

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 9, 2023

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, 2023
 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, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	31,312	34.8	354	–	853	–	629	–
Three months ended June 30, 2022	23,232	(8.3)	(394)	–	15	(99.0)	(155)	–

Note: Comprehensive income Three months ended June 30, 2023 ¥747 million [–%]
 Three months ended June 30, 2022 ¥(38) million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	107.13		107.06	
Three months ended June 30, 2022	(26.34)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	159,976	76,163	46.9
As of March 31, 2023	162,158	76,697	46.6

Reference: Equity As of June 30, 2023 ¥75,058 million
 As of March 31, 2023 ¥75,615 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, 2023	–	–	–	210.00	210.00
Year ending March 31, 2024	–	–	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	200.00	200.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	133,000	12.6	4,600	(8.5)	5,100	(19.0)	3,900	(7.8)	663.51

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, 2023
(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, 2023	5,917,370 shares	As of March 31, 2023	5,917,370 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	39,574 shares	As of March 31, 2023	39,450 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, 2023	5,877,879 shares	Three months ended June 30, 2022	5,892,729 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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	15,746	15,533
Notes receivable, accounts receivable from completed construction contracts and other	69,206	64,761
Costs on construction contracts in progress	120	140
Other inventories	1,254	1,361
Other	6,634	8,383
Allowance for doubtful accounts	(6)	(6)
Total current assets	92,956	90,174
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,690	5,815
Machinery, vehicles, tools, furniture and fixtures, net	2,617	2,503
Aircraft, net	826	828
Land	14,957	14,957
Leased assets, net	2,641	2,534
Construction in progress	308	439
Total property, plant and equipment	27,042	27,079
Intangible assets	1,177	1,198
Investments and other assets		
Investment securities	3,496	3,562
Shares of subsidiaries and associates	35,522	36,010
Deferred tax assets	1,220	1,205
Other	757	761
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	40,981	41,524
Total non-current assets	69,201	69,802
Total assets	162,158	159,976

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	29,211	29,180
Short-term borrowings	20,380	16,300
Current portion of long-term borrowings	3,998	3,728
Current portion of bonds payable	680	680
Lease liabilities	578	570
Income taxes payable	1,104	230
Advances received on construction contracts in progress	4,631	7,273
Unearned revenue	1,951	2,089
Provision for bonuses	2,061	977
Provision for warranties for completed construction	67	90
Provision for loss on construction contracts	1,777	1,594
Other	2,898	5,932
Total current liabilities	69,341	68,646
Non-current liabilities		
Bonds payable	1,910	1,815
Long-term borrowings	6,892	6,115
Lease liabilities	2,341	2,233
Deferred tax liabilities	120	126
Deferred tax liabilities for land revaluation	1,474	1,474
Provision for retirement benefits for directors (and other officers)	647	673
Retirement benefit liability	2,440	2,447
Asset retirement obligations	132	132
Negative goodwill	73	68
Other	86	79
Total non-current liabilities	16,119	15,166
Total liabilities	85,460	83,813
Net assets		
Shareholders' equity		
Share capital	5,288	5,288
Capital surplus	10,778	10,778
Retained earnings	55,247	54,642
Treasury shares	(140)	(141)
Total shareholders' equity	71,173	70,568
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,070	2,128
Revaluation reserve for land	976	976
Foreign currency translation adjustment	1,163	1,163
Remeasurements of defined benefit plans	230	220
Total accumulated other comprehensive income	4,441	4,489
Share acquisition rights	1	1
Non-controlling interests	1,079	1,103
Total net assets	76,697	76,163
Total liabilities and net assets	162,158	159,976

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, 2022	Three months ended June 30, 2023
Net sales	23,232	31,312
Cost of sales	20,930	28,264
Gross profit	2,302	3,048
Selling, general and administrative expenses	2,696	2,694
Operating profit (loss)	(394)	354
Non-operating income		
Interest and dividend income	24	31
Rental income	36	37
Amortization of negative goodwill	5	5
Share of profit of entities accounted for using equity method	414	478
Subsidy income	93	178
Other	37	28
Total non-operating income	612	761
Non-operating expenses		
Interest expenses	48	93
Rental expenses	123	131
Other	30	35
Total non-operating expenses	202	261
Ordinary profit	15	853
Extraordinary income		
Subsidy income	0	4
Total extraordinary income	0	4
Extraordinary losses		
Loss on extinguishment of tie-in shares	327	–
Loss on tax purpose reduction entry of non-current assets	0	0
Total extraordinary losses	328	0
Profit (loss) before income taxes	(312)	857
Income taxes - current	146	155
Income taxes - deferred	(293)	1
Total income taxes	(147)	157
Profit (loss)	(165)	699
Profit (loss) attributable to non-controlling interests	(9)	70
Profit (loss) attributable to owners of parent	(155)	629

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit (loss)	(165)	699
Other comprehensive income		
Valuation difference on available-for-sale securities	128	45
Remeasurements of defined benefit plans, net of tax	(15)	(7)
Share of other comprehensive income of entities accounted for using equity method	13	9
Total other comprehensive income	126	47
Comprehensive income	(38)	747
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(25)	677
Comprehensive income attributable to non-controlling interests	(12)	69