

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

February 10, 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 Watanabe Satoru TEL 03-3915-7722
 Scheduled date to file Quarterly Securities Report: February 12, 2021
 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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	85,880	(6.5)	347	(88.9)	2,350	(46.9)	2,169	(38.4)
Nine months ended December 31, 2019	91,805	6.6	3,122	(7.1)	4,427	(11.8)	3,520	(14.5)

Note: Comprehensive income
 Nine months ended December 31, 2020 ¥1,807 million [(49.8)%]
 Nine months ended December 31, 2019 ¥3,599 million [(15.4)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	368.69		368.41	
Nine months ended December 31, 2019	599.88		598.01	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	146,349	62,002	41.8
As of March 31, 2020	139,093	60,630	43.0

Reference: Equity
 As of December 31, 2020 ¥61,208 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	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)	4,000	(40.8)	6,000	(29.8)	4,500	(30.2)	764.03

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2020	25,037 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)

Nine months ended December 31, 2020	5,884,403 shares	Nine months ended December 31, 2019	5,868,332 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 of 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 December 31, 2020
Assets		
Current assets		
Cash and deposits	9,361	10,502
Notes receivable, accounts receivable from completed construction contracts and other	55,898	57,495
Costs on construction contracts in progress	3,337	2,456
Other inventories	1,150	1,142
Other	4,916	7,339
Allowance for doubtful accounts	(4)	(5)
Total current assets	74,658	78,931
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,849	5,723
Machinery, vehicles, tools, furniture and fixtures, net	3,055	3,210
Aircraft, net	989	861
Land	14,821	14,927
Leased assets, net	1,617	1,440
Construction in progress	423	674
Total property, plant and equipment	26,757	26,838
Intangible assets	863	926
Investments and other assets		
Investment securities	2,090	2,594
Shares of subsidiaries and associates	31,571	33,909
Deferred tax assets	2,323	2,393
Other	1,355	802
Allowance for doubtful accounts	(527)	(45)
Total investments and other assets	36,812	39,654
Total non-current assets	64,434	67,418
Total assets	139,093	146,349

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	33,147	26,021
Short-term borrowings	11,440	24,100
Current portion of long-term borrowings	4,652	4,664
Current portion of bonds payable	5	150
Lease obligations	805	673
Income taxes payable	872	144
Advances received on construction contracts in progress	4,105	5,355
Provision for bonuses	2,189	1,082
Provision for warranties for completed construction	249	53
Provision for loss on construction contracts	1,946	1,630
Other	3,773	4,064
Total current liabilities	63,187	67,939
Non-current liabilities		
Bonds payable	100	625
Long-term borrowings	8,530	9,193
Lease obligations	916	871
Deferred tax liabilities	55	70
Deferred tax liabilities for land revaluation	1,475	1,475
Provision for retirement benefits for directors (and other officers)	482	536
Retirement benefit liability	3,242	3,312
Asset retirement obligations	288	138
Negative goodwill	131	117
Other	54	66
Total non-current liabilities	15,276	16,407
Total liabilities	78,463	84,346
Net assets		
Shareholders' equity		
Share capital	5,283	5,283
Capital surplus	10,762	10,748
Retained earnings	40,883	42,582
Treasury shares	(107)	(36)
Total shareholders' equity	56,822	58,577
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,444	1,239
Revaluation reserve for land	979	979
Foreign currency translation adjustment	594	413
Remeasurements of defined benefit plans	16	(1)
Total accumulated other comprehensive income	3,034	2,630
Share acquisition rights	2	2
Non-controlling interests	771	792
Total net assets	60,630	62,002
Total liabilities and net assets	139,093	146,349

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	91,805	85,880
Cost of sales	81,223	78,283
Gross profit	10,582	7,596
Selling, general and administrative expenses	7,460	7,249
Operating profit	3,122	347
Non-operating income		
Interest and dividend income	57	201
Rental income	110	113
Amortization of negative goodwill	15	15
Share of profit of entities accounted for using equity method	1,613	1,962
Subsidy income	58	272
Other	157	170
Total non-operating income	2,013	2,736
Non-operating expenses		
Interest expenses	230	280
Rental expenses	349	362
Other	128	90
Total non-operating expenses	707	733
Ordinary profit	4,427	2,350
Extraordinary income		
Subsidy income	1,401	6
Total extraordinary income	1,401	6
Extraordinary losses		
Impairment loss	-	4
Loss on tax purpose reduction entry of non-current assets	1,401	4
Total extraordinary losses	1,401	9
Profit before income taxes	4,427	2,347
Income taxes - current	456	299
Income taxes - deferred	392	(155)
Total income taxes	848	144
Profit	3,579	2,203
Profit attributable to non-controlling interests	58	33
Profit attributable to owners of parent	3,520	2,169

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	3,579	2,203
Other comprehensive income		
Valuation difference on available-for-sale securities	70	245
Remeasurements of defined benefit plans, net of tax	(108)	(26)
Share of other comprehensive income of entities accounted for using equity method	58	(614)
Total other comprehensive income	20	(395)
Comprehensive income	3,599	1,807
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,537	1,765
Comprehensive income attributable to non-controlling interests	62	41