

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 14, 2023

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, 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	81,304	4.0	1,360	(74.8)	2,279	(61.4)	1,330	(66.0)
Nine months ended December 31, 2021	78,181	–	5,401	–	5,902	–	3,914	–

Note: Comprehensive income  
 Nine months ended December 31, 2022 ¥2,434 million [(43.7)%]  
 Nine months ended December 31, 2021 ¥4,320 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	226.34		–	
Nine months ended December 31, 2021	663.74		–	

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 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, 2022	155,233	73,636	46.8
As of March 31, 2022	133,337	71,921	53.2

Reference: Equity  
 As of December 31, 2022 ¥72,628 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)				120.00	120.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

	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	115,000	10.8	3,600	(43.9)	4,400	(42.8)	2,400	(53.6)	408.40

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, 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
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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, 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 December 31, 2022	39,265 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)

Nine months ended December 31, 2022	5,879,064 shares	Nine months ended December 31, 2021	5,897,520 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	13,761	14,652
Notes receivable, accounts receivable from completed construction contracts and other	48,679	64,144
Costs on construction contracts in progress	189	178
Other inventories	921	1,391
Other	2,936	5,888
Allowance for doubtful accounts	(6)	(51)
Total current assets	66,482	86,202
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,070	5,777
Machinery, vehicles, tools, furniture and fixtures, net	3,106	2,732
Aircraft, net	704	846
Land	14,958	14,958
Leased assets, net	1,067	2,776
Construction in progress	74	214
Total property, plant and equipment	25,982	27,305
Intangible assets	1,108	1,156
Investments and other assets		
Investment securities	2,343	2,948
Shares of subsidiaries and associates	35,067	35,308
Deferred tax assets	1,644	1,594
Other	724	731
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	39,764	40,567
Total non-current assets	66,854	69,030
Total assets	133,337	155,233

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	18,880	26,070
Short-term borrowings	5,717	20,100
Current portion of long-term borrowings	4,548	4,182
Current portion of bonds payable	440	680
Lease liabilities	419	615
Income taxes payable	1,114	477
Advances received on construction contracts in progress	3,508	3,683
Unearned revenue	1,820	1,887
Provision for bonuses	2,342	998
Provision for warranties for completed construction	178	140
Provision for loss on construction contracts	2,070	2,078
Other	5,694	3,648
<b>Total current liabilities</b>	<b>46,734</b>	<b>64,561</b>
<b>Non-current liabilities</b>		
Bonds payable	1,040	2,155
Long-term borrowings	8,138	7,570
Lease liabilities	758	2,451
Deferred tax liabilities	90	117
Deferred tax liabilities for land revaluation	1,474	1,474
Provision for retirement benefits for directors (and other officers)	565	635
Retirement benefit liability	2,331	2,381
Asset retirement obligations	132	132
Negative goodwill	93	78
Other	56	36
<b>Total non-current liabilities</b>	<b>14,680</b>	<b>17,034</b>
<b>Total liabilities</b>	<b>61,415</b>	<b>81,596</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,285	5,285
Capital surplus	10,769	10,778
Retained earnings	51,605	52,345
Treasury shares	(44)	(140)
<b>Total shareholders' equity</b>	<b>67,616</b>	<b>68,269</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,251	1,739
Revaluation reserve for land	977	977
Foreign currency translation adjustment	620	1,164
Remeasurements of defined benefit plans	536	478
<b>Total accumulated other comprehensive income</b>	<b>3,384</b>	<b>4,358</b>
Share acquisition rights	1	1
Non-controlling interests	918	1,005
<b>Total net assets</b>	<b>71,921</b>	<b>73,636</b>
<b>Total liabilities and net assets</b>	<b>133,337</b>	<b>155,233</b>

## 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, 2021	Nine months ended December 31, 2022
Net sales	78,181	81,304
Cost of sales	65,088	72,053
Gross profit	13,092	9,250
Selling, general and administrative expenses	7,691	7,889
Operating profit	5,401	1,360
Non-operating income		
Interest and dividend income	139	64
Rental income	110	109
Amortization of negative goodwill	15	15
Share of profit of entities accounted for using equity method	450	1,126
Subsidy income	339	158
Other	123	62
Total non-operating income	1,180	1,537
Non-operating expenses		
Interest expenses	233	196
Rental expenses	345	346
Other	100	75
Total non-operating expenses	679	618
Ordinary profit	5,902	2,279
Extraordinary income		
Gain on extinguishment of tie-in shares	18	–
Subsidy income	4	0
Total extraordinary income	22	0
Extraordinary losses		
Loss on extinguishment of tie-in shares	–	329
Impairment losses	0	–
Loss on tax purpose reduction entry of non-current assets	4	0
Loss on valuation of investment securities	189	18
Total extraordinary losses	194	348
Profit before income taxes	5,730	1,931
Income taxes - current	995	569
Income taxes - deferred	708	(97)
Total income taxes	1,704	472
Profit	4,026	1,459
Profit attributable to non-controlling interests	112	128
Profit attributable to owners of parent	3,914	1,330

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	4,026	1,459
Other comprehensive income		
Valuation difference on available-for-sale securities	(22)	435
Remeasurements of defined benefit plans, net of tax	(57)	(45)
Share of other comprehensive income of entities accounted for using equity method	374	586
Total other comprehensive income	294	975
Comprehensive income	4,320	2,434
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,207	2,304
Comprehensive income attributable to non-controlling interests	113	130