

Translation

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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Based on Japanese GAAP)

April 26, 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 of annual general meeting of shareholders: June 27, 2024
 Scheduled date to commence dividend payments: June 28, 2024
 Scheduled date to file Annual Securities Report: June 27, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	598,427	10.5	40,934	25.0	42,648	25.2	27,345	29.2
Fiscal year ended March 31, 2023	541,579	9.3	32,748	6.9	34,059	7.3	21,167	4.2

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥44,375 million [111.1%]
 For the fiscal year ended March 31, 2023: ¥21,024 million [6.0%]

	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, 2024	133.80	–	8.6	8.1	6.8
Fiscal year ended March 31, 2023	103.59	–	7.3	7.1	6.0

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

For the fiscal year ended March 31, 2024: ¥– million
 For the fiscal year ended March 31, 2023: ¥– million

(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, 2024	567,275	345,800	58.9	1,633.95
As of March 31, 2023	487,828	308,457	61.2	1,460.23

Reference: Equity

As of March 31, 2024: ¥333,942 million
 As of March 31, 2023: ¥298,398 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, 2024	19,841	(19,077)	567	62,438
Fiscal year ended March 31, 2023	7,455	(6,635)	(7,319)	61,015

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, 2023	–	15.00	–	17.00	32.00	6,539	30.9	2.2
Fiscal year ended March 31, 2024	–	17.00	–	24.00	41.00	8,379	30.6	2.7
Fiscal year ending March 31, 2025 (Forecast)	–	22.00	–	21.00	43.00		35.9	

Note: The dividend of 22 yen at the end of 2nd quarter of the fiscal year ending March 31, 2025 (forecast) includes an “80th anniversary commemorative dividend” of 2 yen.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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, 2024	267,600	2.2	16,400	4.2	16,800	0.9	11,200	0.9	54.80
Full year	600,000	0.3	37,000	(9.6)	38,000	(10.9)	24,500	(10.4)	119.88

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: No
 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, 2024	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 March 31, 2024	911,222 shares	As of March 31, 2023	938,779 shares
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Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	204,366,936 shares	Fiscal year ended March 31, 2023	204,332,929 shares
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[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	520,883	10.8	34,257	26.0	36,116	26.0	20,594	12.9
Fiscal year ended March 31, 2023	469,990	9.5	27,195	7.0	28,669	7.2	18,239	1.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended March 31, 2024	100.77		-	
Fiscal year ended March 31, 2023	89.26		-	

(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, 2024	495,973		291,841		58.8		1,427.96	
As of March 31, 2023	423,191		264,032		62.4		1,292.06	

Reference: Equity

As of March 31, 2024: ¥291,841 million
 As of March 31, 2023: ¥264,032 million

2. Forecast of non-consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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, 2024	234,000	2.2	14,000	3.4	14,600	0.5	10,000	0.8	48.93
Full year	522,000	0.2	30,700	(10.4)	31,900	(11.7)	21,300	3.4	104.22

* 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	62,931	66,654
Notes receivable, accounts receivable from completed construction contracts and other	205,535	239,478
Securities	2,299	–
Costs on construction contracts in progress	9,594	16,861
Other	24,635	30,327
Allowance for doubtful accounts	(1,212)	(1,161)
Total current assets	303,783	352,160
Non-current assets		
Property, plant and equipment		
Buildings and structures	102,022	107,163
Machinery, vehicles, tools, furniture and fixtures	65,592	64,853
Land	59,544	66,323
Leased assets	4,383	7,198
Construction in progress	761	5,733
Accumulated depreciation	(121,343)	(123,818)
Total property, plant and equipment	110,960	127,454
Intangible assets	5,884	5,306
Investments and other assets		
Investment securities	51,703	72,042
Deferred tax assets	8,652	3,376
Other	8,112	8,786
Allowance for doubtful accounts	(1,266)	(1,851)
Total investments and other assets	67,200	82,353
Total non-current assets	184,045	215,115
Total assets	487,828	567,275

As of March 31, 2023

As of March 31, 2024

Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	88,163	96,223
Short-term borrowings	7,590	16,668
Lease liabilities	840	1,213
Income taxes payable	4,966	12,065
Advances received on construction contracts in progress	9,581	14,467
Provision for warranties for completed construction	164	181
Provision for loss on construction contracts	8,069	7,769
Other	31,576	44,663
Total current liabilities	150,953	193,254
Non-current liabilities		
Long-term borrowings	5,451	5,185
Lease liabilities	1,899	4,202
Deferred tax liabilities for land revaluation	6,287	6,126
Retirement benefit liability	13,457	10,859
Other	1,321	1,847
Total non-current liabilities	28,417	28,220
Total liabilities	179,370	221,475
Net assets		
Shareholders' equity		
Share capital	10,264	10,264
Capital surplus	6,378	6,395
Retained earnings	273,487	294,174
Treasury shares	(536)	(521)
Total shareholders' equity	289,594	310,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,868	29,201
Deferred gains or losses on hedges	(134)	(100)
Revaluation reserve for land	(5,896)	(6,187)
Remeasurements of defined benefit plans	(33)	714
Total accumulated other comprehensive income	8,803	23,628
Non-controlling interests	10,059	11,858
Total net assets	308,457	345,800
Total liabilities and net assets	487,828	567,275

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales of completed construction contracts	541,579	598,427
Cost of sales of completed construction contracts	481,436	527,238
Gross profit on completed construction contracts	60,143	71,188
Selling, general and administrative expenses	27,394	30,253
Operating profit	32,748	40,934
Non-operating income		
Interest income	14	15
Dividend income	1,072	1,426
Foreign exchange gains	189	327
Other	361	336
Total non-operating income	1,637	2,105
Non-operating expenses		
Interest expenses	181	214
Other	145	177
Total non-operating expenses	326	392
Ordinary profit	34,059	42,648
Extraordinary income		
Gain on exchange of non-current assets	–	5,814
Other	350	1,002
Total extraordinary income	350	6,817
Extraordinary losses		
Impairment losses	1,683	3,542
Loss on retirement of non-current assets	202	559
Other	16	345
Total extraordinary losses	1,902	4,447
Profit before income taxes	32,507	45,017
Income taxes - current	10,087	16,742
Income taxes - deferred	609	(862)
Total income taxes	10,697	15,879
Profit	21,809	29,138
Profit attributable to non-controlling interests	641	1,793
Profit attributable to owners of parent	21,167	27,345

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	21,809	29,138
Other comprehensive income		
Valuation difference on available-for-sale securities	545	14,463
Deferred gains or losses on hedges	55	34
Remeasurements of defined benefit plans, net of tax	(1,385)	739
Total other comprehensive income	(784)	15,237
Comprehensive income	21,024	44,375
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,400	42,460
Comprehensive income attributable to non-controlling interests	624	1,914

(3) Consolidated statement of changes in equity**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

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,264	6,378	273,487	(536)	289,594
Changes during period					
Purchase of shares of consolidated subsidiaries		–			–
Dividends of surplus			(6,948)		(6,948)
Profit attributable to owners of parent			27,345		27,345
Reversal of revaluation reserve for land			290		290
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		17		16	33
Net changes in items other than shareholders' equity					
Total changes during period	–	17	20,687	15	20,719
Balance at end of period	10,264	6,395	294,174	(521)	310,313

	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	14,868	(134)	(5,896)	(33)	8,803	10,059	308,457
Changes during period							
Purchase of shares of consolidated subsidiaries							–
Dividends of surplus							(6,948)
Profit attributable to owners of parent							27,345
Reversal of revaluation reserve for land							290
Purchase of treasury shares							(1)
Disposal of treasury shares							33
Net changes in items other than shareholders' equity	14,333	34	(290)	747	14,824	1,798	16,623
Total changes during period	14,333	34	(290)	747	14,824	1,798	37,343
Balance at end of period	29,201	(100)	(6,187)	714	23,628	11,858	345,800

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	32,507	45,017
Depreciation	8,033	8,859
Impairment losses	1,683	3,542
Increase (decrease) in allowance for doubtful accounts	638	533
Increase (decrease) in provision for loss on construction contracts	(1,857)	(300)
Increase (decrease) in retirement benefit liability	(1,778)	(1,573)
Interest and dividend income	(1,087)	(1,441)
Interest expenses	181	214
Gain on exchange of non-current assets	–	(5,814)
Decrease (increase) in trade receivables	(20,004)	(34,398)
Decrease (increase) in costs on construction contracts in progress	(46)	(7,267)
Increase (decrease) in trade payables	7,920	8,059
Increase (decrease) in advances received on construction contracts in progress	(2,768)	4,886
Other, net	(5,011)	8,154
Subtotal	18,410	28,473
Interest and dividends received	1,087	1,441
Interest paid	(181)	(214)
Income taxes refund (paid)	(11,860)	(9,858)
Net cash provided by (used in) operating activities	7,455	19,841
Cash flows from investing activities		
Net decrease (increase) in time deposits	1,275	(200)
Purchase of property, plant and equipment	(5,460)	(18,270)
Proceeds from sale of property, plant and equipment	1,392	913
Purchase of investment securities	(3,043)	(11)
Proceeds from sale and redemption of investment securities	205	1,283
Loan advances	(790)	(2,096)
Proceeds from collection of loans receivable	650	999
Other, net	(864)	(1,695)
Net cash provided by (used in) investing activities	(6,635)	(19,077)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	10,052
Proceeds from long-term borrowings	200	300
Repayments of long-term borrowings	(557)	(1,540)
Repayments of lease liabilities	(879)	(1,212)
Dividends paid	(5,925)	(6,948)
Other, net	(156)	(83)
Net cash provided by (used in) financing activities	(7,319)	567
Effect of exchange rate change on cash and cash equivalents	90	90
Net increase (decrease) in cash and cash equivalents	(6,408)	1,422
Cash and cash equivalents at beginning of period	67,423	61,015
Cash and cash equivalents at end of period	61,015	62,438