

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Non-consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

April 28, 2023

Company name: KAWASAKI SETSUBI KOGYO CO., LTD.

Stock exchange listing: Nagoya

Code number: 1777

URL: <http://www.kawasaki-sk.co.jp/>

Representative: Katsushi Hiroe

Contact: Takashi Miwa

Phone: +81-52-221-7700

Scheduled date of Annual General Meeting of Shareholders: June 29, 2023

Scheduled date of commencing dividend payments: June 30, 2023

Scheduled date of filing annual securities report: June 29, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: No

(Amounts of less than one millions of yen are rounded down.)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	20,809	(11.8)	1,040	(18.0)	1,074	(16.5)	707	(16.9)
March 31, 2022	23,604	7.8	1,268	18.4	1,286	16.0	850	13.5

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	59.10	-	6.6	5.7	5.0
March 31, 2022	71.13	-	8.4	7.2	5.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
Fiscal year ended March 31, 2022: ¥ - million

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	18,354	10,951	59.7	915.39
March 31, 2022	19,025	10,430	54.8	871.80

(Reference) Equity: As of March 31, 2023: ¥ 10,951 million
As of March 31, 2022: ¥ 10,430 million

(3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	1,067	(48)	(358)	5,482
March 31, 2022	2,383	(28)	(317)	4,822

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	10.00	-	8.00	18.00	215	25.3	2.1
March 31, 2023	-	8.00	-	10.00	18.00	215	30.5	2.0
Fiscal year ending								
March 31, 2024 (Forecast)	-	8.00	-	10.00	18.00		28.6	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	11,000	14.9	400	7.3	410	5.7	261	4.2	21.82
Full year	23,500	12.9	1,100	5.7	1,120	4.2	754	6.6	63.02

* Notes:

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(2) Total number of issued shares (common shares)

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

March 31, 2023:	12,000,000 shares
March 31, 2022:	12,000,000 shares

2) Number of treasury shares at the end of the period:

March 31, 2023:	35,827 shares
March 31, 2022:	35,827 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023:	11,964,173 shares
Fiscal Year ended March 31, 2022:	11,964,173 shares

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	4,822	5,482
Notes receivable - trade	113	492
Electronically recorded monetary claims - operating	1,811	1,328
Accounts receivable from completed construction contracts	6,853	5,932
Costs on construction contracts in progress	262	256
Prepaid expenses	30	31
Advances paid	224	33
Other	467	322
Allowance for doubtful accounts	(97)	(82)
Total current assets	14,489	13,797
Non-current assets		
Property, plant and equipment		
Buildings	3,963	3,972
Accumulated depreciation	(2,388)	(2,436)
Buildings, net	1,575	1,536
Structures	90	90
Accumulated depreciation	(63)	(67)
Structures, net	26	22
Machinery and equipment	40	44
Accumulated depreciation	(33)	(34)
Machinery and equipment, net	7	10
Vehicles	6	6
Accumulated depreciation	(4)	(5)
Vehicles, net	2	1
Tools, furniture and fixtures	65	69
Accumulated depreciation	(45)	(48)
Tools, furniture and fixtures, net	20	20
Land	1,606	1,592
Leased assets	250	204
Accumulated depreciation	(214)	(147)
Leased assets, net	36	56
Construction in progress	4	-
Total property, plant and equipment	3,279	3,240
Intangible assets		
Leased assets	357	421
Other	2	1
Total intangible assets	359	422

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	161	169
Investments in capital	5	5
Deferred tax assets	560	532
Membership	92	89
Other	105	121
Allowance for doubtful accounts	(28)	(25)
Total investments and other assets	897	893
Total non-current assets	4,536	4,557
Total assets	19,025	18,354

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable - trade	229	184
Electronically recorded obligations - operating	1,060	1,024
Accounts payable for construction contracts	3,101	2,632
Lease liabilities	127	164
Accounts payable - other	83	49
Accrued expenses	332	284
Income taxes payable	325	117
Advances received on construction contracts in progress	845	819
Deposits received	303	98
Provision for bonuses	493	500
Provision for bonuses for directors (and other officers)	15	16
Provision for warranties for completed construction	12	12
Provision for loss on construction contracts	68	28
Other	180	-
Total current liabilities	7,180	5,931
Non-current liabilities		
Lease liabilities	291	348
Provision for retirement benefits	1,058	1,056
Asset retirement obligations	43	45
Other	20	20
Total non-current liabilities	1,414	1,471
Total liabilities	8,595	7,402
Net assets		
Shareholders' equity		
Share capital	1,581	1,581
Capital surplus		
Legal capital surplus	395	395
Total capital surplus	395	395
Retained earnings		
Other retained earnings		
Retained earnings brought forward	8,439	8,954
Total retained earnings	8,439	8,954
Treasury shares	(7)	(7)
Total shareholders' equity	10,407	10,923
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	22	28
Total valuation and translation adjustments	22	28
Total net assets	10,430	10,951
Total liabilities and net assets	19,025	18,354

Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales of completed construction contracts	23,604	20,809
Cost of sales of completed construction contracts	20,252	17,606
Gross profit on completed construction contracts	3,351	3,202
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	87	95
Employees' salaries and allowances	727	719
Provision for bonuses	218	233
Provision for bonuses for directors (and other officers)	15	16
Retirement benefit expenses	37	39
Legal welfare expenses	177	189
Welfare expenses	38	39
Repair and maintenance expenses	50	39
Stationery expenses	81	83
Communication and transportation expenses	82	86
Power utilities expenses	20	24
Research study expenses	10	11
Advertising expenses	18	20
Provision of allowance for doubtful accounts	0	(14)
Entertainment expenses	32	36
Donations	11	2
Rent expenses on land and buildings	66	66
Depreciation	192	224
Taxes and dues	75	84
Insurance expenses	2	2
Miscellaneous expenses	137	160
Total selling, general and administrative expenses	2,083	2,162
Operating profit	1,268	1,040
Non-operating income		
Interest income	0	0
Dividend income	4	6
Rental income from real estate	42	46
Gain on sale of non-current assets	7	8
Other	7	11
Total non-operating income	62	73
Non-operating expenses		
Interest expenses	1	1
Rental expenses on real estate	27	25
Stocks maintenance fee	5	5
Other	10	5
Total non-operating expenses	44	39
Ordinary profit	1,286	1,074
Profit before income taxes	1,286	1,074
Income taxes - current	456	342
Income taxes - deferred	(21)	25
Total income taxes	435	367
Profit	850	707

Non-consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	1,581	395	395	7,759	7,759
Cumulative effects of changes in accounting policies				8	8
Restated balance	1,581	395	395	7,767	7,767
Changes during period					
Dividends of surplus				(179)	(179)
Profit				850	850
Net changes in items other than shareholders' equity					
Total changes during period	-	-	-	671	671
Balance at end of period	1,581	395	395	8,439	8,439

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(7)	9,727	28	28	9,756
Cumulative effects of changes in accounting policies		8			8
Restated balance	(7)	9,735	28	28	9,764
Changes during period					
Dividends of surplus		(179)			(179)
Profit		850			850
Net changes in items other than shareholders' equity			(5)	(5)	(5)
Total changes during period	-	671	(5)	(5)	666
Balance at end of period	(7)	10,407	22	22	10,430

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	1,581	395	395	8,439	8,439
Changes during period					
Dividends of surplus				(191)	(191)
Profit				707	707
Net changes in items other than shareholders' equity					
Total changes during period	-	-	-	515	515
Balance at end of period	1,581	395	395	8,954	8,954

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(7)	10,407	22	22	10,430
Changes during period					
Dividends of surplus		(191)			(191)
Profit		707			707
Net changes in items other than shareholders' equity			5	5	5
Total changes during period	-	515	5	5	521
Balance at end of period	(7)	10,923	28	28	10,951

Non-consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,286	1,074
Depreciation	203	239
Increase (decrease) in allowance for doubtful accounts	0	(17)
Increase (decrease) in provision for bonuses for directors (and other officers)	(1)	1
Increase (decrease) in provision for bonuses	(41)	6
Increase (decrease) in provision for warranties for completed construction	(4)	0
Increase (decrease) in provision for loss on construction contracts	32	(40)
Increase (decrease) in provision for retirement benefits	5	(1)
Interest and dividend income	(4)	(6)
Interest expenses	1	1
Loss (gain) on sale of non-current assets	(7)	(8)
Decrease (increase) in trade receivables	212	1,024
Decrease (increase) in costs on construction contracts in progress	(65)	5
Increase (decrease) in trade payables	289	(550)
Increase (decrease) in advances received on construction contracts in progress	384	(26)
Other, net	331	(96)
Subtotal	2,621	1,604
Interest and dividends received	4	6
Interest paid	(1)	(1)
Income taxes paid	(241)	(542)
Net cash provided by (used in) operating activities	2,383	1,067
Cash flows from investing activities		
Purchase of property, plant and equipment	(56)	(69)
Proceeds from sale of property, plant and equipment	36	36
Purchase of intangible assets	(1)	-
Purchase of investment securities	(0)	(0)
Other, net	(7)	(14)
Net cash provided by (used in) investing activities	(28)	(48)
Cash flows from financing activities		
Dividends paid	(180)	(192)
Repayments of lease liabilities	(137)	(166)
Net cash provided by (used in) financing activities	(317)	(358)
Net increase (decrease) in cash and cash equivalents	2,037	659
Cash and cash equivalents at beginning of period	2,785	4,822
Cash and cash equivalents at end of period	4,822	5,482