

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: KANADEN CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 8081 URL <https://www.kanaden.co.jp>
 Representative: President and Representative Director Nobuyuki Motohashi
 Inquiries: Administration Division Executive Officer Nobuhiro Kuroda TEL 03-6747-8805
 Scheduled date to file Quarterly Securities Report: November 7, 2023
 Scheduled date to commence dividend payments: November 28, 2023
 Preparation of supplementary material on quarterly financial results: No
 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	53,647	17.8	1,846	39.4	2,202	32.3	1,476	37.2
Six months ended September 30, 2022	45,554	1.2	1,324	58.0	1,665	83.9	1,076	106.9

Note: Comprehensive income Six months ended September 30, 2023 ¥1,914 million [37.2%]
 Six months ended September 30, 2022 ¥1,395 million [113.8%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	63.00		-	
Six months ended September 30, 2022	40.39		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	76,712	45,794	59.7	1,952.48
As of March 31, 2023	83,294	44,379	53.3	1,893.95

Reference: Equity As of September 30, 2023 ¥45,794 million
 As of March 31, 2023 ¥44,379 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	-	17.00	-	22.00	39.00
Year ending March 31, 2024	-	24.00			
Year ending March 31, 2024 (Forecast)			-	24.00	48.00

Note: Revisions to the cash dividend forecasts 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	115,000	8.1	4,600	15.9	4,800	13.1	3,200	10.5	136.53

Note: Revisions to the consolidated financial results forecasts 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: 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: 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	23,600,000 shares	As of March 31, 2023	23,600,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	145,524 shares	As of March 31, 2023	168,009 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	23,438,374 shares	Six months ended September 30, 2022	26,644,833 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 forecasts of financial results, and other special matters

Financial results forecasts and other forward-looking statements stated in this document are based on information currently available to the Company.

(Method of accessing financial summary presentation material)

The Company plans to hold financial results meeting for institutional investors and analysts on November 7, 2023. Materials for the meeting will be provided on the Company's website promptly after the meeting.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	15,339	17,486
Notes and accounts receivable - trade, and contract assets	32,075	24,036
Electronically recorded monetary claims - operating	7,174	6,516
Merchandise and finished goods	11,370	11,943
Raw materials and supplies	1	0
Other	2,859	1,983
Allowance for doubtful accounts	(4)	(3)
Total current assets	68,815	61,963
Non-current assets		
Property, plant and equipment	8,541	8,453
Intangible assets	1,281	1,440
Investments and other assets		
Investment securities	3,883	4,244
Other	809	676
Allowance for doubtful accounts	(37)	(65)
Total investments and other assets	4,655	4,855
Total non-current assets	14,479	14,748
Total assets	83,294	76,712

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,363	20,343
Electronically recorded obligations - operating	5,081	4,286
Income taxes payable	1,067	582
Provision for bonuses	1,224	956
Provision for bonuses for directors (and other officers)	115	58
Other	2,932	3,566
Total current liabilities	37,785	29,795
Non-current liabilities		
Retirement benefit liability	859	846
Other	270	276
Total non-current liabilities	1,129	1,122
Total liabilities	38,915	30,917
Net assets		
Shareholders' equity		
Share capital	5,576	5,576
Capital surplus	5,343	5,343
Retained earnings	31,313	32,265
Treasury shares	(193)	(167)
Total shareholders' equity	42,039	43,016
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,139	1,384
Revaluation reserve for land	378	378
Foreign currency translation adjustment	410	630
Remeasurements of defined benefit plans	410	384
Total accumulated other comprehensive income	2,339	2,777
Non-controlling interests	–	–
Total net assets	44,379	45,794
Total liabilities and net assets	83,294	76,712

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	45,554	53,647
Cost of sales	38,178	45,653
Gross profit	7,375	7,994
Selling, general and administrative expenses	6,051	6,148
Operating profit	1,324	1,846
Non-operating income		
Interest income	7	25
Dividend income	44	40
Purchase discounts	10	6
Foreign exchange gains	255	226
Other	38	67
Total non-operating income	357	366
Non-operating expenses		
Interest expenses	6	6
Other	9	3
Total non-operating expenses	16	10
Ordinary profit	1,665	2,202
Extraordinary income		
Gain on sale of investment securities	3	–
Total extraordinary income	3	–
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	26	–
Loss on retirement of non-current assets	0	1
Loss on sale of shares of subsidiaries and associates	26	–
Other	–	0
Total extraordinary losses	52	2
Profit before income taxes	1,616	2,200
Income taxes - current	541	651
Income taxes - deferred	(1)	72
Total income taxes	540	724
Profit	1,076	1,476
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,076	1,476

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,076	1,476
Other comprehensive income		
Valuation difference on available-for-sale securities	(13)	244
Foreign currency translation adjustment	376	219
Remeasurements of defined benefit plans, net of tax	(44)	(26)
Total other comprehensive income	319	437
Comprehensive income	1,395	1,914
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,395	1,914
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,616	2,200
Depreciation	229	164
Increase (decrease) in provision for bonuses	(104)	(268)
Interest and dividend income	(52)	(65)
Interest expenses	6	6
Decrease (increase) in trade receivables and contract assets	6,239	8,838
Decrease (increase) in inventories	(2,810)	(471)
Increase (decrease) in trade payables	(5,962)	(7,987)
Loss (gain) on sale of shares of subsidiaries and associates	26	–
Other, net	947	1,281
Subtotal	136	3,698
Interest and dividends received	51	66
Interest paid	(6)	(6)
Income taxes paid	(522)	(1,107)
Net cash provided by (used in) operating activities	(340)	2,651
Cash flows from investing activities		
Payments into time deposits	(200)	(37)
Proceeds from withdrawal of time deposits	–	604
Purchase of property, plant and equipment	(10)	(45)
Purchase of intangible assets	(318)	(173)
Purchase of investment securities	(308)	(15)
Proceeds from sale of investment securities	6	–
Proceeds from redemption of investment securities	300	–
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	96	–
Other, net	8	0
Net cash provided by (used in) investing activities	(427)	333
Cash flows from financing activities		
Dividends paid	(265)	(511)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	(269)	(514)
Effect of exchange rate change on cash and cash equivalents	408	243
Net increase (decrease) in cash and cash equivalents	(628)	2,713
Cash and cash equivalents at beginning of period	18,866	14,635
Cash and cash equivalents at end of period	18,238	17,349