

Translation

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## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Based on Japanese GAAP)

April 28, 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 of annual general meeting of shareholders: June 29, 2023  
 Scheduled date to commence dividend payments: June 30, 2023  
 Scheduled date to file Annual Securities Report: June 29, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Fiscal year ended March 31, 2023	541,579	9.3	32,748	6.9	34,059	7.3	21,167	4.2
Fiscal year ended March 31, 2022	495,567	–	30,643	2.0	31,754	2.3	20,315	0.8

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥21,024 million [6.0%]  
 For the fiscal year ended March 31, 2022: ¥19,831 million [(32.1)%]

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	103.59	–	7.3	7.1	6.0
Fiscal year ended March 31, 2022	99.45	–	7.3	6.8	6.2

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2023: ¥– million

For the fiscal year ended March 31, 2022: ¥– million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and relevant revised ASBJ regulations effective from the beginning of the fiscal year ended March 31, 2022. As the application of the accounting standard will have an impact on the recording of net sales, the year-on-year percentage change in net sales for the fiscal year ended March 31, 2022 is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	487,828	308,457	61.2	1,460.23
As of March 31, 2022	470,967	293,514	60.3	1,389.96

Reference: Equity

As of March 31, 2023: ¥298,398 million

As of March 31, 2022: ¥283,975 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	7,455	(6,635)	(7,319)	61,015
Fiscal year ended March 31, 2022	27,150	(9,224)	(7,789)	67,423

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	–	14.00	–	14.00	28.00	5,720	28.2	2.1
Fiscal year ended March 31, 2023	–	15.00	–	17.00	32.00	6,539	30.9	2.2
Fiscal year ending March 31, 2024 (Forecast)	–	17.00	–	18.00	35.00		30.7	

3. Forecast of consolidated financial results for the fiscal 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	114.03

#### 4. Notes

- (1) Changes in significant subsidiaries during the period  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	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 March 31, 2023	938,779 shares	As of March 31, 2022	983,306 shares
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Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	204,332,929 shares	Fiscal year ended March 31, 2022	204,287,427 shares
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#### [Reference] Overview of non-consolidated financial results

##### 1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

###### (1) Non-consolidated operating results Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	469,990	9.5	27,195	7.0	28,669	7.2	18,239	1.7
Fiscal year ended March 31, 2022	429,021	—	25,416	2.8	26,742	3.2	17,935	2.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended March 31, 2023	89.26		—	
Fiscal year ended March 31, 2022	87.79		—	

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and relevant revised ASBJ regulations effective from the beginning of the fiscal year ended March 31, 2022. As the application of the accounting standard will have an impact on the recording of net sales, the year-on-year percentage change in net sales for the fiscal year ended March 31, 2022 is not shown.

###### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	423,191	264,032	62.4	1,292.06
As of March 31, 2022	403,405	251,113	62.2	1,229.11

Reference: Equity

As of March 31, 2023: ¥264,032 million  
As of March 31, 2022: ¥251,113 million

##### 2. Forecast of non-consolidated financial results for the fiscal 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	241,000	18.6	13,000	13.2	13,500	8.6	8,900	5.2	43.56
Full year	504,000	7.2	30,000	10.3	31,000	8.1	20,300	11.3	99.35

\* Financial results reports are exempt from audit 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.

## Consolidated financial statements

### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	67,614	62,931
Notes receivable, accounts receivable from completed construction contracts and other	185,675	205,535
Securities	4,999	2,299
Costs on construction contracts in progress	9,547	9,594
Other	20,888	24,635
Allowance for doubtful accounts	(556)	(1,212)
Total current assets	288,170	303,783
Non-current assets		
Property, plant and equipment		
Buildings and structures	102,322	102,022
Machinery, vehicles, tools, furniture and fixtures	63,979	65,592
Land	60,496	59,544
Leased assets	3,685	4,383
Construction in progress	1,246	761
Accumulated depreciation	(118,799)	(121,343)
Total property, plant and equipment	112,930	110,960
Intangible assets	5,694	5,884
Investments and other assets		
Investment securities	48,274	51,703
Deferred tax assets	9,180	8,652
Other	8,000	8,112
Allowance for doubtful accounts	(1,284)	(1,266)
Total investments and other assets	64,171	67,200
Total non-current assets	182,797	184,045
<b>Total assets</b>	<b>470,967</b>	<b>487,828</b>

As of March 31, 2022

As of March 31, 2023

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	80,241	88,163
Short-term borrowings	6,792	7,590
Lease liabilities	711	840
Income taxes payable	6,815	4,966
Advances received on construction contracts in progress	12,349	9,581
Provision for warranties for completed construction	146	164
Provision for loss on construction contracts	9,927	8,069
Other	30,306	31,576
<b>Total current liabilities</b>	<b>147,290</b>	<b>150,953</b>
<b>Non-current liabilities</b>		
Long-term borrowings	6,607	5,451
Lease liabilities	1,694	1,899
Deferred tax liabilities for land revaluation	6,560	6,287
Retirement benefit liability	13,813	13,457
Other	1,486	1,321
<b>Total non-current liabilities</b>	<b>30,162</b>	<b>28,417</b>
<b>Total liabilities</b>	<b>177,452</b>	<b>179,370</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,264	10,264
Capital surplus	6,456	6,378
Retained earnings	257,625	273,487
Treasury shares	(561)	(536)
<b>Total shareholders' equity</b>	<b>273,784</b>	<b>289,594</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	14,315	14,868
Deferred gains or losses on hedges	(189)	(134)
Revaluation reserve for land	(5,276)	(5,896)
Remeasurements of defined benefit plans	1,342	(33)
<b>Total accumulated other comprehensive income</b>	<b>10,191</b>	<b>8,803</b>
<b>Non-controlling interests</b>	<b>9,538</b>	<b>10,059</b>
<b>Total net assets</b>	<b>293,514</b>	<b>308,457</b>
<b>Total liabilities and net assets</b>	<b>470,967</b>	<b>487,828</b>

**(2) Consolidated statement of income and consolidated statement of comprehensive income****Consolidated statement of income**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales of completed construction contracts	495,567	541,579
Cost of sales of completed construction contracts	438,846	481,436
Gross profit on completed construction contracts	56,721	60,143
Selling, general and administrative expenses	26,077	27,394
Operating profit	30,643	32,748
Non-operating income		
Interest income	23	14
Dividend income	976	1,072
Foreign exchange gains	149	189
Other	316	361
Total non-operating income	1,466	1,637
Non-operating expenses		
Interest expenses	187	181
Other	168	145
Total non-operating expenses	355	326
Ordinary profit	31,754	34,059
Extraordinary income		
Gain on sale of non-current assets	-	177
Gain on sale of investment securities	254	172
Total extraordinary income	254	350
Extraordinary losses		
Impairment losses	67	1,683
Loss on retirement of non-current assets	286	202
Loss on COVID-19	514	-
Loss on disaster	150	-
Other	11	16
Total extraordinary losses	1,031	1,902
Profit before income taxes	30,978	32,507
Income taxes - current	10,907	10,087
Income taxes - deferred	(854)	609
Total income taxes	10,052	10,697
Profit	20,925	21,809
Profit attributable to non-controlling interests	609	641
Profit attributable to owners of parent	20,315	21,167

**Consolidated statement of comprehensive income**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	20,925	21,809
Other comprehensive income		
Valuation difference on available-for-sale securities	(382)	545
Deferred gains or losses on hedges	55	55
Remeasurements of defined benefit plans, net of tax	(767)	(1,385)
Total other comprehensive income	(1,093)	(784)
Comprehensive income	19,831	21,024
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,237	20,400
Comprehensive income attributable to non-controlling interests	594	624

**(3) Consolidated statement of changes in equity****Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,264	6,441	242,999	(588)	259,118
Changes during period					
Purchase of shares of consolidated subsidiaries		-			-
Dividends of surplus			(5,719)		(5,719)
Profit attributable to owners of parent			20,315		20,315
Reversal of revaluation reserve for land			29		29
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		14		27	42
Net changes in items other than shareholders' equity					
Total changes during period	-	14	14,625	26	14,666
Balance at end of period	10,264	6,456	257,625	(561)	273,784

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,681	(245)	(5,247)	2,110	11,299	9,042	279,459
Changes during period							
Purchase of shares of consolidated subsidiaries							-
Dividends of surplus							(5,719)
Profit attributable to owners of parent							20,315
Reversal of revaluation reserve for land							29
Purchase of treasury shares							(0)
Disposal of treasury shares							42
Net changes in items other than shareholders' equity	(366)	55	(29)	(767)	(1,107)	496	(611)
Total changes during period	(366)	55	(29)	(767)	(1,107)	496	14,054
Balance at end of period	14,315	(189)	(5,276)	1,342	10,191	9,538	293,514



**Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,264	6,456	257,625	(561)	273,784
Changes during period					
Purchase of shares of consolidated subsidiaries		(90)			(90)
Dividends of surplus			(5,925)		(5,925)
Profit attributable to owners of parent			21,167		21,167
Reversal of revaluation reserve for land			619		619
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		12		25	37
Net changes in items other than shareholders' equity					
Total changes during period	–	(77)	15,861	25	15,809
Balance at end of period	10,264	6,378	273,487	(536)	289,594

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,315	(189)	(5,276)	1,342	10,191	9,538	293,514
Changes during period							
Purchase of shares of consolidated subsidiaries							(90)
Dividends of surplus							(5,925)
Profit attributable to owners of parent							21,167
Reversal of revaluation reserve for land							619
Purchase of treasury shares							(0)
Disposal of treasury shares							37
Net changes in items other than shareholders' equity	553	55	(619)	(1,376)	(1,387)	520	(866)
Total changes during period	553	55	(619)	(1,376)	(1,387)	520	14,942
Balance at end of period	14,868	(134)	(5,896)	(33)	8,803	10,059	308,457

**(4) Consolidated statement of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	30,978	32,507
Depreciation	7,435	8,033
Impairment losses	67	1,683
Increase (decrease) in allowance for doubtful accounts	(25)	638
Increase (decrease) in provision for loss on construction contracts	4,380	(1,857)
Increase (decrease) in retirement benefit liability	(2,240)	(1,778)
Interest and dividend income	(1,000)	(1,087)
Interest expenses	187	181
Loss (gain) on sale of investment securities	(254)	(172)
Decrease (increase) in trade receivables	6,546	(20,004)
Decrease (increase) in costs on construction contracts in progress	1,568	(46)
Increase (decrease) in trade payables	(8,591)	7,920
Increase (decrease) in advances received on construction contracts in progress	(294)	(2,768)
Other, net	(4,203)	(4,838)
Subtotal	34,551	18,410
Interest and dividends received	1,000	1,087
Interest paid	(187)	(181)
Income taxes refund (paid)	(8,214)	(11,860)
Net cash provided by (used in) operating activities	27,150	7,455
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	-	1,275
Purchase of property, plant and equipment	(7,241)	(5,460)
Proceeds from sale of property, plant and equipment	45	1,392
Purchase of investment securities	(1,958)	(3,043)
Proceeds from sale and redemption of investment securities	1,367	205
Loan advances	(940)	(790)
Proceeds from collection of loans receivable	1,046	650
Other, net	(1,543)	(864)
Net cash provided by (used in) investing activities	(9,224)	(6,635)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(620)	-
Proceeds from long-term borrowings	-	200
Repayments of long-term borrowings	(632)	(557)
Repayments of lease liabilities	(760)	(879)
Dividends paid	(5,719)	(5,925)
Other, net	(56)	(156)
Net cash provided by (used in) financing activities	(7,789)	(7,319)
Effect of exchange rate change on cash and cash equivalents	100	90
Net increase (decrease) in cash and cash equivalents	10,236	(6,408)
Cash and cash equivalents at beginning of period	57,187	67,423
Cash and cash equivalents at end of period	67,423	61,015