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July 30, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Based on Japanese GAAP)

Company name: KANADEN CORPORATION
 Listing: Tokyo Stock Exchange
 Stock code: 8081
 URL: <https://www.kanaden.co.jp/en/>
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|
| Three months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| June 30, 2025 | 29,609 | 31.9 | 469 | 39.3 | 483 | (16.3) | 311 | (12.9) |
| June 30, 2024 | 22,441 | (9.2) | 337 | (35.4) | 577 | (25.7) | 358 | (30.3) |

Note: Comprehensive income For the three months ended June 30, 2025: ¥371 million [(20.6)%]
 For the three months ended June 30, 2024: ¥467 million [(42.4)%]

| | Earnings per share | Diluted earnings per share |
|--------------------|--------------------|----------------------------|
| Three months ended | Yen | Yen |
| June 30, 2025 | 13.99 | — |
| June 30, 2024 | 15.27 | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------|-----------------|-----------------|--------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| June 30, 2025 | 80,082 | 47,500 | 59.3 | 2,131.87 |
| March 31, 2025 | 89,081 | 47,989 | 53.9 | 2,153.80 |

Reference: Equity
 As of June 30, 2025: ¥47,500 million
 As of March 31, 2025: ¥47,989 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 |
| Fiscal year ended March 31, 2025 | — | 31.00 | — | 39.00 | 70.00 |
| Fiscal year ending March 31, 2026 | — | | | | |
| Fiscal year ending March 31, 2026 (Forecast) | | 36.00 | — | 36.00 | 72.00 |

Note: Revisions to the cash dividends forecasts most recently announced: No

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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, 2025 | 59,000 | 13.9 | 1,900 | 2.9 | 1,900 | (13.7) | 1,350 | (8.5) | 60.59 |
| Full year | 135,000 | 7.4 | 5,700 | 26.7 | 5,700 | 20.5 | 3,900 | (1.1) | 175.03 |

Note: Revisions to the consolidated financial results forecasts most recently announced: No

* Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2025: 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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: No

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|----------------------|-------------------|
| As of June 30, 2025 | 22,500,000 shares |
| As of March 31, 2025 | 22,500,000 shares |

(ii) Number of treasury shares at the end of the period

| | |
|----------------------|----------------|
| As of June 30, 2025 | 218,700 shares |
| As of March 31, 2025 | 218,700 shares |

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|----------------------------------|-------------------|
| Three months ended June 30, 2025 | 22,281,300 shares |
| Three months ended June 30, 2024 | 23,454,332 shares |

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: No

* Proper use of earnings forecasts, and other special matters

Earnings forecasts and other forward-looking statements stated in this document are based on information currently available to the Company. Please refer to page 4 for the assumptions and other related matters concerning the above forecasts.

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1. Overview of operating results and others

(1) Overview of operating results for the three months ended June 30, 2025

In the three months ended June 30, 2025, the business environment surrounding the Group showed signs of recovery in capital investment demand, including for automation and digital transformation (DX) to address labor shortages, supported by robust corporate earnings amid an improving employment and income environment and broader moves to reflect rising raw material costs in product prices.

On the other hand, there are concerns about risks that could exert downward pressure on the Japanese economy due to the slowdown of the overseas economies caused by factors such as the Chinese economic trend and trade policies of Europe and the U.S.

Under these circumstances, the Group is striving to enhance its technological and planning capabilities as part of its efforts in the final year of its five-year medium-term management plan, Electronics Solutions-Company 2025 (ES-C2025), with the aim of becoming an “Electronics Solutions Company” that contributes to solving social issues and achieving sustainable growth through its SDG initiatives.

In spite of these efforts, the Factory Automation Systems business continued to be affected by inventory adjustments, resulting in sluggish profit performance. Although the Infrastructure business and the Building Facilities business saw an increase in large-scale projects, profit margins declined, resulting in profit levels remaining largely unchanged year on year. On the other hand, the Information & Communications Equipment business showed steady performance.

As a result, net sales in the three months ended June 30, 2025 increased ¥7,167 million year on year to ¥29,609 million, while ordinary profit decreased ¥93 million year on year to ¥483 million owing to the impact of foreign exchange fluctuation. Profit attributable to owners of parent decreased ¥46 million year on year to ¥311 million.

Overview of operating results by segment

(Millions of yen)

| | | Three months ended June 30, 2024 | Three months ended June 30, 2025 | Change |
|---|-----------------|-------------------------------------|-------------------------------------|--------|
| Factory Automation Systems business | Net sales | 9,907 | 12,296 | 2,389 |
| | Ordinary profit | 409 | 330 | (79) |
| Building Facilities business | Net sales | 1,809 | 3,413 | 1,604 |
| | Ordinary profit | (137) | (141) | (3) |
| Infrastructure business | Net sales | 4,258 | 6,494 | 2,235 |
| | Ordinary profit | (130) | (97) | 32 |
| Information & Communications Equipment business | Net sales | 6,466 | 7,404 | 938 |
| | Ordinary profit | 221 | 400 | 178 |

(i) Factory Automation Systems business

In the factory automation field, sales of controller systems and drive control equipment remained sluggish due to the prolonged inventory adjustment impact.

The industrial mechatronics field saw an increase in projects for electric discharge machines and laser processing machines.

Performance in the industrial systems field was robust, helped by a large-scale automated warehousing project.

As a result, although net sales increased by ¥2,389 million for the segment, ordinary profit decreased by ¥79 million due to the sluggish performance in the high-margin factory automation field.

(ii) Building Facilities business

The facilities equipment field showed robust performance, thanks to an increased number of power supply systems projects for information and communication operators.

In the air conditioning and refrigerating equipment field, sales of air conditioning and refrigeration equipment struggled due to the limited number of new installation projects.

As a result, although net sales increased by ¥1,604 million for the segment, ordinary profit decreased by ¥3 million due to the sluggish performance in the high-margin air conditioning and refrigerating equipment field.

(iii) Infrastructure business

In the transportation field, wireless communication and substation equipment performed well, helped by the recovery trend of capital investment of railway operators.

The social systems field also performed well, supported by an increase in government projects.

As a result, net sales increased by ¥2,235 million and ordinary profit increased by ¥32 million for the segment.

(iv) Information & Communications Equipment business

In the telecommunications field, sales of image and video equipment were flat year on year, and electronic medical devices performed well as the number of projects increased.

In the semiconductors and devices field, sales of industrial power devices struggled owing to the decreased demand, while sales were strong for electronic devices used in home appliances and office automation equipment.

As a result, net sales increased by ¥938 million and ordinary profit increased by ¥178 million for the segment.

(2) Overview of financial position for the three months ended June 30, 2025

Total assets at the end of the three months ended June 30, 2025 were ¥80,802 million (a decrease of ¥8,999 million from the end of the previous fiscal year).

Current assets were ¥62,715 million (a decrease of ¥9,295 million from the end of the previous fiscal year). This was mainly due to a ¥12,776 million decrease in accounts receivable – trade, a ¥1,116 million decrease in accounts receivable - other, and a ¥567 million decrease in merchandise and finished goods, which outweighed increases of ¥3,270 million in cash and deposits, ¥932 million in electronically recorded monetary claims – operating, and ¥1,147 million in advance payments to suppliers, each compared to the end of the previous fiscal year.

Non-current assets were ¥17,366 million (an increase of ¥296 million from the end of the previous fiscal year). This was mainly due to a ¥402 million increase in investment securities, which was partly offset by a ¥53 million decrease in goodwill and a ¥40 million decrease in software, each compared to the end of the previous fiscal year.

Current liabilities were ¥31,698 million (a decrease of ¥8,735 million from the end of the previous fiscal year). This was mainly due to decreases of ¥9,220 million in accounts payable - trade, ¥622 million in provision for bonuses, ¥563 million in income taxes payable, and ¥370 million in electronically recorded obligations - operating, which outweighed an increase of ¥2,219 million in advances received, each compared to the end of the previous fiscal year.

Non-current liabilities were ¥882 million (an increase of ¥225 million from the end of the previous fiscal year).

Net assets were ¥47,500 million (a decrease of ¥488 million from the end of the previous fiscal year). This was mainly due to decreases of ¥557 million in retained earnings due to the recording of ¥311 million in profit attributable to owners of parent and ¥868 million of dividend payments, and ¥158 million in foreign currency translation adjustment, which outweighed an increase of ¥221 million in valuation difference on available-for-sale securities, each compared to the end of the previous fiscal year.

As a result, the equity ratio at the end of the three months ended June 30, 2025 was 59.3%, and net assets per share were ¥2,131.87.

(3) Explanation of consolidated earnings forecast and other forward-looking statements

At present, our consolidated earnings forecasts for the six months ending September 30, 2025 and full year remain unchanged from those announced on May 16, 2025.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2025 | As of June 30, 2025 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 16,723 | 19,993 |
| Notes and accounts receivable - trade, and contract assets | 36,663 | 23,795 |
| Electronically recorded monetary claims - operating | 7,497 | 8,430 |
| Merchandise and finished goods | 8,422 | 7,854 |
| Raw materials and supplies | 6 | 0 |
| Other | 2,711 | 2,646 |
| Allowance for doubtful accounts | (14) | (5) |
| Total current assets | 72,011 | 62,715 |
| Non-current assets | | |
| Property, plant and equipment | 8,538 | 8,566 |
| Intangible assets | | |
| Goodwill | 1,630 | 1,576 |
| Other | 1,540 | 1,494 |
| Total intangible assets | 3,170 | 3,071 |
| Investments and other assets | | |
| Investment securities | 4,358 | 4,760 |
| Other | 1,036 | 1,002 |
| Allowance for doubtful accounts | (33) | (33) |
| Total investments and other assets | 5,361 | 5,729 |
| Total non-current assets | 17,070 | 17,366 |
| Total assets | 89,081 | 80,082 |

(Millions of yen)

| | As of March 31, 2025 | As of June 30, 2025 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 27,968 | 18,717 |
| Electronically recorded obligations - operating | 6,298 | 5,927 |
| Income taxes payable | 630 | 67 |
| Provisions | 1,007 | 281 |
| Other | 4,530 | 6,705 |
| Total current liabilities | 40,434 | 31,698 |
| Non-current liabilities | | |
| Provisions | 26 | 27 |
| Retirement benefit liability | 277 | 285 |
| Other | 353 | 569 |
| Total non-current liabilities | 657 | 882 |
| Total liabilities | 41,092 | 32,581 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,576 | 5,576 |
| Capital surplus | 5,355 | 5,364 |
| Retained earnings | 34,688 | 34,130 |
| Treasury shares | (312) | (312) |
| Total shareholders' equity | 45,308 | 44,759 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,315 | 1,536 |
| Revaluation reserve for land | 373 | 373 |
| Foreign currency translation adjustment | 955 | 796 |
| Remeasurements of defined benefit plans | 36 | 33 |
| Total accumulated other comprehensive income | 2,681 | 2,741 |
| Non-controlling interests | — | — |
| Total net assets | 47,989 | 47,500 |
| Total liabilities and net assets | 89,081 | 80,082 |

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

(Millions of yen)

| | Three months ended June 30, 2024 | Three months ended June 30, 2025 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 22,441 | 29,609 |
| Cost of sales | 19,008 | 25,809 |
| Gross profit | 3,433 | 3,800 |
| Selling, general and administrative expenses | 3,095 | 3,330 |
| Operating profit | 337 | 469 |
| Non-operating income | | |
| Interest income | 17 | 5 |
| Dividend income | 42 | 60 |
| Purchase discounts | 6 | 19 |
| Foreign exchange gains | 170 | – |
| Other | 10 | 26 |
| Total non-operating income | 246 | 112 |
| Non-operating expenses | | |
| Interest expenses | 5 | 4 |
| Foreign exchange losses | – | 90 |
| Other | 1 | 3 |
| Total non-operating expenses | 6 | 98 |
| Ordinary profit | 577 | 483 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | – |
| Total extraordinary losses | 0 | – |
| Profit before income taxes | 577 | 483 |
| Income taxes - current | 43 | 42 |
| Income taxes - deferred | 173 | 129 |
| Total income taxes | 216 | 171 |
| Profit | 360 | 311 |
| Profit attributable to non-controlling interests | 2 | – |
| Profit attributable to owners of parent | 358 | 311 |

Consolidated statements of comprehensive income

(Millions of yen)

| | Three months ended June 30, 2024 | Three months ended June 30, 2025 |
|--|-------------------------------------|-------------------------------------|
| Profit | 360 | 311 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (52) | 221 |
| Foreign currency translation adjustment | 182 | (158) |
| Remeasurements of defined benefit plans, net of tax | (22) | (2) |
| Total other comprehensive income | 107 | 59 |
| Comprehensive income | 467 | 371 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 465 | 371 |
| Comprehensive income attributable to non-controlling interests | 2 | — |

(3) Notes on quarterly consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes when there are significant changes in amounts of shareholders' equity

Not applicable.

Notes on quarterly consolidated statements of cash flows

The Company has not prepared quarterly consolidated statements of cash flows for the three months ended June 30, 2025. The amounts of depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2025 are as stated below.

| | (Millions of yen) | |
|--------------------------|--|--|
| | Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024) | Three months ended June 30, 2025 (April 1, 2025 to June 30, 2025) |
| Depreciation | 86 | 165 |
| Amortization of goodwill | 41 | 53 |

Notes on segment information, etc.

Segment information

I Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

1. Information of net sales and profit (loss) for each reportable segment

(Millions of yen)

| | Reportable segments | | | | |
|---------------------------------|-------------------------------------|------------------------------|-------------------------|---|--------|
| | Factory Automation Systems business | Building Facilities business | Infrastructure business | Information & Communications Equipment business | Total |
| Net sales | | | | | |
| Net sales to external customers | 9,907 | 1,809 | 4,258 | 6,466 | 22,441 |
| Intersegment sales or transfers | 22 | 42 | 1 | 9 | 76 |
| Total | 9,929 | 1,852 | 4,260 | 6,476 | 22,518 |
| Segment profit (loss) | 409 | (137) | (130) | 221 | 362 |

2. Differences between total reportable segment profit or loss amounts and the amounts recorded in the consolidated statements of income for the three months, and main items of the differences (matters relating to reconciliation)

(Millions of yen)

| Profit | Amount |
|---|--------|
| Total of reportable segments | 362 |
| Company-wide expenses (Note) | 214 |
| Ordinary profit in the consolidated statements of income for the three months | 577 |

Note: Company-wide expenses mainly consist of general and administrative expenses as well as non-operating income (expenses) not attributable to any reportable segment.

3. Information on impairment losses on non-current assets or information on goodwill, etc., for each reportable segment

Not applicable.

II Three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)

1. Information of net sales and profit (loss) for each reportable segment

(Millions of yen)

| | Reportable segments | | | | |
|---------------------------------|-------------------------------------|------------------------------|-------------------------|---|--------|
| | Factory Automation Systems business | Building Facilities business | Infrastructure business | Information & Communications Equipment business | Total |
| Net sales | | | | | |
| Net sales to external customers | 12,296 | 3,413 | 6,494 | 7,404 | 29,609 |
| Intersegment sales or transfers | — | — | — | — | — |
| Total | 12,296 | 3,413 | 6,494 | 7,404 | 29,609 |
| Segment profit (loss) | 330 | (141) | (97) | 400 | 490 |

2. Differences between total reportable segment profit or loss amounts and the amounts recorded in the consolidated statements of income for the three months, and main items of the differences (matters relating to reconciliation)

(Millions of yen)

| Profit | Amount |
|---|--------|
| Total of reportable segments | 490 |
| Company-wide expenses (Note) | (7) |
| Ordinary profit in the consolidated statements of income for the three months | 483 |

Note: Company-wide expenses mainly consist of general and administrative expenses as well as non-operating income (expenses) not attributable to any reportable segment.

3. Information on impairment losses on non-current assets or information on goodwill, etc., for each reportable segment

Not applicable.