

Report of Consolidated Financial Results

For the Six Months Ended September 30, 2024

November 7, 2024

Name of Company: Kanadevia Corporation
Code Number: 7004 URL: <https://www.kanadevia.com/>
Stock Exchange Listing: Tokyo
Representative: Michi Kuwahara, President & Chief Operating Officer
Contact Person: Shunji Kimura, General Manager of Accounting Department

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This "Consolidated Financial Results" has been prepared in accordance with accounting principles generally accepted in Japan.

(Figures are rounded down to the nearest million yen.)

1. Business results and financial position for the six months ended September 30, 2024 (April 1 - September 30, 2024)

(1) Results of operations (Accumulated)

(Percentages show rates of increase or decrease from the period a year earlier.)

	Net sales		Operating income		Ordinary income		Profit attributable to shareholders of Kanadevia	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
6 months ended Sep 30, 2024	269,960	16.3	3,163	183.4	639	-66.5	-1,139	—
6 months ended Sep 30, 2023	232,192	12.0	1,116	652.2	1,910	—	350	—

	Net income per share	Net income per share-diluted
	(yen)	(yen)
6 months ended Sep 30, 2024	-6.77	—
6 months ended Sep 30, 2023	2.08	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity to total assets
	(million yen)	(million yen)	(%)
As of September 30, 2024	483,213	167,064	33.3
As of March 31, 2024	533,593	168,946	30.5

(Note) Shareholders' equity: Yen 160,799 million (September 30, 2024), Yen 162,658 million (March 31, 2024)

2. Dividends

Record Date	Dividends per share (yen)		
	Interim	Year-end	Annual
Year ended March 31, 2024	0.0	23.0	23.0
Year ending March 31, 2025	0.0		
Year ending March 31, 2025 (Forecast)		23.0	23.0

(Note) Revisions to the dividends forecast most recently announced : None

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(Percentages show rates of increase or decrease from the period a year earlier.)

	Net sales		Operating income		Ordinary income		Profit attributable to shareholders of Kanadevia		Net income per share – basic
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(yen)
Year ending March 31, 2025	590,000	6.1	26,000	6.9	22,000	-14.2	18,000	-5.3	106.81

(Note) Revisions to the forecast of consolidated earnings most recently announced : Yes

4. Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly consolidated: Kanadevia Inova Denmark A/S

(2) Specific accounting policies applied in the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatements

(i) Changes in accounting policies as per the revision of accounting standards: None

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding (including treasury stock)

September 30, 2024 170,214,843 shares

March 31, 2024 170,214,843 shares

(ii) Number of shares held in treasury

September 30, 2024 2,026,210 shares

March 31, 2024 1,692,716 shares

(iii) Average number of shares during the respective periods

Six months ended September 30, 2024 168,410,306 shares

Six months ended September 30, 2023 168,526,548 shares

(Note) The number of treasury stock at end of period includes the Company's shares held by the BIP (Board Incentive Plan) Trust established for the remuneration plan for the Company's directors, etc. (330,800 shares as of September 30, 2024, - shares as of March 31, 2024). The Company's shares held by the BIP Trust are included in the number of shares of treasury stock which are deducted from the number of shares when calculating the average number of shares outstanding during the period.

(5) Review for attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

(6) Forward-looking statements are based on information currently available to Kanadevia Corporation. Therefore, those forward-looking statements include unknown risks and uncertainties. Accordingly, you should note that the actual results could differ materially from those forward-looking statements. Risks and uncertainties that could influence the ultimate outcome include, but are not limited, to the economic conditions surrounding Kanadevia Corporation.

5. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	71,605	59,987
Notes and accounts receivable - trade, and contract assets	234,806	162,809
Merchandise and finished goods	2,297	2,422
Work in process	7,039	14,534
Raw materials and supplies	10,568	11,526
Other	21,808	23,937
Allowance for doubtful accounts	△1,049	△671
Total current assets	347,076	274,546
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	29,392	29,705
Land	40,257	40,175
Other, net	34,828	38,614
Total property, plant and equipment	104,478	108,495
Intangible assets		
Goodwill	4,259	12,845
Other	14,999	16,960
Total intangible assets	19,258	29,805
Investments and other assets		
Other	63,444	71,027
Allowance for doubtful accounts	△705	△691
Total investments and other assets	62,738	70,336
Total non-current assets	186,475	208,637
Deferred assets	41	29
Total assets	533,593	483,213

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	48,945	40,553
Electronically recorded obligations - operating	8,988	7,244
Short-term borrowings	19,588	13,542
Current portion of bonds payable	10,000	10,000
Lease liabilities	1,746	1,578
Accrued expenses	84,084	68,914
Income taxes payable	2,681	3,126
Contract liabilities	48,741	49,633
Provision for construction warranties	18,587	18,116
Provision for loss on construction contracts	6,490	6,229
Provision for demolition and removal	568	568
Other	23,260	14,466
Total current liabilities	273,682	233,974
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term borrowings	34,443	33,573
Lease liabilities	5,664	5,554
Deferred tax liabilities	449	1,761
Retirement benefit liability	20,985	21,255
Provision for retirement benefits for directors (and other officers)	53	101
Provision for loss on business liquidation	729	729
Provision for loss on litigation	946	946
Provision for demolition and removal	290	290
Asset retirement obligations	3,097	3,160
Other	4,304	4,801
Total non-current liabilities	90,964	82,173
Total liabilities	364,647	316,148
Net assets		
Shareholders' equity		
Share capital	45,442	45,442
Capital surplus	7,805	7,802
Retained earnings	100,651	95,614
Treasury shares	△1,034	△1,333
Total shareholders' equity	152,865	147,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,114	1,053
Deferred gains or losses on hedges	737	1,218
Revaluation reserve for land	△7	△7
Foreign currency translation adjustment	2,194	1,960
Remeasurements of defined benefit plans	5,755	9,049
Total accumulated other comprehensive income	9,792	13,274
Non-controlling interests	6,288	6,264
Total net assets	168,946	167,064
Total liabilities and net assets	533,593	483,213

6. Profit and loss statements

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	232,192	269,960
Cost of sales	197,819	227,203
Gross profit	34,372	42,757
Selling, general and administrative expenses	33,256	39,593
Operating profit	1,116	3,163
Non-operating income		
Interest income	488	722
Dividend income	69	251
Share of profit of entities accounted for using equity method	1,034	—
Foreign exchange gains	603	—
Other	430	367
Total non-operating income	2,626	1,340
Non-operating expenses		
Interest expenses	287	530
Share of loss of entities accounted for using equity method	—	829
Foreign exchange losses	—	308
Other	1,544	2,196
Total non-operating expenses	1,832	3,864
Ordinary profit	1,910	639
Extraordinary losses		
Provision for loss on litigation	328	—
Total extraordinary losses	328	—
Profit before income taxes	1,581	639
Income taxes	1,262	1,695
Profit (loss)	319	△1,056
Profit (loss) attributable to non-controlling interests	△31	83
Profit (loss) attributable to owners of parent	350	△1,139

7. Supplementary Information

(1) Consolidated Information by segments

i) Order Intake

(Unit: billion yen)

Business Segment	Fiscal year ended Sep. 30, 2023	Fiscal year ended Sep. 30, 2024	Difference	Order backlog as of Sep. 30, 2024
Environment	270.0	229.9	-40.1	1,444.0
Machinery & Infrastructure	40.0	41.3	1.3	84.6
Carbon Neutral Solution	35.7	12.1	-23.6	80.7
Other	1.0	1.5	0.5	0.7
Total	346.7	284.8	-61.9	1,610.0

ii) Statements of Operations

(Unit: billion yen)

		Fiscal year ended Sep. 30, 2023		Fiscal year ended Sep. 30, 2024		Difference	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Operating Income & Net sales &	Environment	169.2	0.5	199.5	5.5	30.3	5.0
	Machinery & Infrastructure	40.8	0.7	34.7	-1.3	-6.1	-2.0
	Carbon Neutral Solution	21.1	-0.3	33.9	-1.3	12.8	-1.0
	Other	1.0	0.2	1.8	0.2	0.8	0.0
	Total	232.1	1.1	269.9	3.1	37.8	2.0
Ordinary Income		1.9		0.6		-1.3	
Profit attributable to shareholders of Kanadevia		0.3		-1.1		-1.4	

iii) Consolidated Balance Sheet

(Unit: billion yen)

	As of Mar. 31, 2024	As of Sep. 30, 2024	Difference
Cash and time deposits	71.6	60.0	-11.6
Trade notes and accounts and contract assets	234.8	162.8	-72.0
Inventories	19.9	28.5	8.6
Tangible & intangible fixed assets	123.7	138.3	14.6
Others	83.5	93.6	10.1
Total Assets	533.5	483.2	-50.3
Notes and accounts payable	57.9	47.8	-10.1
Interest bearing debt	91.4	74.2	-17.2
Others	215.2	194.1	-21.1
Total Liabilities	364.5	316.1	-48.4
Shareholders' equity	152.9	147.5	-5.4
Accumulated other comprehensive income	9.8	13.3	3.5
Non controlling interests	6.3	6.3	-0.0
Total Net Assets	169.0	167.1	-1.9
Total Liabilities and Net Assets	533.5	483.2	-50.3

iv) Consolidated Statements of Cash Flows

(Unit: billion yen)

	Fiscal year ended Sep. 30, 2023	Fiscal year ended Sep. 30, 2024	Difference
Cash flows from operating activities	8.2	35.3	27.1
Cash flows from investing activities	-16.6	-26.8	-10.2
Cash flows from financing activities	-3.8	-21.1	-17.3
Foreign exchange translation	2.3	1.0	-1.3
Increase/decrease in cash & cash equivalents	-9.9	-11.6	-1.7
Cash & cash equivalents at beginning of year	84.8	69.7	-15.1
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	3.5	—	-3.5
Cash & cash equivalents at end of year	78.4	58.1	-20.3

(2) Forecast of Consolidated Information by segments for fiscal year ending March 31, 2025

i) Order Intake

(Unit: billion yen)

Business Segment	Forecast Released on Oct. 23, 2024	Forecast Released on Nov 7, 2024	(Forecast) Difference
Environment	510.0	540.0	30.0
Machinery & Infrastructure	84.0	84.0	0.0
Carbon Neutral Solution	63.5	53.5	-10.0
Other	2.5	2.5	0.0
Total	660.0	680.0	20.0

ii) Statements of Operations

(Unit: billion yen)

		Forecast Released on Oct. 23, 2024		Forecast Released on Nov 7, 2024		(Forecast) Difference	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Operational Income	Environment	413.0	23.5	433.0	24.0	20.0	0.5
	Machinery & Infrastructure	80.0	0.9	80.0	0.9	0.0	0.0
	Carbon Neutral Solution	75.0	1.3	75.0	0.8	0.0	-0.5
	Other	2.0	0.3	2.0	0.3	0.0	0.0
	Total	570.0	26.0	590.0	26.0	20.0	0.0
Ordinary Income		22.0		22.0		0.0	
Profit attributable to shareholders of Kanadevia		18.0		18.0		0.0	

(Notes)

Net sales is expected to increase from that released on Oct. 23, 2024 due to an increase of net sales in Environment Business Segment in the current fiscal year. The impact of Notice of Inappropriate Conduct in the Marine Engine Business released on 5th July on the financial results is currently under review. If any impact is anticipated based on further investigation results, the Company will immediately make an announcement.