

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

January 30, 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: February 14, 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(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, 2022	367,501	6.9	21,421	3.9	22,728	5.3	14,742	5.7
Nine months ended December 31, 2021	343,784	–	20,612	1.5	21,577	1.6	13,950	2.9

Note: Comprehensive income For the nine months ended December 31, 2022: ¥14,460 million [14.8%]
 For the nine months ended December 31, 2021: ¥12,595 million [(24.3)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	72.15		–	
Nine months ended December 31, 2021	68.29		–	

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 third quarter of the fiscal year ended March 31, 2022 is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	459,468	301,893	63.6
As of March 31, 2022	470,967	293,514	60.3

Reference: Equity
 As of December 31, 2022: ¥292,121 million
 As of March 31, 2022: ¥283,975 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, 2022	–	14.00	–	14.00	28.00
Year ending March 31, 2023	–	15.00	–		
Year ending March 31, 2023 (Forecast)				15.00	30.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	542,000	9.4	32,000	4.4	32,800	3.3	20,800	2.4	101.80

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

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2022
(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: Yes
- 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, 2022	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 December 31, 2022	938,630 shares	As of March 31, 2022	983,306 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, 2022	204,327,369 shares	Nine months ended December 31, 2021	204,281,541 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, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	67,614	50,142
Notes receivable, accounts receivable from completed construction contracts and other	185,675	181,808
Securities	4,999	300
Costs on construction contracts in progress	9,547	14,379
Other	20,888	29,143
Allowance for doubtful accounts	(556)	(521)
Total current assets	288,170	275,252
Non-current assets		
Property, plant and equipment		
Land	60,496	60,425
Other, net	52,433	51,565
Total property, plant and equipment	112,930	111,990
Intangible assets	5,694	5,630
Investments and other assets		
Investment securities	48,274	50,324
Other	17,181	17,530
Allowance for doubtful accounts	(1,284)	(1,259)
Total investments and other assets	64,171	66,595
Total non-current assets	182,797	184,215
Total assets	470,967	459,468

As of March 31, 2022

As of December 31, 2022

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	80,241	63,279
Short-term borrowings	6,792	9,047
Income taxes payable	6,815	2,046
Advances received on construction contracts in progress	12,349	14,710
Provision for loss on construction contracts	9,927	8,914
Other provisions	959	442
Other	30,204	30,831
Total current liabilities	147,290	129,273
Non-current liabilities		
Long-term borrowings	6,607	6,111
Other provisions	452	380
Retirement benefit liability	13,813	12,457
Other	9,289	9,351
Total non-current liabilities	30,162	28,301
Total liabilities	177,452	157,574
Net assets		
Shareholders' equity		
Share capital	10,264	10,264
Capital surplus	6,456	6,378
Retained earnings	257,625	266,664
Treasury shares	(561)	(535)
Total shareholders' equity	273,784	282,771
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,315	13,916
Deferred gains or losses on hedges	(189)	(116)
Revaluation reserve for land	(5,276)	(5,499)
Remeasurements of defined benefit plans	1,342	1,049
Total accumulated other comprehensive income	10,191	9,350
Non-controlling interests	9,538	9,772
Total net assets	293,514	301,893
Total liabilities and net assets	470,967	459,468

(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, 2021	Nine months ended December 31, 2022
Net sales of completed construction contracts	343,784	367,501
Cost of sales of completed construction contracts	304,149	326,679
Gross profit on completed construction contracts	39,634	40,822
Selling, general and administrative expenses	19,022	19,400
Operating profit	20,612	21,421
Non-operating income		
Dividend income	918	1,012
Other	305	534
Total non-operating income	1,224	1,546
Non-operating expenses		
Interest expenses	142	138
Other	116	101
Total non-operating expenses	259	239
Ordinary profit	21,577	22,728
Extraordinary income		
Gain on sale of investment securities	254	30
Total extraordinary income	254	30
Extraordinary losses		
Impairment losses	–	169
Loss on retirement of non-current assets	222	108
Other	67	–
Total extraordinary losses	289	277
Profit before income taxes	21,542	22,481
Income taxes	7,173	7,392
Profit	14,368	15,088
Profit attributable to non-controlling interests	418	346
Profit attributable to owners of parent	13,950	14,742

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	14,368	15,088
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,399)	(402)
Deferred gains or losses on hedges	15	73
Remeasurements of defined benefit plans, net of tax	(389)	(298)
Total other comprehensive income	(1,773)	(627)
Comprehensive income	12,595	14,460
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,196	14,123
Comprehensive income attributable to non-controlling interests	398	337