

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

January 31, 2024

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: February 14, 2024
 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 nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	403,357	9.8	24,932	16.4	26,245	15.5	20,047	36.0
Nine months ended December 31, 2022	367,501	6.9	21,421	3.9	22,728	5.3	14,742	5.7

Note: Comprehensive income For the nine months ended December 31, 2023: ¥27,566 million [90.6%]
 For the nine months ended December 31, 2022: ¥14,460 million [14.8%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	98.10	–
Nine months ended December 31, 2022	72.15	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	520,600	328,992	61.0
As of March 31, 2023	487,828	308,457	61.2

Reference: Equity
 As of December 31, 2023: ¥317,552 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	114.01

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

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2023	911,008 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)

Nine months ended December 31, 2023	204,363,491 shares	Nine months ended December 31, 2022	204,327,369 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	62,931	62,861
Notes receivable, accounts receivable from completed construction contracts and other	205,535	195,249
Securities	2,299	–
Costs on construction contracts in progress	9,594	20,556
Other	24,635	35,435
Allowance for doubtful accounts	(1,212)	(1,210)
Total current assets	303,783	312,892
Non-current assets		
Property, plant and equipment		
Land	59,544	65,195
Other, net	51,416	62,104
Total property, plant and equipment	110,960	127,300
Intangible assets	5,884	6,076
Investments and other assets		
Investment securities	51,703	61,775
Other	16,764	13,816
Allowance for doubtful accounts	(1,266)	(1,260)
Total investments and other assets	67,200	74,331
Total non-current assets	184,045	207,708
Total assets	487,828	520,600

As of March 31, 2023

As of December 31, 2023

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	88,163	69,398
Short-term borrowings	7,590	24,629
Income taxes payable	4,966	5,132
Advances received on construction contracts in progress	9,581	18,084
Provision for loss on construction contracts	8,069	6,121
Other provisions	983	527
Other	31,597	37,492
Total current liabilities	150,953	161,386
Non-current liabilities		
Long-term borrowings	5,451	5,053
Other provisions	366	297
Retirement benefit liability	13,457	13,499
Other	9,141	11,371
Total non-current liabilities	28,417	30,222
Total liabilities	179,370	191,608
Net assets		
Shareholders' equity		
Share capital	10,264	10,264
Capital surplus	6,378	6,395
Retained earnings	273,487	286,855
Treasury shares	(536)	(520)
Total shareholders' equity	289,594	302,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,868	21,930
Deferred gains or losses on hedges	(134)	(117)
Revaluation reserve for land	(5,896)	(6,166)
Remeasurements of defined benefit plans	(33)	(1,089)
Total accumulated other comprehensive income	8,803	14,557
Non-controlling interests	10,059	11,440
Total net assets	308,457	328,992
Total liabilities and net assets	487,828	520,600

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

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales of completed construction contracts	367,501	403,357
Cost of sales of completed construction contracts	326,679	358,217
Gross profit on completed construction contracts	40,822	45,140
Selling, general and administrative expenses	19,400	20,207
Operating profit	21,421	24,932
Non-operating income		
Dividend income	1,012	1,196
Other	534	383
Total non-operating income	1,546	1,579
Non-operating expenses		
Interest expenses	138	153
Other	101	113
Total non-operating expenses	239	266
Ordinary profit	22,728	26,245
Extraordinary income		
Gain on exchange of non-current assets	–	5,814
Other	30	477
Total extraordinary income	30	6,292
Extraordinary losses		
Loss on retirement of non-current assets	108	510
Other	169	92
Total extraordinary losses	277	603
Profit before income taxes	22,481	31,934
Income taxes	7,392	10,437
Profit	15,088	21,497
Profit attributable to non-controlling interests	346	1,449
Profit attributable to owners of parent	14,742	20,047

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	15,088	21,497
Other comprehensive income		
Valuation difference on available-for-sale securities	(402)	7,112
Deferred gains or losses on hedges	73	16
Remeasurements of defined benefit plans, net of tax	(298)	(1,059)
Total other comprehensive income	(627)	6,069
Comprehensive income	14,460	27,566
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,123	26,070
Comprehensive income attributable to non-controlling interests	337	1,496