

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 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: November 13, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 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	%
Six months ended September 30, 2023	64,325	26.7	3,096	866.6	3,695	233.1	2,594	347.3
Six months ended September 30, 2022	50,764	(3.8)	320	(92.7)	1,109	(77.0)	579	(82.6)

Note: Comprehensive income Six months ended September 30, 2023 ¥3,327 million [150.4%]  
 Six months ended September 30, 2022 ¥1,329 million [(65.1)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	443.47		442.89	
Six months ended September 30, 2022	98.63		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	158,856	77,891	48.3
As of March 31, 2023	162,158	76,697	46.6

Reference: Equity As of September 30, 2023 ¥76,704 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)	–	–	–	240.00	240.00

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

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	128,000	8.4	6,400	27.4	6,900	9.5	4,700	11.1	820.04

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

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2023	185,908 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)

Six months ended September 30, 2023	5,849,968 shares	Six months ended September 30, 2022	5,880,274 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.

We are scheduled to hold a financial results presentation meeting for institutional investors and analysts. The materials on financial results to be used at and the video of the meeting will be available on our website promptly after the meeting.

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	15,746	13,799
Notes receivable, accounts receivable from completed construction contracts and other	69,206	69,510
Costs on construction contracts in progress	120	226
Other inventories	1,254	1,437
Other	6,634	3,330
Allowance for doubtful accounts	(6)	(6)
Total current assets	92,956	88,298
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,690	6,003
Machinery, vehicles, tools, furniture and fixtures, net	2,617	2,614
Aircraft, net	826	844
Land	14,957	14,957
Leased assets, net	2,641	2,421
Construction in progress	308	420
Total property, plant and equipment	27,042	27,262
Intangible assets	1,177	1,239
Investments and other assets		
Investment securities	3,496	3,447
Shares of subsidiaries and associates	35,522	36,649
Deferred tax assets	1,220	1,218
Other	757	756
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	40,981	42,055
Total non-current assets	69,201	70,557
Total assets	162,158	158,856

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	29,211	29,032
Short-term borrowings	20,380	13,100
Current portion of long-term borrowings	3,998	4,157
Current portion of bonds payable	680	880
Lease liabilities	578	517
Income taxes payable	1,104	961
Advances received on construction contracts in progress	4,631	5,025
Unearned revenue	1,951	1,881
Provision for bonuses	2,061	1,962
Provision for warranties for completed construction	67	88
Provision for loss on construction contracts	1,777	1,766
Other	2,898	4,074
<b>Total current liabilities</b>	<b>69,341</b>	<b>63,447</b>
<b>Non-current liabilities</b>		
Bonds payable	1,910	2,370
Long-term borrowings	6,892	7,927
Lease liabilities	2,341	2,160
Deferred tax liabilities	120	147
Deferred tax liabilities for land revaluation	1,474	1,474
Provision for retirement benefits for directors (and other officers)	647	701
Retirement benefit liability	2,440	2,466
Asset retirement obligations	132	132
Negative goodwill	73	63
Other	86	71
<b>Total non-current liabilities</b>	<b>16,119</b>	<b>17,516</b>
<b>Total liabilities</b>	<b>85,460</b>	<b>80,964</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,288	5,288
Capital surplus	10,778	10,833
Retained earnings	55,247	56,607
Treasury shares	(140)	(1,048)
<b>Total shareholders' equity</b>	<b>71,173</b>	<b>71,681</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,070	2,269
Revaluation reserve for land	976	976
Foreign currency translation adjustment	1,163	1,490
Remeasurements of defined benefit plans	230	286
<b>Total accumulated other comprehensive income</b>	<b>4,441</b>	<b>5,023</b>
Share acquisition rights	1	1
Non-controlling interests	1,079	1,185
<b>Total net assets</b>	<b>76,697</b>	<b>77,891</b>
<b>Total liabilities and net assets</b>	<b>162,158</b>	<b>158,856</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	50,764	64,325
Cost of sales	45,180	55,818
Gross profit	5,583	8,507
Selling, general and administrative expenses	5,263	5,411
Operating profit	320	3,096
Non-operating income		
Interest and dividend income	51	59
Rental income	73	76
Amortization of negative goodwill	10	10
Share of profit of entities accounted for using equity method	842	743
Subsidy income	158	178
Other	56	55
Total non-operating income	1,193	1,123
Non-operating expenses		
Interest expenses	113	182
Rental expenses	235	247
Other	55	95
Total non-operating expenses	404	524
Ordinary profit	1,109	3,695
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	4
Total extraordinary losses	328	4
Profit before income taxes	781	3,695
Income taxes - current	409	892
Income taxes - deferred	(290)	58
Total income taxes	118	951
Profit	662	2,743
Profit attributable to non-controlling interests	82	149
Profit attributable to owners of parent	579	2,594

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	662	2,743
Other comprehensive income		
Valuation difference on available-for-sale securities	159	(25)
Remeasurements of defined benefit plans, net of tax	(30)	(14)
Share of other comprehensive income of entities accounted for using equity method	537	624
Total other comprehensive income	666	584
Comprehensive income	1,329	3,327
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,246	3,175
Comprehensive income attributable to non-controlling interests	82	151

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	781	3,695
Depreciation	1,402	1,355
Amortization of negative goodwill	(9)	(9)
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	(252)	(98)
Increase (decrease) in provision for warranties for completed construction	(20)	21
Increase (decrease) in provision for loss on construction contracts	445	(11)
Increase (decrease) in other provisions	0	(5)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(51)	53
Increase (decrease) in retirement benefit liability	2	12
Interest and dividend income	(51)	(59)
Interest expenses	113	182
Share of loss (profit) of entities accounted for using equity method	(842)	(743)
Loss (gain) on sale of non-current assets	(0)	(5)
Loss on retirement of non-current assets	2	6
Loss on tax purpose reduction entry of non-current assets	0	4
Subsidy income	(231)	(264)
Decrease (increase) in trade receivables	64	(303)
Decrease (increase) in costs on construction contracts in progress	98	(106)
Decrease (increase) in inventories	(390)	(183)
Increase (decrease) in trade payables	2,211	(179)
Increase (decrease) in advances received on construction contracts in progress	651	394
Other, net	(3,268)	3,388
Subtotal	655	7,144
Compensation paid for damage	(75)	(0)
Proceeds from insurance income	81	1
Subsidies received	492	490
Income taxes paid	(1,349)	(517)
Net cash provided by (used in) operating activities	(195)	7,118
Cash flows from investing activities		
Payments into time deposits	(10)	(10)
Proceeds from withdrawal of time deposits	12	10
Purchase of property, plant and equipment	(771)	(852)
Proceeds from sale of property, plant and equipment	8	12
Purchase of intangible assets	(255)	(304)
Purchase of investment securities	(2)	(2)
Proceeds from collection of loans receivable	0	0
Interest and dividends received	288	295
Other, net	30	(7)
Net cash provided by (used in) investing activities	(699)	(859)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	883	(7,280)
Proceeds from long-term borrowings	2,400	3,360
Repayments of long-term borrowings	(2,470)	(2,166)
Proceeds from issuance of bonds	1,481	989
Redemption of bonds	(270)	(340)
Interest paid	(114)	(179)
Repayments of lease liabilities	(260)	(296)
Dividends paid	(586)	(1,226)
Other, net	(238)	(1,075)
Net cash provided by (used in) financing activities	822	(8,215)
Effect of exchange rate change on cash and cash equivalents	13	9
Net increase (decrease) in cash and cash equivalents	(58)	(1,947)
Cash and cash equivalents at beginning of period	13,674	15,661
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	944	–
Cash and cash equivalents at end of period	14,560	13,714