applied from the beginning of the current fiscal year. However, in accordance with the method stipulated in Paragraph 86 of "Accounting Standard for Revenue Recognition", it is not applied retroactively for the contracts for which almost all revenues have been recognized under the previous accounting standard before the beginning of this consolidated the fiscal quarter. In addition, following the application of the method prescribed in Paragraph 86 (1) of "Accounting Standard for Revenue Recognition", all contracts that have been modified prior to the beginning of this consolidated fiscal year are accounted for based on the contract terms after reflecting the modification, and the cumulative effect of the modification is added to or subtracted from retained earnings at the beginning of this consolidated fiscal year.

The effect of this change in accounting policy on the consolidated financial statements is immaterial. There is no effect on the balance of retained earnings at the beginning of the period.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of "Accounting Standard for Revenue Recognition", notes related to revenue recognition for the previous fiscal year are not presented.

(Application of accounting standard for fair value measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of this consolidated fiscal year. In addition, in accordance with the transitional treatment set forth in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has decided to apply prospectively the new accounting policy set forth in the "Accounting Standard for Fair Value Measurement" and others.

There is no effect on the consolidated financial statements.

(English translation of the original Japanese document)

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(Segment Information, etc.)

a. Segment information

1. Summary of reportable segments

The reportable segments of the Group are based on the constituent units of the group for which separate financial information is available and the Board of Directors performs periodic examinations for determining the allocation of resources and evaluating performance.

The manufacture and sale of construction machinery is the primary business of the Group. Takeuchi Mfg. operates in Japan and Takeuchi Mfg. and its subsidiaries operate in other countries. Each subsidiary is managed as an independent unit, conducting business operations based on its own regional comprehensive strategy for the products handled.

Consequently, there are five reportable geographic segments based on manufacturing and sales operations: Japan, United States, United Kingdom, France, and China

2. Method for determining sales, profits/losses, assets, liabilities, and other items for reportable segments

The accounting methods used for the reported segments are the same as those used in the preparation of the consolidated financial statements.

Reportable segments' profits are operating profit. Inter-segment sales and transfers are based on market prices.

3. Reportable segment sales, profits/losses, assets, liabilities, and other items

Previous fiscal year (March 1, 2021 – February 28, 2022)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales (Of which to outside customers)	48,981	68,712	13,923	9,207	66	140,892	-	140,892
(Of which inter- segment /transfer)	73,772	1	14	7	2,995	76,792	(76,792)	-
Total	122,753	68,714	13,938	9,215	3,061	217,684	(76,792)	140,892
Segment profit	12,449	6,345	1,256	623	85	20,759	(2,995)	17,764
Segment assets	67,391	41,338	7,164	4,548	3,328	123,769	13,431	137,201
Others								
Depreciation	1,090	128	13	32	143	1,408	178	1,586
Increase in property, plant and equipment and intangible assets	4,183	293	2	11	18	4,508	28	4,537

(Notes)

1. The adjustments are as follows.

- (1) Adjustment in segment profit of -2,995 million yen includes -1,587 million yen for elimination of inter-segment trade and -1,407 million yen for corporate expenses which has not been distributed in the segments. The corporate expenses are general expenses that are not attributed to the segments.
- (2) Adjustment in segment assets of 13,431 million yen includes -24,998 million yen for elimination of inter-segment trade and 38,429 million yen for corporate assets which has not been distributed in the segments. Corporate assets are primarily unused funds (cash and deposits) at Takeuchi Mfg. and assets associated with administrative departments.
- (3) The depreciation adjustment of 178 million yen is corporate expenses which has not been distributed in the segments.
- (4) The 28 million yen adjustment for increase in property, plant and equipment and intangible assets is corporate assets which has not been distributed in the segments.

2. Segment profit was adjusted for operating profit on the consolidated statements of income.

(English translation of the original Japanese document)

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Current fiscal year (March 1, 2022 – February 28, 2023)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales								
Revenue from contracts with customers	60,658	98,506	12,130	7,523	147	178,966	-	178,966
(Of which to outside customers)	60,658	98,506	12,130	7,523	147	178,966	-	178,966
(Of which inter- segment /transfer)	96,540	1	14	5	3,440	100,003	(100,003)	-
Total	157,199	98,508	12,144	7,529	3,588	278,969	(100,003)	178,966
Segment profit	13,209	9,895	1,101	682	20	24,910	(3,689)	21,221
Segment assets	78,794	54,898	8,963	5,637	3,114	151,408	7,377	158,785
Others								
Depreciation	1,070	561	14	34	164	1,845	193	2,039
Increase in property, plant and equipment and intangible assets	3,910	4,689	13	11	56	8,680	205	8,885

(Notes)

1. The adjustments are as follows.

- (1) Adjustment in segment profit of -3,689 million yen includes -1,979 million yen for elimination of inter-segment trade and -1,709 million yen for corporate expenses which has not been distributed in the segments. The corporate expenses are general expenses that are not attributed to the segments.
- (2) Adjustment in segment assets of 7,377 million yen includes -30,085 million yen for elimination of inter-segment trade and 37,463 million yen for corporate assets which has not been distributed in the segments. Corporate assets are primarily unused funds (cash and deposits) at Takeuchi Mfg. and assets associated with administrative departments.
- (3) The depreciation adjustment of 193 million yen is corporate expenses which has not been distributed in the segments.
- (4) The 205 million yen adjustment for increase in property, plant and equipment and intangible assets is corporate assets which has not been distributed in the segments.

2. Segment profits are adjusted for operating profit on the consolidated statements of income.

3. The information on revenue breakdown is the same as the information on sales of reporting segments in the segment information, etc., and the breakdown information is provided by geographic region.

4. Matters related to changes in reporting segments, etc.

As described in the Notes (Changes in Accounting Policies), the Company has applied the "Accounting Standard for Revenue Recognition" etc. from the beginning of this consolidated fiscal quarter, and has changed the accounting method for revenue recognition, and has similarly changed the method for calculating net sales and segment income (loss) in the reporting segments.

(English translation of the original Japanese document)

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(Per Share Information)

	Fiscal year ended February 2022 (Mar. 1, 2021 – Feb. 28, 2022)	Fiscal year ended February 2023 (Mar.1, 2022 – Feb. 28, 2023)
Net asset per share	2,182.68 yen	2,555.26 yen
Earnings per share	279.91 yen	335.19 yen

- (Notes)
1. Earnings per share (diluted) is not presented since there is no potential stock that has a dilution effect.
 2. Stock held by the Board Incentive Plan Trust (58,940 shares in the fiscal year ended February 2022 and 70,160 shares in the fiscal year ended February 2023) is included in treasury shares, which are deducted from the average number of shares during the period used for calculating earnings per share. Also, 58,940 shares in the fiscal year ended February 2022 and 77,640 shares in the fiscal year ended February 2023 are included in treasury shares, which are deducted from the number of shares outstanding at fiscal year-end used for calculating net asset per share.
 3. The following basis is used for calculating earnings per share.

	Fiscal year ended February 2022 (Mar.1, 2021 – Feb. 28, 2022)	Fiscal year ended February 2023 (Mar.1, 2022 – Feb. 28, 2023)
Profit attributable to owners of parent (million yen)	13,348	15,979
Amount not attributed to common shareholders (million yen)	-	-
Profit attributable to owners of parent applicable to common stock (million yen)	13,348	15,979
Average number of shares during the period (shares)	47,686,146	47,674,918

(Important Subsequent Events)

None