

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

July 29, 2022

Company name: Kandenko Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 1942 URL <https://www.kandenko.co.jp/>
 Representative: President and Director Toshio Nakama
 Inquiries: Department Manager of Hidenori Yamaguchi TEL (03)5476-2111
 Accounting Department
 Scheduled date to file Quarterly Securities Report: August 5, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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, 2022 (from April 1, 2022 to June 30, 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	%
Three months ended June 30, 2022	109,018	0.9	5,852	(16.0)	6,544	(12.5)	4,309	(9.6)
Three months ended June 30, 2021	108,077	–	6,967	4.4	7,475	3.2	4,764	3.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	21.09	–
Three months ended June 30, 2021	23.33	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	446,699	295,536	64.0
As of March 31, 2022	470,967	293,514	60.3

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	–	14.00	–	14.00	28.00
Year ending March 31, 2023	–				
Year ending March 31, 2023 (Forecast)		14.00	–	14.00	28.00

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

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
Six months ending September 30, 2022	245,000	11.2	12,400	(7.8)	12,900	(7.9)	7,700	(13.1)	37.69
Full year	542,000	9.4	32,000	4.4	32,800	3.3	20,800	2.4	101.81

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 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: Yes
- (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, 2022	205,288,338 shares	As of March 31, 2022	205,288,338 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	983,318 shares	As of March 31, 2022	983,306 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, 2022	204,305,026 shares	Three months ended June 30, 2021	204,257,660 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	67,614	73,179
Notes receivable, accounts receivable from completed construction contracts and other	185,675	146,680
Securities	4,999	5,299
Costs on construction contracts in progress	9,547	11,580
Other	20,888	24,784
Allowance for doubtful accounts	(556)	(486)
Total current assets	288,170	261,038
Non-current assets		
Property, plant and equipment		
Land	60,496	60,475
Other, net	52,433	51,957
Total property, plant and equipment	112,930	112,433
Intangible assets	5,694	5,671
Investments and other assets		
Investment securities	48,274	51,873
Other	17,181	16,974
Allowance for doubtful accounts	(1,284)	(1,290)
Total investments and other assets	64,171	67,557
Total non-current assets	182,797	185,661
Total assets	470,967	446,699

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	80,241	54,366
Short-term borrowings	6,792	8,642
Income taxes payable	6,815	2,197
Advances received on construction contracts in progress	12,349	16,788
Provision for loss on construction contracts	9,927	9,769
Other provisions	959	440
Other	30,204	29,397
Total current liabilities	147,290	121,601
Non-current liabilities		
Long-term borrowings	6,607	6,487
Other provisions	452	447
Retirement benefit liability	13,813	13,276
Other	9,289	9,350
Total non-current liabilities	30,162	29,561
Total liabilities	177,452	151,163
Net assets		
Shareholders' equity		
Share capital	10,264	10,264
Capital surplus	6,456	6,456
Retained earnings	257,625	259,074
Treasury shares	(561)	(561)
Total shareholders' equity	273,784	275,233
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,315	14,974
Deferred gains or losses on hedges	(189)	(173)
Revaluation reserve for land	(5,276)	(5,276)
Remeasurements of defined benefit plans	1,342	1,245
Total accumulated other comprehensive income	10,191	10,768
Non-controlling interests	9,538	9,534
Total net assets	293,514	295,536
Total liabilities and net assets	470,967	446,699

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, 2021	Three months ended June 30, 2022
Net sales of completed construction contracts	108,077	109,018
Cost of sales of completed construction contracts	94,945	96,903
Gross profit on completed construction contracts	13,131	12,115
Selling, general and administrative expenses	6,163	6,263
Operating profit	6,967	5,852
Non-operating income		
Dividend income	502	526
Foreign exchange gains	3	180
Other	85	72
Total non-operating income	591	779
Non-operating expenses		
Interest expenses	51	49
Other	32	38
Total non-operating expenses	83	87
Ordinary profit	7,475	6,544
Extraordinary losses		
Loss on retirement of non-current assets	25	–
Loss on valuation of investment securities	11	–
Total extraordinary losses	37	–
Profit before income taxes	7,438	6,544
Income taxes	2,499	2,188
Profit	4,938	4,355
Profit attributable to non-controlling interests	174	46
Profit attributable to owners of parent	4,764	4,309

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	4,938	4,355
Other comprehensive income		
Valuation difference on available-for-sale securities	(289)	666
Deferred gains or losses on hedges	(18)	15
Remeasurements of defined benefit plans, net of tax	(129)	(99)
Total other comprehensive income	(438)	582
Comprehensive income	4,500	4,938
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,327	4,886
Comprehensive income attributable to non-controlling interests	172	51