

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 12, 2022

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, 2022
 Scheduled date to file Securities Report: June 30, 2022
 Scheduled date to commence dividend payments: June 30, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	103,760	–	6,412	–	7,689	–	5,176	–
Year ended March 31, 2021	115,545	(9.1)	5,565	(17.7)	8,048	(5.8)	6,340	(1.7)

Note: Comprehensive income Year ended March 31, 2022 ¥5,380 million [–%]
 Year ended March 31, 2021 ¥6,781 million [(15.5)%]

	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, 2022	877.61	–	7.6	5.5	6.2
Year ended March 31, 2021	1,077.29	1,076.54	10.1	5.6	4.8

Reference: Share of profit of entities accounted for using equity method Year ended March 31, 2022 ¥883 million
 Year ended March 31, 2021 ¥2,516 million

Note: As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, each figure for the fiscal year ended March 31, 2022, is the figure after the application of the said standard, etc., and year-on-year changes are not presented.

(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, 2022	133,337	71,921	53.2	12,028.82
As of March 31, 2021	147,408	66,964	44.8	11,221.49

Reference: Equity As of March 31, 2022 ¥71,001 million
 As of March 31, 2021 ¥66,102 million

Note: As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, each figure as of March 31, 2022, is the figure after the application of the said standard, etc.

(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, 2022	20,391	(1,948)	(15,811)	13,674
Year ended March 31, 2021	(2,547)	(4,183)	8,220	10,767

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, 2021	–	–	–	80.00	80.00	473	7.4	0.7
Year ended March 31, 2022	–	–	–	100.00	100.00	591	11.4	0.9
Year ending March 31, 2023 (Forecast)	–	–	–	80.00	80.00		16.9	

Note: Breakdown of fiscal year-end dividends for the fiscal year ended March 31, 2022

Ordinary dividend of ¥80.00, and commemorative dividend of ¥20.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	116,000	11.8	4,000	(37.6)	4,600	(40.2)	2,800	(45.9)	474.37

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

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, 2022	5,915,870 shares	As of March 31, 2021	5,915,870 shares
----------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of March 31, 2022	13,279 shares	As of March 31, 2021	25,153 shares
----------------------	---------------	----------------------	---------------

Average number of shares during the period

Year ended March 31, 2022	5,898,779 shares	Year ended March 31, 2021	5,885,903 shares
---------------------------	------------------	---------------------------	------------------

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2021 (from April 1, 2021 to March 31, 2022)

(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, 2022	2,240	9.1	928	7.8	914	8.5	1,018	(5.9)
Year ended March 31, 2021	2,052	(2.6)	861	(7.7)	843	(7.9)	1,082	(3.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2022	172.28		-	
Year ended March 31, 2021	183.08		182.96	

(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, 2022	26,354		25,342		96.2		4,286.09	
As of March 31, 2021	25,247		24,814		98.3		4,195.63	

Reference: Equity As of March 31, 2022 ¥25,340 million
 As of March 31, 2021 ¥24,812 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 disclosed supplementary material on financial results on our website and TDnet today.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	10,852	13,761
Notes receivable, accounts receivable from completed construction contracts and other	59,006	48,679
Costs on construction contracts in progress	3,932	189
Other inventories	1,071	921
Other	5,122	2,936
Allowance for doubtful accounts	(5)	(6)
Total current assets	79,980	66,482
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,132	23,507
Machinery, vehicles, tools, furniture and fixtures	23,808	24,396
Aircraft	4,993	4,782
Land	14,965	14,958
Leased assets	2,298	2,051
Construction in progress	301	74
Accumulated depreciation	(42,754)	(43,788)
Total property, plant and equipment	26,744	25,982
Intangible assets	962	1,108
Investments and other assets		
Investment securities	2,770	2,343
Shares of subsidiaries and associates	34,463	35,067
Deferred tax assets	1,829	1,644
Other	671	724
Allowance for doubtful accounts	(14)	(15)
Total investments and other assets	39,720	39,764
Total non-current assets	67,427	66,854
Total assets	147,408	133,337

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	23,714	18,880
Short-term borrowings	20,789	5,717
Current portion of long-term borrowings	4,462	4,548
Current portion of bonds payable	150	440
Lease liabilities	485	419
Income taxes payable	626	1,114
Advances received on construction contracts in progress	6,330	3,508
Unearned revenue	223	1,820
Provision for bonuses	2,159	2,342
Provision for warranties for completed construction	112	178
Provision for loss on construction contracts	1,936	2,070
Other	4,621	5,694
Total current liabilities	65,612	46,734
Non-current liabilities		
Bonds payable	625	1,040
Long-term borrowings	8,357	8,138
Lease liabilities	1,014	758
Deferred tax liabilities	87	90
Deferred tax liabilities for land revaluation	1,475	1,474
Provision for retirement benefits for directors (and other officers)	529	565
Retirement benefit liability	2,427	2,331
Asset retirement obligations	138	132
Negative goodwill	112	93
Other	63	56
Total non-current liabilities	14,831	14,680
Total liabilities	80,443	61,415
Net assets		
Shareholders' equity		
Share capital	5,285	5,285
Capital surplus	10,732	10,769
Retained earnings	46,754	51,605
Treasury shares	(36)	(44)
Total shareholders' equity	62,736	67,616
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,355	1,251
Revaluation reserve for land	978	977
Foreign currency translation adjustment	415	620
Remeasurements of defined benefit plans	617	536
Total accumulated other comprehensive income	3,366	3,384
Share acquisition rights	1	1
Non-controlling interests	859	918
Total net assets	66,964	71,921
Total liabilities and net assets	147,408	133,337

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	115,545	103,760
Cost of sales	100,102	86,950
Gross profit	15,442	16,809
Selling, general and administrative expenses	9,876	10,396
Operating profit	5,565	6,412
Non-operating income		
Interest and dividend income	271	145
Rental income	150	147
Amortization of negative goodwill	20	20
Share of profit of entities accounted for using equity method	2,516	883
Subsidy income	323	624
Other	216	349
Total non-operating income	3,499	2,170
Non-operating expenses		
Interest expenses	411	295
Rental expenses	487	465
Other	117	132
Total non-operating expenses	1,016	893
Ordinary profit	8,048	7,689
Extraordinary income		
Gain on extinguishment of tie-in shares	–	18
Subsidy income	6	5
Total extraordinary income	6	23
Extraordinary losses		
Impairment losses	5	163
Loss on tax purpose reduction entry of non-current assets	4	5
Loss on valuation of investment securities	–	184
Total extraordinary losses	10	352
Profit before income taxes	8,043	7,359
Income taxes - current	1,239	1,759
Income taxes - deferred	376	238
Total income taxes	1,615	1,997
Profit	6,428	5,362
Profit attributable to non-controlling interests	87	185
Profit attributable to owners of parent	6,340	5,176

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	6,428	5,362
Other comprehensive income		
Valuation difference on available-for-sale securities	371	(138)
Remeasurements of defined benefit plans, net of tax	597	(152)
Share of other comprehensive income of entities accounted for using equity method	(615)	309
Total other comprehensive income	353	18
Comprehensive income	6,781	5,380
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,673	5,196
Comprehensive income attributable to non-controlling interests	108	184

Consolidated statements of changes in equity

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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,285	10,732	46,754	(36)	62,736
Cumulative effects of changes in accounting policies			144		144
Restated balance	5,285	10,732	46,898	(36)	62,880
Changes during period					
Dividends of surplus			(471)		(471)
Profit attributable to owners of parent			5,176		5,176
Reversal of revaluation reserve for land			1		1
Purchase of treasury shares				(63)	(63)
Disposal of treasury shares		(11)		57	46
Decrease (Increase) due to purchase of treasury shares from consolidated subsidiaries		48		(2)	46
Net changes in items other than shareholders' equity					
Total changes during period	–	37	4,706	(7)	4,736
Balance at end of period	5,285	10,769	51,605	(44)	67,616

	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	1,355	978	415	617	3,366	1	859	66,964
Cumulative effects of changes in accounting policies							(94)	49
Restated balance	1,355	978	415	617	3,366	1	765	67,013
Changes during period								
Dividends of surplus								(471)
Profit attributable to owners of parent								5,176
Reversal of revaluation reserve for land								1
Purchase of treasury shares								(63)
Disposal of treasury shares								46
Decrease (Increase) due to purchase of treasury shares from consolidated subsidiaries								46
Net changes in items other than shareholders' equity	(104)	(1)	204	(81)	18		153	171
Total changes during period	(104)	(1)	204	(81)	18	–	153	4,907
Balance at end of period	1,251	977	620	536	3,384	1	918	71,921

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	8,043	7,359
Depreciation	2,803	2,893
Impairment losses	5	163
Amortization of negative goodwill	(19)	(19)
Increase (decrease) in allowance for doubtful accounts	(513)	2
Increase (decrease) in provision for bonuses	(30)	180
Increase (decrease) in provision for warranties for completed construction	(137)	66
Increase (decrease) in provision for loss on construction contracts	(9)	134
Increase (decrease) in provision for retirement benefits for directors (and other officers)	47	36
Increase (decrease) in other provisions	12	(22)
Increase (decrease) in retirement benefit liability	(216)	(248)
Interest and dividend income	(271)	(145)
Interest expenses	411	295
Share of loss (profit) of entities accounted for using equity method	(2,516)	(883)
Loss (gain) on valuation of investment securities	0	186
Loss (gain) on sale of non-current assets	(30)	(51)
Loss on retirement of non-current assets	27	19
Loss on tax purpose reduction entry of non-current assets	4	5
Insurance claim income	(255)	(48)
Subsidy income	(419)	(752)
Decrease (increase) in trade receivables	(3,108)	10,388
Decrease (increase) in costs on construction contracts in progress	(596)	3,746
Decrease (increase) in inventories	78	149
Increase (decrease) in trade payables	(9,432)	(4,834)
Increase (decrease) in advances received on construction contracts in progress	2,303	(2,821)
Increase (decrease) in accrued consumption taxes	1,264	1,484
Other, net	1,008	3,688
Subtotal	(1,545)	20,972
Compensation paid for damage	(92)	(35)
Proceeds from insurance income	255	48
Subsidies received	547	492
Income taxes paid	(1,713)	(1,085)
Net cash provided by (used in) operating activities	(2,547)	20,391

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Payments into time deposits	(11)	(11)
Proceeds from withdrawal of time deposits	13	10
Purchase of property, plant and equipment	(3,068)	(2,082)
Proceeds from sale of property, plant and equipment	87	116
Purchase of intangible assets	(444)	(549)
Purchase of investment securities	(156)	(5)
Purchase of shares of subsidiaries and associates	(1,230)	(2)
Loan advances	(21)	(2)
Proceeds from collection of loans receivable	21	21
Interest and dividends received	511	499
Other, net	115	55
Net cash provided by (used in) investing activities	(4,183)	(1,948)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,349	(15,072)
Proceeds from long-term borrowings	4,850	4,730
Repayments of long-term borrowings	(5,213)	(4,863)
Proceeds from issuance of bonds	742	940
Redemption of bonds	(80)	(245)
Interest paid	(409)	(283)
Repayments of lease liabilities	(463)	(470)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	4	–
Other, net	(558)	(547)
Net cash provided by (used in) financing activities	8,220	(15,811)
Effect of exchange rate change on cash and cash equivalents	3	10
Net increase (decrease) in cash and cash equivalents	1,492	2,641
Cash and cash equivalents at beginning of period	9,275	10,767
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	265
Cash and cash equivalents at end of period	10,767	13,674