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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

July 29, 2022

Company name: SUMITOMO DENSETSU CO.,LTD.

Stock exchange listing: Tokyo

Code number: 1949

URL: <https://www.sem.co.jp>

Representative: Makoto Tani

President

Contact: Koji Tanioku

General Manager, Finance & Accounting Department

Phone: +81-6-6537-3490

Scheduled date of filing quarterly securities report: August 03, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 01, 2022 to June 30, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2022	37,091	16.7	2,066	20.9	2,420	23.7	1,470	16.6
June 30, 2021	31,779	(3.8)	1,709	(16.7)	1,956	(14.2)	1,261	(14.3)

(Note) Comprehensive income: Three months ended June 30, 2022: ¥ 1,310 million [(25.7) %]
Three months ended June 30, 2021: ¥ 1,763 million [(41.7) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	41.54	-
June 30, 2021	35.46	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2022	149,576	92,925	59.3
March 31, 2022	161,036	93,385	55.5

(Reference) Equity: As of June 30, 2022: ¥ 88,758 million
As of March 31, 2022: ¥ 89,448 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	37.00	-	49.00	86.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		43.00	-	43.00	86.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2022	79,000	8.4	4,800	(3.8)	5,200	(5.7)	3,300	(7.5)	93.22
Full year	175,000	4.4	13,100	0.7	14,000	0.7	9,200	0.6	259.89

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

June 30, 2022: 35,635,879 shares

March 31, 2022: 35,635,879 shares

2) Total number of treasury shares at the end of the period:

June 30, 2022: 229,023 shares

March 31, 2022: 238,573 shares

3) Average number of shares during the period:

Three months ended June 30, 2022: 35,399,694 shares

Three months ended June 30, 2021: 35,576,823 shares

* 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

This presentation contains various forward-looking statements which are based on the current expectations and assumptions of future event.

Please be advised that there are possibilities actual performance could be different from those described in this material.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of June 30,2022
Assets		
Current assets		
Cash and deposits	55,266	51,525
Notes receivable, accounts receivable from completed construction contracts and other	62,338	54,081
Costs on construction contracts in progress	3,212	4,008
Other	2,122	2,323
Allowance for doubtful accounts	(9)	(9)
Total current assets	122,930	111,929
Non-current assets		
Property, plant and equipment		
Land	7,009	7,024
Other	14,315	15,028
Accumulated depreciation	(8,131)	(8,397)
Other, net	6,184	6,630
Total property, plant and equipment	13,193	13,655
Intangible assets		
Goodwill	234	205
Other	720	913
Total intangible assets	954	1,119
Investments and other assets		
Investment securities	19,632	18,551
Other	4,851	4,831
Allowance for doubtful accounts	(526)	(511)
Total investments and other assets	23,957	22,872
Total non-current assets	38,106	37,647
Total assets	161,036	149,576
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	38,494	32,179
Short-term borrowings	1,609	1,513
Income taxes payable	3,169	140
Provisions	163	39
Other	17,506	16,074
Total current liabilities	60,944	49,948
Non-current liabilities		
Long-term borrowings	1,001	823
Provision for retirement benefits for directors (and other officers)	16	15
Retirement benefit liability	1,211	1,253
Other	4,477	4,610
Total non-current liabilities	6,706	6,703
Total liabilities	67,651	56,651

(Million yen)

	As of March 31,2022	As of June 30,2022
Net assets		
Shareholders' equity		
Share capital	6,440	6,440
Capital surplus	6,102	6,107
Retained earnings	67,742	67,478
Treasury shares	(437)	(419)
Total shareholders' equity	79,847	79,605
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,688	8,937
Deferred gains or losses on hedges	1	3
Foreign currency translation adjustment	286	615
Remeasurements of defined benefit plans	(375)	(403)
Total accumulated other comprehensive income	9,601	9,152
Non-controlling interests	3,936	4,166
Total net assets	93,385	92,925
Total liabilities and net assets	161,036	149,576

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Net sales	31,779	37,091
Cost of sales	27,860	32,445
Gross profit	3,918	4,645
Selling, general and administrative expenses		
Employees' salaries and allowances	859	983
Other	1,350	1,595
Total selling, general and administrative expenses	2,209	2,579
Operating profit	1,709	2,066
Non-operating income		
Interest income	16	16
Dividend income	173	207
Foreign exchange gains	-	75
Other	73	63
Total non-operating income	262	363
Non-operating expenses		
Interest expenses	6	5
Other	7	3
Total non-operating expenses	14	9
Ordinary profit	1,956	2,420
Extraordinary losses		
Impairment losses	24	-
Total extraordinary losses	24	-
Profit before income taxes	1,932	2,420
Income taxes - current	66	157
Income taxes - deferred	528	650
Total income taxes	595	808
Profit	1,336	1,611
Profit attributable to non-controlling interests	75	141
Profit attributable to owners of parent	1,261	1,470

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Profit	1,336	1,611
Other comprehensive income		
Valuation difference on available-for-sale securities	488	(750)
Deferred gains or losses on hedges	(0)	1
Foreign currency translation adjustment	(107)	476
Remeasurements of defined benefit plans, net of tax	47	(28)
Total other comprehensive income	427	(301)
Comprehensive income	1,763	1,310
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,724	1,022
Comprehensive income attributable to non-controlling interests	39	287

3. Supplementary Information

Consolidated Orders Received/Net Sales/Backlog of Orders by works type

(Unit : Millions of yen)

1. Orders Received

Works Type	FY2021/1Q (From: Apr.1,2021 To: Jun.30,2021)		FY2022/1Q (From: Apr.1,2022 To: Jun.30,2022)		Increase (Decrease)		FY2021(Full year) (From: Apr.1,2021 To: Mar.31,2022)	
	Amount	Proportion	Amount	Proportion	Amount	Rate	Amount	Proportion
Power Transmission Works	4,806	11.2	5,353	11.0	547	11.4	19,768	11.0
General Electrical Works	24,539	57.4	30,881	63.4	6,342	25.8	108,775	60.8
Information & Communications Works	8,146	19.1	6,615	13.6	(1,530)	(18.8)	28,804	16.1
Facility & HVAC Works	3,283	7.7	3,822	7.8	539	16.4	13,092	7.3
Utilities Engineering Service	40,775	95.4	46,674	95.8	5,898	14.5	170,440	95.2
Others	1,960	4.6	2,036	4.2	76	3.9	8,579	4.8
Total	42,736	100.0	48,710	100.0	5,974	14.0	179,019	100.0

2. Net Sales

Works Type	FY2021/1Q (From: Apr.1,2021 To: Jun.30,2021)		FY2022/1Q (From: Apr.1,2022 To: Jun.30,2022)		Increase (Decrease)		FY2021(Full year) (From: Apr.1,2021 To: Mar.31,2022)	
	Amount	Proportion	Amount	Proportion	Amount	Rate	Amount	Proportion
Power Transmission Works	3,263	10.3	3,360	9.1	96	2.9	20,280	12.1
General Electrical Works	19,225	60.5	23,935	64.5	4,710	24.5	100,653	60.1
Information & Communications Works	5,231	16.4	5,409	14.6	177	3.4	27,482	16.4
Facility & HVAC Works	2,098	6.6	2,349	6.3	251	12.0	10,598	6.3
Utilities Engineering Service	29,818	93.8	35,054	94.5	5,235	17.6	159,015	94.9
Others	1,960	6.2	2,036	5.5	76	3.9	8,579	5.1
Total	31,779	100.0	37,091	100.0	5,311	16.7	167,594	100.0

3. Backlog of Orders

Works Type	FY2021/1Q (From: Apr.1,2021 To: Jun.30,2021)		FY2022/1Q (From: Apr.1,2022 To: Jun.30,2022)		Increase (Decrease)		FY2021(Full year) (From: Apr.1,2021 To: Mar.31,2022)	
	Amount	Proportion	Amount	Proportion	Amount	Rate	Amount	Proportion
Power Transmission Works	17,204	15.9	17,142	14.2	(61)	(0.4)	15,149	13.9
General Electrical Works	66,408	61.3	76,161	63.3	9,753	14.7	69,215	63.6
Information & Communications Works	18,196	16.8	17,810	14.8	(386)	(2.1)	16,604	15.3
Facility & HVAC Works	6,478	6.0	9,260	7.7	2,782	42.9	7,787	7.2
Total	108,288	100.0	120,376	100.0	12,087	11.2	108,756	100.0

(2) Forecast of Consolidated Orders Received & Net Sales

(Unit : Millions of yen)

Works Type	Orders Received (Apr.1, 2022~Mar.31, 2023)		Net Sales (Apr.1, 2022~Mar.31, 2023)	
	Amount	Increase (Decrease) %	Amount	Increase (Decrease) %
Power Transmission Works	20,000	1.2	20,000	(1.4)
General Electrical Works	107,000	(1.6)	106,000	5.3
Information & Communications Works	31,000	7.6	29,000	5.5
Facility & HVAC Works	14,000	6.9	12,000	13.2
Utilities Engineering Service	172,000	0.9	167,000	5.0
Others	8,000	(6.7)	8,000	(6.7)
Total	180,000	0.5	175,000	4.4