

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

August 9, 2024

Company name: KAWADA TECHNOLOGIES, INC.
 Stock exchange listing: Tokyo
 Stock code: 3443 URL: <https://www.kawada.jp/>
 Representative: Representative Director and President Tadahi Kawada
 Inquiries: Managing Director Satoru Watanabe TEL: +81-3-3915-7722
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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, 2024	32,856	4.9	2,483	601.3	2,846	233.3	2,048	225.3
Three months ended June 30, 2023	31,312	34.8	354	–	853	–	629	–

Note: Comprehensive income Three months ended June 30, 2024: ¥2,325 million [211.1%]
 Three months ended June 30, 2023: ¥747 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	118.90	118.58
Three months ended June 30, 2023	35.71	35.69

Note: The Company conducted a stock split of common share at a ratio of 3-for-1 on April 1, 2024. “Earnings per share” and “Diluted earnings per share” are calculated on the assumption that said splitting of shares had been made at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	162,215	82,426	50.5
As of March 31, 2024	160,238	82,363	51.1

Reference: Equity As of June 30, 2024: ¥81,972 million
 As of March 31, 2024: ¥81,900 million

Note: The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27) and relevant regulations from the beginning of the first quarter of the fiscal year under review, and each figure for the fiscal year ended March 31, 2024 is the figure after applying the accounting standard and relevant ASBJ regulations.

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
Fiscal year ended March 31, 2024	–	–	–	393.00	393.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		45.00	–	45.00	90.00

Notes: 1. Revisions to the cash dividend forecasts most recently announced: Yes

2. The Company conducted a stock split of common share at a ratio of 3-for-1 on April 1, 2024. The amounts shown for the dividends for the fiscal year ended March 31, 2024 are the actual dividend amounts before the share split.

3. The Company had provided only the fiscal year-end dividend as a once-per-year dividend up until now. However, to enhance the opportunities for the distribution of profits to shareholders, the Company will also provide an interim dividend effective the fiscal year ending March 31, 2025. At the 16th Annual General Meeting of Shareholders held on June 27, 2024, a partial amendment to the Articles of Incorporation was approved and adopted, allowing the Company to provide an interim dividend with a record date of September 30 each year by resolution of the Board of Directors. No changes have been made to the total amount of annual dividends announced on May 14, 2024.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	12,800	(0.9)	5,800	(33.6)	7,200	(31.7)	5,200	(31.1)	301.88

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

4. Notes

(1) Significant changes in the scope of consolidation during the period: 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, 2024	17,784,210 shares	As of March 31, 2024	17,784,210 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	558,678 shares	As of March 31, 2024	558,549 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, 2024	17,225,613 shares	Three months ended June 30, 2023	17,633,637 shares
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Note: The Company conducted a stock split of common share at a ratio of 3-for-1 on April 1, 2024. "Total number of issued shares at the end of the period," "Number of treasury shares at the end of the period," and "Average number of shares during the period" are calculated on the assumption that said splitting of shares had been made at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit corporation: No

* 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. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Results may differ materially from the consolidated forecasts due to various factors.

Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

	(Millions of yen)	
	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	16,188	16,705
Notes receivable, accounts receivable from completed construction contracts and other	65,557	65,852
Costs on construction contracts in progress	138	201
Other inventories	1,247	1,549
Other	3,274	4,257
Allowance for doubtful accounts	(5)	(6)
Total current assets	86,400	88,559
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,133	6,111
Machinery, vehicles, tools, furniture and fixtures, net	3,064	3,067
Aircraft, net	833	912
Land	14,956	14,956
Leased assets, net	2,543	2,425
Construction in progress	344	179
Total property, plant and equipment	27,875	27,652
Intangible assets	1,248	1,254
Investments and other assets		
Investment securities	3,542	3,959
Shares of subsidiaries and associates	37,699	38,037
Deferred tax assets	2,696	1,944
Other	791	821
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	44,714	44,748
Total non-current assets	73,838	73,655
Total assets	160,238	162,215

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	20,947	19,189
Short-term borrowings	9,750	17,150
Current portion of long-term borrowings	4,425	4,212
Current portion of bonds payable	960	960
Lease liabilities	572	537
Income taxes payable	3,618	351
Advances received on construction contracts in progress	5,818	7,972
Unearned revenue	2,399	2,552
Provision for bonuses	2,261	1,093
Provision for warranties for completed construction	65	59
Provision for loss on construction contracts	1,674	1,702
Other	6,631	6,629
Total current liabilities	59,126	62,411
Non-current liabilities		
Bonds payable	2,250	2,115
Long-term borrowings	9,754	8,804
Lease liabilities	2,241	2,148
Deferred tax liabilities	137	—
Deferred tax liabilities for land revaluation	1,474	1,474
Provision for retirement benefits for directors (and other officers)	725	699
Retirement benefit liability	1,921	1,902
Asset retirement obligations	133	133
Negative goodwill	54	49
Other	56	50
Total non-current liabilities	18,748	17,377
Total liabilities	77,874	79,789
Net assets		
Shareholders' equity		
Share capital	5,311	5,311
Capital surplus	10,548	10,548
Retained earnings	61,576	61,368
Treasury shares	(1,050)	(1,050)
Total shareholders' equity	76,386	76,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,407	2,713
Revaluation reserve for land	976	976
Foreign currency translation adjustment	1,530	1,530
Remeasurements of defined benefit plans	598	575
Total accumulated other comprehensive income	5,513	5,795
Share acquisition rights	1	1
Non-controlling interests	462	452
Total net assets	82,363	82,426
Total liabilities and net assets	160,238	162,215

(2) Quarterly consolidated statements of income (cumulative) and quarterly consolidated statements of comprehensive income (cumulative)

Quarterly consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	31,312	32,856
Cost of sales	28,264	27,449
Gross profit	3,048	5,406
Selling, general and administrative expenses	2,694	2,922
Operating profit	354	2,483
Non-operating income		
Interest and dividend income	31	40
Rental income	37	39
Amortization of negative goodwill	5	5
Share of profit of entities accounted for using equity method	478	178
Subsidy income	178	335
Other	28	19
Total non-operating income	761	619
Non-operating expenses		
Interest expenses	93	86
Rental expenses	131	136
Other	35	34
Total non-operating expenses	261	256
Ordinary profit	853	2,846
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	—	50
Subsidy income	4	—
Total extraordinary income	4	50
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	0	—
Total extraordinary losses	0	—
Profit before income taxes	857	2,896
Income taxes - current	155	278
Income taxes - deferred	1	573
Total income taxes	157	852
Profit	699	2,043
Profit (loss) attributable to non-controlling interests	70	(4)
Profit attributable to owners of parent	629	2,048

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	699	2,043
Other comprehensive income		
Valuation difference on available-for-sale securities	45	103
Remeasurements of defined benefit plans, net of tax	(7)	(21)
Share of other comprehensive income of entities accounted for using equity method	9	200
Total other comprehensive income	47	281
Comprehensive income	747	2,325
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	677	2,329
Comprehensive income attributable to non-controlling interests	69	(4)

Notes regarding segment information, etc.

I For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Information on the amounts of net sales and profit or loss for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Steel Construc- tion	Civil Engineering	Architec- ture	Solution	Total		
Net sales							
Goods transferred at a point in time	90	26	15	216	348	859	1,208
Goods transferred over time	13,279	8,542	6,054	1,380	29,257	797	30,054
Revenue from contracts with customers	13,370	8,568	6,070	1,596	29,605	1,657	31,263
Other income	7	12	–	–	20	29	49
Revenues from external customers	13,377	8,581	6,070	1,596	29,625	1,686	31,312
Transactions with other segments	85	90	–	103	280	37	317
Total	13,463	8,671	6,070	1,700	29,906	1,724	31,630
Segment profit (loss)	(175)	214	569	613	1,221	(178)	1,043

Note: The “Others” category is a segment containing the businesses not included in the reportable segments, and it includes businesses related to aviation, real estate transaction and leasing, etc.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in quarterly consolidated statements of income, and description of said difference (comparability adjustment)

(Millions of yen)

Profit	Amount
Reportable segments total	1,221
Loss from “Others”	(178)
Elimination of intersegment transactions	(79)
Company-wide expenses (Note)	(713)
Other adjustments	103
Operating profit in the quarterly consolidated statements of income	354

Note: Company-wide expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.

3. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment
Not applicable.

II For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on the amounts of net sales and profit or loss for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Steel Construc- tion	Civil Engineering	Architec- ture	Solution	Total		
Net sales							
Goods transferred at a point in time	46	–	39	174	259	934	1,194
Goods transferred over time	16,116	9,900	3,214	1,504	30,735	881	31,617
Revenue from contracts with customers	16,163	9,900	3,253	1,678	30,995	1,816	32,811
Other income	7	9	–	–	17	27	44
Revenues from external customers	16,170	9,909	3,253	1,678	31,012	1,843	32,856
Transactions with other segments	200	99	1	50	351	54	406
Total	16,371	10,008	3,254	1,728	31,363	1,898	33,262
Segment profit (loss)	1,630	1,044	117	650	3,441	(191)	3,250

Note: The “Others” category is a segment containing the businesses not included in the reportable segments, and it includes businesses related to aviation, real estate transaction and leasing, etc.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in quarterly consolidated statements of income, and description of said difference (comparability adjustment)

(Millions of yen)

Profit	Amount
Reportable segments total	3,441
Loss from “Others”	(191)
Elimination of intersegment transactions	(68)
Company-wide expenses (Note)	(862)
Other adjustments	164
Operating profit in the quarterly consolidated statements of income	2,483

Note: Company-wide expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.

3. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment
Not applicable.