

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

August 7, 2020

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 Watanabe Satoru TEL 03-3915-7722
 Scheduled date to file Quarterly Securities Report: August 7, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(1) Consolidated operating results (cumulative)

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	%
Three months ended June 30, 2020	30,222	12.8	369	–	1,047	–	854	–
Three months ended June 30, 2019	26,783	2.1	(1,130)	–	(264)	–	50	(94.0)

Note: Comprehensive income Three months ended June 30, 2020 ¥708 million [–%]
 Three months ended June 30, 2019 ¥(0) million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	145.49		145.31	
Three months ended June 30, 2019	8.67		8.64	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	138,933	60,833	43.2
As of March 31, 2020	139,093	60,630	43.0

Reference: Equity As of June 30, 2020 ¥60,082 million
 As of March 31, 2020 ¥59,856 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	–	–	80.00	80.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	–	80.00

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	115,000	(9.5)	3,500	(48.2)	3,800	(55.5)	2,500	(61.2)	425.44

Note: Revisions to the consolidated earnings forecasts most recently announced: None

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2020	5,914,870 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 June 30, 2020	38,656 shares	As of March 31, 2020	38,040 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	5,876,454 shares	Three months ended June 30, 2019	5,857,896 shares
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* Quarterly financial results reports are exempt from quarterly review 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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	9,361	12,314
Notes receivable, accounts receivable from completed construction contracts and other	55,898	52,536
Costs on construction contracts in progress	3,337	2,830
Other inventories	1,150	1,177
Other	4,916	3,904
Allowance for doubtful accounts	(4)	(4)
Total current assets	74,658	72,759
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,849	5,816
Machinery, vehicles, tools, furniture and fixtures, net	3,055	3,274
Aircraft, net	989	940
Land	14,821	14,927
Leased assets, net	1,617	1,554
Construction in progress	423	349
Total property, plant and equipment	26,757	26,861
Intangible assets	863	850
Investments and other assets		
Investment securities	2,090	2,314
Shares of subsidiaries and associates	31,571	33,179
Deferred tax assets	2,323	2,154
Other	1,355	1,341
Allowance for doubtful accounts	(527)	(527)
Total investments and other assets	36,812	38,462
Total non-current assets	64,434	66,173
Total assets	139,093	138,933

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	33,147	30,380
Short-term borrowings	11,440	10,800
Current portion of long-term borrowings	4,652	4,644
Current portion of bonds payable	5	155
Lease obligations	805	662
Income taxes payable	872	172
Advances received on construction contracts in progress	4,105	5,782
Provision for bonuses	2,189	1,070
Provision for warranties for completed construction	249	273
Provision for loss on construction contracts	1,946	1,912
Other	3,773	6,016
Total current liabilities	63,187	61,871
Non-current liabilities		
Bonds payable	100	700
Long-term borrowings	8,530	8,831
Lease obligations	916	992
Deferred tax liabilities	55	51
Deferred tax liabilities for land revaluation	1,475	1,475
Provision for retirement benefits for directors (and other officers)	482	478
Retirement benefit liability	3,242	3,274
Asset retirement obligations	288	240
Negative goodwill	131	126
Other	54	58
Total non-current liabilities	15,276	16,229
Total liabilities	78,463	78,100
Net assets		
Shareholders' equity		
Share capital	5,283	5,283
Capital surplus	10,762	10,749
Retained earnings	40,883	41,267
Treasury shares	(107)	(108)
Total shareholders' equity	56,822	57,191
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,444	1,307
Revaluation reserve for land	979	979
Foreign currency translation adjustment	594	594
Remeasurements of defined benefit plans	16	8
Total accumulated other comprehensive income	3,034	2,890
Share acquisition rights	2	2
Non-controlling interests	771	748
Total net assets	60,630	60,833
Total liabilities and net assets	139,093	138,933

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	26,783	30,222
Cost of sales	25,435	27,549
Gross profit	1,347	2,673
Selling, general and administrative expenses	2,477	2,303
Operating profit (loss)	(1,130)	369
Non-operating income		
Interest and dividend income	28	22
Rental income	36	37
Amortization of negative goodwill	5	5
Share of profit of entities accounted for using equity method	927	668
Subsidy income	58	116
Other	43	95
Total non-operating income	1,098	944
Non-operating expenses		
Interest expenses	67	87
Rental expenses	126	128
Other	39	50
Total non-operating expenses	232	267
Ordinary profit (loss)	(264)	1,047
Extraordinary losses		
Impairment loss	-	4
Total extraordinary losses	-	4
Profit (loss) before income taxes	(264)	1,043
Income taxes - current	13	94
Income taxes - deferred	(325)	97
Total income taxes	(311)	192
Profit	47	850
Loss attributable to non-controlling interests	(3)	(4)
Profit attributable to owners of parent	50	854

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	47	850
Other comprehensive income		
Valuation difference on available-for-sale securities	(129)	157
Remeasurements of defined benefit plans, net of tax	(36)	(8)
Share of other comprehensive income of entities accounted for using equity method	117	(290)
Total other comprehensive income	(48)	(141)
Comprehensive income	(0)	708
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3	710
Comprehensive income attributable to non-controlling interests	(3)	(1)