

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 13, 2021

Company name: KAWADA TECHNOLOGIES, INC
 Stock exchange listing: Tokyo
 Stock code: 3443 URL <https://www.kawada.jp/>
 Representative: President Kawada Tadahiro
 Managing Director and Chief Financial Officer
 Inquiries: Watanabe Satoru TEL 03(3915)7722
 Scheduled date of ordinary general meeting of shareholders: June 29, 2021
 Scheduled date to file Securities Report: June 30, 2021
 Scheduled date to commence dividend payments: June 30, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	115,545	(9.1)	5,565	(17.7)	8,048	(5.8)	6,340	(1.7)
Year ended March 31, 2020	127,048	7.3	6,759	11.4	8,543	0.0	6,449	6.4

Note: Comprehensive income Year ended March 31, 2021 ¥6,781 million [15.5 %]
 Year ended March 31, 2020 ¥5,871 million [(10.5) %]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	1,077.29	1,076.54	10.1	5.6	4.8
Year ended March 31, 2020	1,098.68	1,095.57	11.3	6.4	5.3

Reference: Share of profit of entities accounted for using equity method Year ended March 31, 2021 ¥2,516 million
 Year ended March 31, 2020 ¥2,247 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	147,408	66,964	44.8	11,221.49
As of March 31, 2020	139,093	60,630	43.0	10,185.21

Reference: Equity As of March 31, 2021 ¥66,102 million
 As of March 31, 2020 ¥59,856 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	(2,547)	(4,183)	8,220	10,767
Year ended March 31, 2020	(4,126)	(2,764)	5,535	9,275

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	–	–	–	80.00	80.00	472	7.3	0.8
Year ended March 31, 2021	–	–	–	80.00	80.00	473	7.4	0.7
Year ending March 31, 2022 (Forecast)	–	–	–	80.00	80.00		42.8	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	105,000	–	1,500	–	2,200	–	1,100	–	186.73

(Note) As the Company will apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) from the beginning of the fiscal year ending March 31, 2022, the amounts in the forecast of consolidated financial results presented above are amounts after the application of the said standard, and year-on-year changes are not presented.

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of March 31, 2021	5,915,870 shares	As of March 31, 2020	5,914,870 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	25,153 shares	As of March 31, 2020	38,040 shares
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Average number of shares during the period

Year ended March 31, 2021	5,885,903 shares	Year ended March 31, 2020	5,870,197 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	2,052	(2.6)	861	(7.7)	843	(7.9)	1,082	(3.6)
Year ended March 31, 2020	2,108	13.3	933	8.7	915	8.9	1,122	11.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2021	183.08		182.96	
Year ended March 31, 2020	189.95		189.42	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of March 31, 2021	25,247		24,814		98.3		4,195.63	
As of March 31, 2020	24,833		24,201		97.4		4,092.95	

Reference: Equity As of March 31, 2021 ¥24,812 million
 As of March 31, 2020 ¥24,199 million

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

* Proper use of forecasts financial results, and other special matters

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the consolidated forecasts due to various factors.

We have decided to cancel the financial results presentation meeting for institutional investors and analysts, considering the health and safety of participants and related parties to be the most important, as the novel coronavirus disease is spreading. We will distribute materials and videos related to the financial results presentation through our website after the announcement of financial results.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	9,361	10,852
Notes receivable, accounts receivable from completed construction contracts and other	55,898	59,006
Costs on construction contracts in progress	3,337	3,932
Other inventories	1,150	1,071
Other	4,916	5,122
Allowance for doubtful accounts	(4)	(5)
Total current assets	74,658	79,980
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,325	23,132
Machinery, vehicles, tools, furniture and fixtures	23,226	23,808
Aircraft	5,161	4,993
Land	14,821	14,965
Leased assets	2,779	2,298
Construction in progress	423	301
Accumulated depreciation	(41,980)	(42,754)
Total property, plant and equipment	26,757	26,744
Intangible assets	863	962
Investments and other assets		
Investment securities	2,090	2,770
Shares of subsidiaries and associates	31,571	34,463
Long-term loans receivable	2	1
Deferred tax assets	2,323	1,829
Other	1,353	670
Allowance for doubtful accounts	(527)	(14)
Total investments and other assets	36,812	39,720
Total non-current assets	64,434	67,427
Total assets	139,093	147,408

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	33,147	23,714
Short-term borrowings	11,440	20,789
Current portion of long-term borrowings	4,652	4,462
Current portion of bonds payable	5	150
Lease obligations	805	485
Income taxes payable	872	626
Advances received on construction contracts in progress	4,105	6,548
Provision for bonuses	2,189	2,159
Provision for warranties for completed construction	249	112
Provision for loss on construction contracts	1,946	1,936
Other	3,773	4,627
Total current liabilities	63,187	65,612
Non-current liabilities		
Bonds payable	100	625
Long-term borrowings	8,530	8,357
Lease obligations	916	1,014
Deferred tax liabilities	55	87
Deferred tax liabilities for land revaluation	1,475	1,475
Provision for retirement benefits for directors (and other officers)	482	529
Retirement benefit liability	3,242	2,427
Asset retirement obligations	288	138
Negative goodwill	131	112
Other	54	63
Total non-current liabilities	15,276	14,831
Total liabilities	78,463	80,443
Net assets		
Shareholders' equity		
Share capital	5,283	5,285
Capital surplus	10,762	10,732
Retained earnings	40,883	46,754
Treasury shares	(107)	(36)
Total shareholders' equity	56,822	62,736
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,444	1,355
Revaluation reserve for land	979	978
Foreign currency translation adjustment	594	415
Remeasurements of defined benefit plans	16	617
Total accumulated other comprehensive income	3,034	3,366
Share acquisition rights	2	1
Non-controlling interests	771	859
Total net assets	60,630	66,964
Total liabilities and net assets	139,093	147,408

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	127,048	115,545
Cost of sales	110,237	100,102
Gross profit	16,811	15,442
Selling, general and administrative expenses	10,052	9,876
Operating profit	6,759	5,565
Non-operating income		
Interest and dividend income	61	271
Rental income	146	150
Amortization of negative goodwill	20	20
Share of profit of entities accounted for using equity method	2,247	2,516
Subsidy income	126	323
Other	219	216
Total non-operating income	2,822	3,499
Non-operating expenses		
Interest expenses	348	411
Rental expenses	471	487
Other	218	117
Total non-operating expenses	1,038	1,016
Ordinary profit	8,543	8,048
Extraordinary income		
Subsidy income	1,479	6
Total extraordinary income	1,479	6
Extraordinary losses		
Loss on sale of non-current assets	100	–
Loss on retirement of non-current assets	40	–
Impairment losses	353	5
Loss on tax purpose reduction entry of non-current assets	1,475	4
Total extraordinary losses	1,969	10
Profit before income taxes	8,053	8,043
Income taxes - current	1,827	1,239
Income taxes - deferred	(300)	376
Total income taxes	1,526	1,615
Profit	6,526	6,428
Profit attributable to non-controlling interests	77	87
Profit attributable to owners of parent	6,449	6,340

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	6,526	6,428
Other comprehensive income		
Valuation difference on available-for-sale securities	(276)	371
Remeasurements of defined benefit plans, net of tax	(542)	597
Share of other comprehensive income of entities accounted for using equity method	162	(615)
Total other comprehensive income	(655)	353
Comprehensive income	5,871	6,781
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,797	6,673
Comprehensive income attributable to non-controlling interests	73	108

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,271	10,746	35,018	(197)	50,838
Changes during period					
Issuance of new shares - exercise of share acquisition rights	12	12			24
Dividends of surplus			(585)		(585)
Profit attributable to owners of parent			6,449		6,449
Reversal of revaluation reserve for land			0		0
Purchase of treasury shares				(91)	(91)
Disposal of treasury shares		25		95	121
Decrease (Increase) due to purchase of treasury shares from consolidated subsidiaries		(16)		85	69
Change in ownership interest of parent due to transactions with non-controlling interests		(4)			(4)
Net changes in items other than shareholders' equity					
Total changes during period	12	16	5,864	90	5,983
Balance at end of period	5,283	10,762	40,883	(107)	56,822

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,710	980	499	498	3,687	2	716	55,245
Changes during period								
Issuance of new shares - exercise of share acquisition rights								24
Dividends of surplus								(585)
Profit attributable to owners of parent								6,449
Reversal of revaluation reserve for land								0
Purchase of treasury shares								(91)
Disposal of treasury shares								121
Decrease (Increase) due to purchase of treasury shares from consolidated subsidiaries								69
Change in ownership interest of parent due to transactions with non-controlling interests								(4)
Net changes in items other than shareholders' equity	(265)	(0)	95	(481)	(653)	(0)	54	(599)
Total changes during period	(265)	(0)	95	(481)	(653)	(0)	54	5,384
Balance at end of period	1,444	979	594	16	3,034	2	771	60,630

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,283	10,762	40,883	(107)	56,822
Changes during period					
Issuance of new shares - exercise of share acquisition rights	2	2			4
Dividends of surplus			(470)		(470)
Profit attributable to owners of parent			6,340		6,340
Reversal of revaluation reserve for land			0		0
Purchase of treasury shares				(67)	(67)
Disposal of treasury shares		(5)		72	67
Decrease (Increase) due to purchase of treasury shares from consolidated subsidiaries		(9)		65	55
Change in ownership interest of parent due to transactions with non-controlling interests		(17)			(17)
Net changes in items other than shareholders' equity					
Total changes during period	2	(30)	5,871	70	5,913
Balance at end of period	5,285	10,732	46,754	(36)	62,736

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,444	979	594	16	3,034	2	771	60,630
Changes during period								
Issuance of new shares - exercise of share acquisition rights								4
Dividends of surplus								(470)
Profit attributable to owners of parent								6,340
Reversal of revaluation reserve for land								0
Purchase of treasury shares								(67)
Disposal of treasury shares								67
Decrease (Increase) due to purchase of treasury shares from consolidated subsidiaries								55
Change in ownership interest of parent due to transactions with non-controlling interests								(17)
Net changes in items other than shareholders' equity	(89)	(0)	(179)	601	331	(0)	88	420
Total changes during period	(89)	(0)	(179)	601	331	(0)	88	6,334
Balance at end of period	1,355	978	415	617	3,366	1	859	66,964

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	8,053	8,043
Depreciation	2,710	2,803
Impairment losses	353	5
Amortization of negative goodwill	(19)	(19)
Increase (decrease) in allowance for doubtful accounts	(133)	(513)
Increase (decrease) in provision for bonuses	56	(30)
Increase (decrease) in provision for warranties for completed construction	(11)	(137)
Increase (decrease) in provision for loss on construction contracts	734	(9)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	11	47
Increase (decrease) in other provisions	4	12
Increase (decrease) in retirement benefit liability	(622)	(216)
Interest and dividend income	(61)	(271)
Interest expenses	348	411
Share of loss (profit) of entities accounted for using equity method	(2,247)	(2,516)
Loss (gain) on sale of non-current assets	53	(30)
Loss on retirement of non-current assets	76	27
Loss on tax purpose reduction entry of non-current assets	1,475	4
Insurance claim income	(43)	(255)
Subsidy income	(1,765)	(419)
Decrease (increase) in trade receivables	(9,465)	(3,108)
Decrease (increase) in costs on construction contracts in progress	(1,934)	(596)
Decrease (increase) in inventories	(136)	78
Increase (decrease) in trade payables	5,034	(9,432)
Increase (decrease) in advances received on construction contracts in progress	(3,896)	2,442
Increase (decrease) in accrued consumption taxes	(1,118)	1,264
Other, net	(354)	870
Subtotal	(2,898)	(1,545)
Compensation for damage paid	(27)	(92)
Proceeds from insurance income	43	255
Subsidies received	1,761	547
Income taxes paid	(3,005)	(1,713)
Net cash provided by (used in) operating activities	(4,126)	(2,547)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Payments into time deposits	(12)	(11)
Proceeds from withdrawal of time deposits	11	13
Purchase of property, plant and equipment	(2,726)	(3,068)
Proceeds from sale of property, plant and equipment	167	87
Purchase of intangible assets	(448)	(444)
Purchase of investment securities	(10)	(156)
Purchase of shares of subsidiaries and associates	–	(1,230)
Loan advances	(22)	(21)
Proceeds from collection of loans receivable	5	21
Interest and dividends received	301	511
Other, net	(29)	115
Net cash provided by (used in) investing activities	(2,764)	(4,183)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,507	9,349
Proceeds from long-term borrowings	4,210	4,850
Repayments of long-term borrowings	(5,662)	(5,213)
Proceeds from issuance of bonds	–	742
Redemption of bonds	(70)	(80)
Interest paid	(354)	(409)
Repayments of lease obligations	(446)	(463)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	23	4
Other, net	(672)	(558)
Net cash provided by (used in) financing activities	5,535	8,220
Effect of exchange rate change on cash and cash equivalents	1	3
Net increase (decrease) in cash and cash equivalents	(1,354)	1,492
Cash and cash equivalents at beginning of period	10,629	9,275
Cash and cash equivalents at end of period	9,275	10,767