

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

July 31, 2023

Company name: Kandenko Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 1942 URL <https://www.kandenko.co.jp/>
 Representative: President and Director Toshio Nakama
 Department Manager of
 Inquiries: Accounting Department Hidenori Yamaguchi TEL (03)5476-2111
 Scheduled date to file Quarterly Securities Report: August 9, 2023
 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, 2023 (from April 1, 2023 to June 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	%
Three months ended June 30, 2023	118,782	9.0	6,767	15.6	7,591	16.0	5,069	17.6
Three months ended June 30, 2022	109,018	0.9	5,852	(16.0)	6,544	(12.5)	4,309	(9.6)

Note: Comprehensive income For the three months ended June 30, 2023: ¥9,151 million [85.3%]
 For the three months ended June 30, 2022: ¥4,938 million [9.7%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	24.81	–
Three months ended June 30, 2022	21.09	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	466,919	314,066	65.1
As of March 31, 2023	487,828	308,457	61.2

Reference: Equity
 As of June 30, 2023: ¥303,998 million
 As of March 31, 2023: ¥298,398 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	–	15.00	–	17.00	32.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		17.00	–	18.00	35.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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
Six months ending September 30, 2023	273,000	16.8	15,400	13.0	15,800	8.8	10,000	5.2	48.94
Full year	577,000	6.5	36,000	9.9	36,600	7.5	23,300	10.1	114.02

Note: Revisions to the earnings forecast most recently announced: None

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 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: 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: 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 June 30, 2023	205,288,338 shares	As of March 31, 2023	205,288,338 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	938,898 shares	As of March 31, 2023	938,779 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, 2023	204,349,481 shares	Three months ended June 30, 2022	204,305,026 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 earnings forecasts, and other special matters

The forward-looking statements including the projection for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ significantly from such statements due to a variety of factors.

Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	62,931	67,705
Notes receivable, accounts receivable from completed construction contracts and other	205,535	168,869
Securities	2,299	2,000
Costs on construction contracts in progress	9,594	11,845
Other	24,635	28,104
Allowance for doubtful accounts	(1,212)	(1,134)
Total current assets	303,783	277,390
Non-current assets		
Property, plant and equipment		
Land	59,544	59,297
Other, net	51,416	53,164
Total property, plant and equipment	110,960	112,461
Intangible assets	5,884	5,837
Investments and other assets		
Investment securities	51,703	57,549
Other	16,764	14,940
Allowance for doubtful accounts	(1,266)	(1,260)
Total investments and other assets	67,200	71,229
Total non-current assets	184,045	189,528
Total assets	487,828	466,919

As of March 31, 2023

As of June 30, 2023

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	88,163	53,225
Short-term borrowings	7,590	10,170
Income taxes payable	4,966	2,608
Advances received on construction contracts in progress	9,581	17,664
Provision for loss on construction contracts	8,069	7,656
Other provisions	983	399
Other	31,597	31,875
Total current liabilities	150,953	123,600
Non-current liabilities		
Long-term borrowings	5,451	4,920
Other provisions	366	336
Retirement benefit liability	13,457	12,846
Other	9,141	11,148
Total non-current liabilities	28,417	29,252
Total liabilities	179,370	152,853
Net assets		
Shareholders' equity		
Share capital	10,264	10,264
Capital surplus	6,378	6,378
Retained earnings	273,487	275,254
Treasury shares	(536)	(536)
Total shareholders' equity	289,594	291,361
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,868	18,898
Deferred gains or losses on hedges	(134)	(145)
Revaluation reserve for land	(5,896)	(6,069)
Remeasurements of defined benefit plans	(33)	(47)
Total accumulated other comprehensive income	8,803	12,636
Non-controlling interests	10,059	10,067
Total net assets	308,457	314,066
Total liabilities and net assets	487,828	466,919

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales of completed construction contracts	109,018	118,782
Cost of sales of completed construction contracts	96,903	105,638
Gross profit on completed construction contracts	12,115	13,143
Selling, general and administrative expenses	6,263	6,376
Operating profit	5,852	6,767
Non-operating income		
Dividend income	526	654
Other	253	261
Total non-operating income	779	915
Non-operating expenses		
Interest expenses	49	49
Other	38	42
Total non-operating expenses	87	91
Ordinary profit	6,544	7,591
Extraordinary income		
Gain on sale of non-current assets	–	88
Total extraordinary income	–	88
Extraordinary losses		
Loss on retirement of non-current assets	–	23
Total extraordinary losses	–	23
Profit before income taxes	6,544	7,655
Income taxes	2,188	2,531
Profit	4,355	5,123
Profit attributable to non-controlling interests	46	54
Profit attributable to owners of parent	4,309	5,069

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	4,355	5,123
Other comprehensive income		
Valuation difference on available-for-sale securities	666	4,053
Deferred gains or losses on hedges	15	(11)
Remeasurements of defined benefit plans, net of tax	(99)	(14)
Total other comprehensive income	582	4,027
Comprehensive income	4,938	9,151
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,886	9,074
Comprehensive income attributable to non-controlling interests	51	76