

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 9, 2024

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 13, 2024
 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, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	96,884	19.2	5,262	286.7	6,142	169.5	4,034	203.2
Nine months ended December 31, 2022	81,304	4.0	1,360	(74.8)	2,279	(61.4)	1,330	(66.0)

Note: Comprehensive income
 Nine months ended December 31, 2023 ¥4,865 million [99.8%]
 Nine months ended December 31, 2022 ¥2,434 million [(43.7)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	694.39		693.18	
Nine months ended December 31, 2022	226.34		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	166,915	79,428	46.8
As of March 31, 2023	162,158	76,697	46.6

Reference: Equity
 As of December 31, 2023 ¥78,173 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)				300.00	300.00

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	7,400	47.3	8,700	38.1	5,700	34.7	994.53

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, 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 December 31, 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 December 31, 2023	186,025 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)

Nine months ended December 31, 2023	5,810,299 shares	Nine months ended December 31, 2022	5,879,064 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	15,746	14,577
Notes receivable, accounts receivable from completed construction contracts and other	69,206	76,186
Costs on construction contracts in progress	120	306
Other inventories	1,254	1,385
Other	6,634	3,088
Allowance for doubtful accounts	(6)	(6)
Total current assets	92,956	95,538
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,690	6,240
Machinery, vehicles, tools, furniture and fixtures, net	2,617	3,030
Aircraft, net	826	820
Land	14,957	14,957
Leased assets, net	2,641	2,646
Construction in progress	308	264
Total property, plant and equipment	27,042	27,960
Intangible assets	1,177	1,242
Investments and other assets		
Investment securities	3,496	3,449
Shares of subsidiaries and associates	35,522	37,012
Deferred tax assets	1,220	953
Other	757	774
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	40,981	42,174
Total non-current assets	69,201	71,377
Total assets	162,158	166,915

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	29,211	27,076
Short-term borrowings	20,380	17,500
Current portion of long-term borrowings	3,998	4,554
Current portion of bonds payable	680	960
Lease liabilities	578	566
Income taxes payable	1,104	951
Advances received on construction contracts in progress	4,631	5,115
Unearned revenue	1,951	2,116
Provision for bonuses	2,061	1,092
Provision for warranties for completed construction	67	69
Provision for loss on construction contracts	1,777	1,949
Other	2,898	5,292
Total current liabilities	69,341	67,244
Non-current liabilities		
Bonds payable	1,910	2,595
Long-term borrowings	6,892	10,191
Lease liabilities	2,341	2,360
Deferred tax liabilities	120	158
Deferred tax liabilities for land revaluation	1,474	1,474
Provision for retirement benefits for directors (and other officers)	647	724
Retirement benefit liability	2,440	2,481
Asset retirement obligations	132	133
Negative goodwill	73	59
Other	86	63
Total non-current liabilities	16,119	20,242
Total liabilities	85,460	87,487
Net assets		
Shareholders' equity		
Share capital	5,288	5,288
Capital surplus	10,778	10,833
Retained earnings	55,247	58,047
Treasury shares	(140)	(1,048)
Total shareholders' equity	71,173	73,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,070	2,307
Revaluation reserve for land	976	976
Foreign currency translation adjustment	1,163	1,490
Remeasurements of defined benefit plans	230	277
Total accumulated other comprehensive income	4,441	5,052
Share acquisition rights	1	1
Non-controlling interests	1,079	1,253
Total net assets	76,697	79,428
Total liabilities and net assets	162,158	166,915

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, 2022	Nine months ended December 31, 2023
Net sales	81,304	96,884
Cost of sales	72,053	83,352
Gross profit	9,250	13,531
Selling, general and administrative expenses	7,889	8,268
Operating profit	1,360	5,262
Non-operating income		
Interest and dividend income	64	74
Rental income	109	115
Amortization of negative goodwill	15	15
Share of profit of entities accounted for using equity method	1,126	1,064
Subsidy income	158	306
Other	62	67
Total non-operating income	1,537	1,643
Non-operating expenses		
Interest expenses	196	276
Rental expenses	346	363
Other	75	122
Total non-operating expenses	618	762
Ordinary profit	2,279	6,142
Extraordinary income		
Subsidy income	0	4
Total extraordinary income	0	4
Extraordinary losses		
Loss on extinguishment of tie-in shares	329	–
Loss on tax purpose reduction entry of non-current assets	0	4
Loss on valuation of investment securities	18	–
Total extraordinary losses	348	4
Profit before income taxes	1,931	6,142
Income taxes - current	548	1,222
Income taxes for prior periods	21	336
Income taxes - deferred	(97)	330
Total income taxes	472	1,889
Profit	1,459	4,253
Profit attributable to non-controlling interests	128	218
Profit attributable to owners of parent	1,330	4,034

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	1,459	4,253
Other comprehensive income		
Valuation difference on available-for-sale securities	435	(32)
Remeasurements of defined benefit plans, net of tax	(45)	(21)
Share of other comprehensive income of entities accounted for using equity method	586	665
Total other comprehensive income	975	611
Comprehensive income	2,434	4,865
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,304	4,644
Comprehensive income attributable to non-controlling interests	130	220