

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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, 2023
 Scheduled date to file Securities Report: June 30, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	118,086	13.8	5,025	(21.6)	6,298	(18.1)	4,231	(18.3)
Year ended March 31, 2022	103,760	–	6,412	–	7,689	–	5,176	–

Note: Comprehensive income Year ended March 31, 2023 ¥5,493 million [2.1%]
 Year ended March 31, 2022 ¥5,380 million [–%]

	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, 2023	719.83	–	5.8	4.3	4.3
Year ended March 31, 2022	877.61	–	7.6	5.5	6.2

Reference: Share of profit of entities accounted for using equity method Year ended March 31, 2023 ¥1,378 million
 Year ended March 31, 2022 ¥883 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, 2023	162,158	76,697	46.6	12,864.33
As of March 31, 2022	133,337	71,921	53.2	12,028.82

Reference: Equity As of March 31, 2023 ¥75,615 million
 As of March 31, 2022 ¥71,001 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, 2023	(9,673)	(1,504)	12,213	15,661
Year ended March 31, 2022	20,391	(1,948)	(15,811)	13,674

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, 2022	–	–	–	100.00	100.00	591	11.4	0.9
Year ended March 31, 2023	–	–	–	210.00	210.00	1,234	29.2	1.7
Year ending March 31, 2024 (Forecast)	–	–	–	200.00	200.00		30.1	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	133,000	12.6	4,600	(8.5)	5,100	(19.0)	3,900	(7.8)	663.50

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	5,917,370 shares	As of March 31, 2022	5,915,870 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	39,450 shares	As of March 31, 2022	13,279 shares
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Average number of shares during the period

Year ended March 31, 2023	5,878,508 shares	Year ended March 31, 2022	5,898,779 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	2,078	(7.2)	698	(24.7)	682	(25.4)	917	(9.9)
Year ended March 31, 2022	2,240	9.1	928	7.8	914	8.5	1,018	(5.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2023	156.11		-	
Year ended March 31, 2022	172.28		-	

(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, 2023	26,050		25,552		98.1		4,346.89	
As of March 31, 2022	26,354		25,342		96.2		4,286.09	

Reference: Equity As of March 31, 2023 ¥25,550 million
 As of March 31, 2022 ¥25,340 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 are scheduled to hold a financial results presentation meeting for institutional investors and analysts. The materials on financial results to be used at and the video of the meeting will be available on our website promptly after the meeting.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	13,761	15,746
Notes receivable, accounts receivable from completed construction contracts and other	48,679	69,206
Costs on construction contracts in progress	189	120
Other inventories	921	1,254
Other	2,936	6,634
Allowance for doubtful accounts	(6)	(6)
Total current assets	66,482	92,956
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,507	23,621
Machinery, vehicles, tools, furniture and fixtures	24,396	24,722
Aircraft	4,782	4,963
Land	14,958	14,957
Leased assets	2,051	3,991
Construction in progress	74	308
Accumulated depreciation	(43,788)	(45,522)
Total property, plant and equipment	25,982	27,042
Intangible assets	1,108	1,177
Investments and other assets		
Investment securities	2,343	3,496
Shares of subsidiaries and associates	35,067	35,522
Deferred tax assets	1,644	1,220
Other	724	757
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	39,764	40,981
Total non-current assets	66,854	69,201
Total assets	133,337	162,158

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	18,880	29,211
Short-term borrowings	5,717	20,380
Current portion of long-term borrowings	4,548	3,998
Current portion of bonds payable	440	680
Lease liabilities	419	578
Income taxes payable	1,114	1,104
Advances received on construction contracts in progress	3,508	4,631
Unearned revenue	1,820	1,951
Provision for bonuses	2,342	2,061
Provision for warranties for completed construction	178	67
Provision for loss on construction contracts	2,070	1,777
Other	5,694	2,898
Total current liabilities	46,734	69,341
Non-current liabilities		
Bonds payable	1,040	1,910
Long-term borrowings	8,138	6,892
Lease liabilities	758	2,341
Deferred tax liabilities	90	120
Deferred tax liabilities for land revaluation	1,474	1,474
Provision for retirement benefits for directors (and other officers)	565	647
Retirement benefit liability	2,331	2,440
Asset retirement obligations	132	132
Negative goodwill	93	73
Other	56	86
Total non-current liabilities	14,680	16,119
Total liabilities	61,415	85,460
Net assets		
Shareholders' equity		
Share capital	5,285	5,288
Capital surplus	10,769	10,778
Retained earnings	51,605	55,247
Treasury shares	(44)	(140)
Total shareholders' equity	67,616	71,173
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,251	2,070
Revaluation reserve for land	977	976
Foreign currency translation adjustment	620	1,163
Remeasurements of defined benefit plans	536	230
Total accumulated other comprehensive income	3,384	4,441
Share acquisition rights	1	1
Non-controlling interests	918	1,079
Total net assets	71,921	76,697
Total liabilities and net assets	133,337	162,158

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	103,760	118,086
Cost of sales	86,950	102,459
Gross profit	16,809	15,626
Selling, general and administrative expenses	10,396	10,600
Operating profit	6,412	5,025
Non-operating income		
Interest and dividend income	145	71
Rental income	147	144
Amortization of negative goodwill	20	20
Share of profit of entities accounted for using equity method	883	1,378
Subsidy income	624	424
Other	349	126
Total non-operating income	2,170	2,167
Non-operating expenses		
Interest expenses	295	315
Rental expenses	465	466
Other	132	111
Total non-operating expenses	893	893
Ordinary profit	7,689	6,298
Extraordinary income		
Gain on extinguishment of tie-in shares	18	–
Subsidy income	5	1
Total extraordinary income	23	1
Extraordinary losses		
Loss on extinguishment of tie-in shares	–	329
Impairment losses	163	20
Loss on tax purpose reduction entry of non-current assets	5	1
Loss on valuation of investment securities	184	15
Total extraordinary losses	352	366
Profit before income taxes	7,359	5,933
Income taxes - current	1,759	1,392
Income taxes - deferred	238	108
Total income taxes	1,997	1,501
Profit	5,362	4,432
Profit attributable to non-controlling interests	185	201
Profit attributable to owners of parent	5,176	4,231

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	5,362	4,432
Other comprehensive income		
Valuation difference on available-for-sale securities	(138)	806
Remeasurements of defined benefit plans, net of tax	(152)	(292)
Share of other comprehensive income of entities accounted for using equity method	309	547
Total other comprehensive income	18	1,060
Comprehensive income	5,380	5,493
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,196	5,289
Comprehensive income attributable to non-controlling interests	184	204

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	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

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,285	10,769	51,605	(44)	67,616
Changes during period					
Issuance of new shares - exercise of share acquisition rights	3	3			6
Dividends of surplus			(590)		(590)
Profit attributable to owners of parent			4,231		4,231
Reversal of revaluation reserve for land			0		0
Purchase of treasury shares				(212)	(212)
Disposal of treasury shares		1		88	90
Decrease (Increase) due to purchase of treasury shares from consolidated subsidiaries		3		28	31
Net changes in items other than shareholders' equity					
Total changes during period	3	8	3,641	(96)	3,557
Balance at end of period	5,288	10,778	55,247	(140)	71,173

	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	1,251	977	620	536	3,384	1	918	71,921
Changes during period								
Issuance of new shares - exercise of share acquisition rights								6
Dividends of surplus								(590)
Profit attributable to owners of parent								4,231
Reversal of revaluation reserve for land								0
Purchase of treasury shares								(212)
Disposal of treasury shares								90
Decrease (Increase) due to purchase of treasury shares from consolidated subsidiaries								31
Net changes in items other than shareholders' equity	819	(0)	543	(305)	1,057	(0)	161	1,218
Total changes during period	819	(0)	543	(305)	1,057	(0)	161	4,775
Balance at end of period	2,070	976	1,163	230	4,441	1	1,079	76,697

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,359	5,933
Depreciation	2,893	2,874
Impairment losses	163	20
Amortization of negative goodwill	(19)	(19)
Increase (decrease) in allowance for doubtful accounts	2	0
Increase (decrease) in provision for bonuses	180	(291)
Increase (decrease) in provision for warranties for completed construction	66	(117)
Increase (decrease) in provision for loss on construction contracts	134	(292)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	36	(24)
Increase (decrease) in other provisions	(22)	7
Increase (decrease) in retirement benefit liability	(248)	(183)
Interest and dividend income	(145)	(71)
Interest expenses	295	315
Share of loss (profit) of entities accounted for using equity method	(883)	(1,378)
Loss (gain) on valuation of investment securities	186	15
Loss (gain) on sale of non-current assets	(51)	(32)
Loss on retirement of non-current assets	19	21
Loss on tax purpose reduction entry of non-current assets	5	1
Insurance claim income	(48)	(99)
Subsidy income	(752)	(584)
Decrease (increase) in trade receivables	10,388	(20,421)
Decrease (increase) in costs on construction contracts in progress	3,746	69
Decrease (increase) in inventories	149	(333)
Increase (decrease) in trade payables	(4,834)	10,317
Increase (decrease) in advances received on construction contracts in progress	(2,821)	1,112
Increase (decrease) in accrued consumption taxes	1,484	(2,664)
Other, net	3,688	(2,356)
Subtotal	20,972	(8,183)
Compensation paid for damage	(35)	(75)
Proceeds from insurance income	48	99
Subsidies received	492	609
Income taxes paid	(1,085)	(2,125)
Net cash provided by (used in) operating activities	20,391	(9,673)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(11)	(11)
Proceeds from withdrawal of time deposits	10	13
Purchase of property, plant and equipment	(2,082)	(1,358)
Proceeds from sale of property, plant and equipment	116	48
Purchase of intangible assets	(549)	(523)
Purchase of investment securities	(5)	(8)
Purchase of shares of subsidiaries and associates	(2)	–
Loan advances	(2)	–
Proceeds from collection of loans receivable	21	1
Interest and dividends received	499	305
Other, net	55	28
Net cash provided by (used in) investing activities	(1,948)	(1,504)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(15,072)	14,663
Proceeds from long-term borrowings	4,730	3,020
Repayments of long-term borrowings	(4,863)	(4,815)
Proceeds from issuance of bonds	940	1,677
Redemption of bonds	(245)	(590)
Interest paid	(283)	(322)
Repayments of lease liabilities	(470)	(574)
Dividends paid	(468)	(587)
Other, net	(78)	(257)
Net cash provided by (used in) financing activities	(15,811)	12,213
Effect of exchange rate change on cash and cash equivalents	10	7
Net increase (decrease) in cash and cash equivalents	2,641	1,042
Cash and cash equivalents at beginning of period	10,767	13,674
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	265	944
Cash and cash equivalents at end of period	13,674	15,661