

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 10, 2022

Company name: KAWADA TECHNOLOGIES, INC
 Stock exchange listing: Tokyo
 Stock code: 3443 URL <https://www.kawada.jp/>
 Representative: President Kawada Tadahiro
 Inquiries: Managing Director and Chief Financial Officer Watanabe Satoru TEL 03-3915-7722
 Scheduled date to file Quarterly Securities Report: February 14, 2022
 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, 2021 (from April 1, 2021 to December 31, 2021)

(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, 2021	78,181	–	5,401	–	5,902	–	3,914	–
Nine months ended December 31, 2020	85,880	(6.5)	347	(88.9)	2,350	(46.9)	2,169	(38.4)

Note: Comprehensive income
 Nine months ended December 31, 2021 ¥4,320 million [–%]
 Nine months ended December 31, 2020 ¥1,807 million [(49.8)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	663.74		–	
Nine months ended December 31, 2020	368.69		368.41	

Note: As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, each figure for the nine months ended December 31, 2021, 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
	Millions of yen	Millions of yen	%
As of December 31, 2021	128,035	70,870	54.7
As of March 31, 2021	147,408	66,964	44.8

Reference: Equity
 As of December 31, 2021 ¥70,020 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) and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, each figure as of December 31, 2021, is the figure after the application of the said standard, etc.

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, 2021	–	–	–	80.00	80.00
Year ending March 31, 2022	–	–	–		
Year ending March 31, 2022 (Forecast)				100.00	100.00

Note: Revisions to the cash dividend forecasts most recently announced: Yes

Breakdown of fiscal year-end dividends for the fiscal year ending March 31, 2022 (forecast):

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

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	101,000	–	5,000	–	5,900	–	3,900	–	660.71

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

Note: As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and relevant revised ASBJ regulations from the beginning of the fiscal year ending March 31, 2022, the figures in the forecast of consolidated financial results presented above are the figures after the application of the said standard, etc., and year-on-year changes are not presented.

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2021
(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
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|--|-----|
| 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 |

(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, 2021	5,915,870 shares	As of March 31, 2021	5,915,870 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	13,098 shares	As of March 31, 2021	25,153 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, 2021	5,897,520 shares	Nine months ended December 31, 2020	5,884,403 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, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	10,852	14,056
Notes receivable, accounts receivable from completed construction contracts and other	59,006	42,909
Costs on construction contracts in progress	3,932	359
Other inventories	1,071	1,117
Other	5,122	2,966
Allowance for doubtful accounts	(5)	(4)
Total current assets	79,980	61,405
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,187	6,149
Machinery, vehicles, tools, furniture and fixtures, net	3,104	3,353
Aircraft, net	821	707
Land	14,965	14,965
Leased assets, net	1,364	1,156
Construction in progress	301	106
Total property, plant and equipment	26,744	26,438
Intangible assets	962	1,093
Investments and other assets		
Investment securities	2,770	2,523
Shares of subsidiaries and associates	34,463	34,699
Deferred tax assets	1,829	1,139
Other	671	748
Allowance for doubtful accounts	(14)	(13)
Total investments and other assets	39,720	39,097
Total non-current assets	67,427	66,630
Total assets	147,408	128,035

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	23,714	20,137
Short-term borrowings	20,789	3,400
Current portion of long-term borrowings	4,462	4,832
Current portion of bonds payable	150	440
Lease obligations	485	439
Income taxes payable	626	416
Advances received on construction contracts in progress	6,330	2,078
Unearned revenue	223	1,492
Provision for bonuses	2,159	1,058
Provision for warranties for completed construction	112	55
Provision for loss on construction contracts	1,936	1,446
Other	4,621	5,594
Total current liabilities	65,612	41,390
Non-current liabilities		
Bonds payable	625	1,135
Long-term borrowings	8,357	8,887
Lease obligations	1,014	833
Deferred tax liabilities	87	85
Deferred tax liabilities for land revaluation	1,475	1,475
Provision for retirement benefits for directors (and other officers)	529	584
Retirement benefit liability	2,427	2,477
Asset retirement obligations	138	135
Negative goodwill	112	97
Other	63	63
Total non-current liabilities	14,831	15,775
Total liabilities	80,443	57,165
Net assets		
Shareholders' equity		
Share capital	5,285	5,285
Capital surplus	10,732	10,778
Retained earnings	46,754	50,341
Treasury shares	(36)	(44)
Total shareholders' equity	62,736	66,361
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,355	1,506
Revaluation reserve for land	978	978
Foreign currency translation adjustment	415	542
Remeasurements of defined benefit plans	617	632
Total accumulated other comprehensive income	3,366	3,659
Share acquisition rights	1	1
Non-controlling interests	859	847
Total net assets	66,964	70,870
Total liabilities and net assets	147,408	128,035

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, 2020	Nine months ended December 31, 2021
Net sales	85,880	78,181
Cost of sales	78,283	65,088
Gross profit	7,596	13,092
Selling, general and administrative expenses	7,249	7,691
Operating profit	347	5,401
Non-operating income		
Interest and dividend income	201	139
Rental income	113	110
Amortization of negative goodwill	15	15
Share of profit of entities accounted for using equity method	1,962	450
Subsidy income	272	339
Other	170	123
Total non-operating income	2,736	1,180
Non-operating expenses		
Interest expenses	280	233
Rental expenses	362	345
Other	90	100
Total non-operating expenses	733	679
Ordinary profit	2,350	5,902
Extraordinary income		
Gain on extinguishment of tie-in shares	–	18
Subsidy income	6	4
Total extraordinary income	6	22
Extraordinary losses		
Impairment losses	4	0
Loss on tax purpose reduction entry of non-current assets	4	4
Loss on valuation of investment securities	–	189
Total extraordinary losses	9	194
Profit before income taxes	2,347	5,730
Income taxes - current	299	995
Income taxes - deferred	(155)	708
Total income taxes	144	1,704
Profit	2,203	4,026
Profit attributable to non-controlling interests	33	112
Profit attributable to owners of parent	2,169	3,914

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	2,203	4,026
Other comprehensive income		
Valuation difference on available-for-sale securities	245	(22)
Remeasurements of defined benefit plans, net of tax	(26)	(57)
Share of other comprehensive income of entities accounted for using equity method	(614)	374
Total other comprehensive income	(395)	294
Comprehensive income	1,807	4,320
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,765	4,207
Comprehensive income attributable to non-controlling interests	41	113