

**Translation**

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 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: Hidenori Yamaguchi TEL (03)5476-2111  
 Accounting Department  
 Scheduled date to file Quarterly Securities Report: November 14, 2023  
 Scheduled date to commence dividend payments: December 5, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

## 1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 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	%
Six months ended September 30, 2023	261,821	12.0	15,745	15.5	16,652	14.7	11,103	16.8
Six months ended September 30, 2022	233,693	6.1	13,630	1.3	14,518	3.6	9,508	7.3

Note: Comprehensive income For the Six months ended September 30, 2023: ¥17,136 million [81.1%]  
 For the Six months ended September 30, 2022: ¥9,462 million [(6.2)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	54.33	–
Six months ended September 30, 2022	46.54	–

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	493,271	322,084	63.2
As of March 31, 2023	487,828	308,457	61.2

Reference: Equity  
 As of September 30, 2023: ¥311,879 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	–	17.00			
Year ending March 31, 2024 (Forecast)			–	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
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 six months ended September 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 September 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 September 30, 2023	910,763 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)

Six months ended September 30, 2023	204,356,483 shares	Six months ended September 30, 2022	204,316,191 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 September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	62,931	76,352
Notes receivable, accounts receivable from completed construction contracts and other	205,535	175,092
Securities	2,299	1,999
Costs on construction contracts in progress	9,594	16,726
Other	24,635	31,821
Allowance for doubtful accounts	(1,212)	(1,140)
Total current assets	303,783	300,853
Non-current assets		
Property, plant and equipment		
Land	59,544	59,297
Other, net	51,416	54,179
Total property, plant and equipment	110,960	113,476
Intangible assets	5,884	6,087
Investments and other assets		
Investment securities	51,703	59,936
Other	16,764	14,178
Allowance for doubtful accounts	(1,266)	(1,260)
Total investments and other assets	67,200	72,855
Total non-current assets	184,045	192,418
Total assets	487,828	493,271

As of March 31, 2023

As of September 30, 2023

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	88,163	69,329
Short-term borrowings	7,590	8,013
Income taxes payable	4,966	5,822
Advances received on construction contracts in progress	9,581	15,983
Provision for loss on construction contracts	8,069	6,040
Other provisions	983	687
Other	31,597	36,377
<b>Total current liabilities</b>	<b>150,953</b>	<b>142,254</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,451	4,730
Other provisions	366	329
Retirement benefit liability	13,457	12,397
Other	9,141	11,475
<b>Total non-current liabilities</b>	<b>28,417</b>	<b>28,932</b>
<b>Total liabilities</b>	<b>179,370</b>	<b>171,187</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,264	10,264
Capital surplus	6,378	6,395
Retained earnings	273,487	281,288
Treasury shares	(536)	(520)
<b>Total shareholders' equity</b>	<b>289,594</b>	<b>297,428</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	14,868	20,682
Deferred gains or losses on hedges	(134)	(101)
Revaluation reserve for land	(5,896)	(6,069)
Remeasurements of defined benefit plans	(33)	(60)
<b>Total accumulated other comprehensive income</b>	<b>8,803</b>	<b>14,451</b>
<b>Non-controlling interests</b>	<b>10,059</b>	<b>10,204</b>
<b>Total net assets</b>	<b>308,457</b>	<b>322,084</b>
<b>Total liabilities and net assets</b>	<b>487,828</b>	<b>493,271</b>

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales of completed construction contracts	233,693	261,821
Cost of sales of completed construction contracts	207,370	233,162
Gross profit on completed construction contracts	26,322	28,658
Selling, general and administrative expenses	12,692	12,913
Operating profit	13,630	15,745
Non-operating income		
Dividend income	594	727
Other	449	354
Total non-operating income	1,044	1,081
Non-operating expenses		
Interest expenses	91	91
Other	63	83
Total non-operating expenses	155	174
Ordinary profit	14,518	16,652
Extraordinary income		
Gain on sale of investment securities	30	110
Gain on sale of non-current assets	–	88
Total extraordinary income	30	199
Extraordinary losses		
Loss on retirement of non-current assets	10	79
Impairment losses	–	31
Total extraordinary losses	10	110
Profit before income taxes	14,537	16,741
Income taxes	4,782	5,462
Profit	9,754	11,278
Profit attributable to non-controlling interests	245	175
Profit attributable to owners of parent	9,508	11,103

**Quarterly consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	9,754	11,278
Other comprehensive income		
Valuation difference on available-for-sale securities	(127)	5,854
Deferred gains or losses on hedges	34	33
Remeasurements of defined benefit plans, net of tax	(198)	(29)
Total other comprehensive income	(292)	5,857
Comprehensive income	9,462	17,136
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,226	16,922
Comprehensive income attributable to non-controlling interests	236	213

**(3) Quarterly consolidated statement of cash flows**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	14,537	16,741
Depreciation	3,838	4,255
Impairment losses	–	31
Increase (decrease) in allowance for doubtful accounts	(71)	(78)
Increase (decrease) in provision for loss on construction contracts	(367)	(2,029)
Increase (decrease) in retirement benefit liability	(928)	(1,060)
Interest and dividend income	(602)	(737)
Interest expenses	91	91
Loss (gain) on sale of investment securities	(30)	(110)
Decrease (increase) in trade receivables	24,551	30,472
Decrease (increase) in costs on construction contracts in progress	(3,601)	(7,132)
Increase (decrease) in trade payables	(23,413)	(18,835)
Increase (decrease) in advances received on construction contracts in progress	(639)	6,402
Other, net	(2,772)	(1,207)
Subtotal	10,591	26,801
Interest and dividends received	602	737
Interest paid	(91)	(91)
Income taxes refund (paid)	(6,446)	(4,679)
Net cash provided by (used in) operating activities	4,655	22,769
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	500	(200)
Purchase of property, plant and equipment	(2,161)	(5,049)
Proceeds from sale of property, plant and equipment	299	387
Purchase of investment securities	(2,984)	(6)
Proceeds from sale and redemption of investment securities	40	606
Loan advances	(650)	(750)
Proceeds from collection of loans receivable	507	658
Other, net	(467)	(1,032)
Net cash provided by (used in) investing activities	(4,915)	(5,385)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	500	400
Repayments of long-term borrowings	(353)	(697)
Dividends paid	(2,860)	(3,473)
Other, net	(420)	(562)
Net cash provided by (used in) financing activities	(3,134)	(4,333)
Effect of exchange rate change on cash and cash equivalents	117	70
Net increase (decrease) in cash and cash equivalents	(3,276)	13,120
Cash and cash equivalents at beginning of period	67,423	61,015
Cash and cash equivalents at end of period	64,147	74,136