

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

August 9, 2022

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 10, 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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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, 2022	23,232	(8.3)	(394)	–	15	(99.0)	(155)	–
Three months ended June 30, 2021	25,327	–	966	–	1,577	–	1,208	–

Note: Comprehensive income Three months ended June 30, 2022 ¥(38) million [–%]
 Three months ended June 30, 2021 ¥1,316 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	(26.34)	–
Three months ended June 30, 2021	205.23	–

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 first quarter of the fiscal year ended March 31, 2022, each figure for the three months ended June 30, 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 June 30, 2022	131,352	71,083	53.5
As of March 31, 2022	133,337	71,921	53.2

Reference: Equity As of June 30, 2022 ¥70,218 million
 As of March 31, 2022 ¥71,001 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, 2022	–	–	–	100.00	100.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (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, 2023 (from April 1, 2022 to March 31, 2023)

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	116,000	11.8	4,000	(37.6)	4,600	(40.2)	2,800	(45.9)	478.14

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, 2022
(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: 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 June 30, 2022	5,915,870 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 June 30, 2022	59,885 shares	As of March 31, 2022	13,279 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, 2022	5,892,729 shares	Three months ended June 30, 2021	5,890,429 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, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	13,761	17,450
Notes receivable, accounts receivable from completed construction contracts and other	48,679	41,749
Costs on construction contracts in progress	189	286
Other inventories	921	1,133
Other	2,936	4,334
Allowance for doubtful accounts	(6)	(5)
Total current assets	66,482	64,948
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,070	5,969
Machinery, vehicles, tools, furniture and fixtures, net	3,106	2,944
Aircraft, net	704	922
Land	14,958	14,958
Leased assets, net	1,067	1,000
Construction in progress	74	87
Total property, plant and equipment	25,982	25,883
Intangible assets	1,108	1,118
Investments and other assets		
Investment securities	2,343	2,526
Shares of subsidiaries and associates	35,067	34,264
Deferred tax assets	1,644	1,888
Other	724	738
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	39,764	39,401
Total non-current assets	66,854	66,403
Total assets	133,337	131,352

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	18,880	18,963
Short-term borrowings	5,717	4,950
Current portion of long-term borrowings	4,548	4,265
Current portion of bonds payable	440	440
Lease liabilities	419	417
Income taxes payable	1,114	202
Advances received on construction contracts in progress	3,508	6,124
Unearned revenue	1,820	1,844
Provision for bonuses	2,342	1,081
Provision for warranties for completed construction	178	165
Provision for loss on construction contracts	2,070	2,151
Other	5,694	6,016
Total current liabilities	46,734	46,623
Non-current liabilities		
Bonds payable	1,040	965
Long-term borrowings	8,138	7,181
Lease liabilities	758	688
Deferred tax liabilities	90	89
Deferred tax liabilities for land revaluation	1,474	1,474
Provision for retirement benefits for directors (and other officers)	565	611
Retirement benefit liability	2,331	2,364
Asset retirement obligations	132	132
Negative goodwill	93	88
Other	56	49
Total non-current liabilities	14,680	13,645
Total liabilities	61,415	60,268
Net assets		
Shareholders' equity		
Share capital	5,285	5,285
Capital surplus	10,769	10,766
Retained earnings	51,605	50,859
Treasury shares	(44)	(208)
Total shareholders' equity	67,616	66,704
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,251	1,396
Revaluation reserve for land	977	977
Foreign currency translation adjustment	620	620
Remeasurements of defined benefit plans	536	520
Total accumulated other comprehensive income	3,384	3,514
Share acquisition rights	1	1
Non-controlling interests	918	863
Total net assets	71,921	71,083
Total liabilities and net assets	133,337	131,352

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, 2021	Three months ended June 30, 2022
Net sales	25,327	23,232
Cost of sales	21,836	20,930
Gross profit	3,491	2,302
Selling, general and administrative expenses	2,524	2,696
Operating profit (loss)	966	(394)
Non-operating income		
Interest and dividend income	105	24
Rental income	36	36
Amortization of negative goodwill	5	5
Share of profit of entities accounted for using equity method	612	414
Subsidy income	87	93
Other	25	37
Total non-operating income	873	612
Non-operating expenses		
Interest expenses	102	48
Rental expenses	121	123
Other	37	30
Total non-operating expenses	262	202
Ordinary profit	1,577	15
Extraordinary income		
Gain on extinguishment of tie-in shares	18	–
Subsidy income	0	0
Total extraordinary income	18	0
Extraordinary losses		
Loss on extinguishment of tie-in shares	–	327
Loss on tax purpose reduction entry of non-current assets	0	0
Loss on valuation of investment securities	50	–
Total extraordinary losses	50	328
Profit (loss) before income taxes	1,545	(312)
Income taxes - current	36	146
Income taxes - deferred	277	(293)
Total income taxes	314	(147)
Profit (loss)	1,231	(165)
Profit (loss) attributable to non-controlling interests	22	(9)
Profit (loss) attributable to owners of parent	1,208	(155)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit (loss)	1,231	(165)
Other comprehensive income		
Valuation difference on available-for-sale securities	(62)	128
Remeasurements of defined benefit plans, net of tax	(19)	(15)
Share of other comprehensive income of entities accounted for using equity method	167	13
Total other comprehensive income	85	126
Comprehensive income	1,316	(38)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,293	(25)
Comprehensive income attributable to non-controlling interests	22	(12)