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## Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 11, 2023

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 Annual General Meeting of Shareholders: June 27, 2023

Scheduled date of commencing dividend payments: June 28, 2023

Scheduled date of filing annual securities report: June 27, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	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, 2023	175,120	4.5	13,461	3.5	14,394	3.6	9,384	2.7
March 31, 2022	167,594	8.8	13,005	14.9	13,900	16.4	9,140	13.6

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 9,527 million [ (6.0) %]  
Fiscal year ended March 31, 2022: ¥ 10,133 million [ (22.7) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	265.05	-	10.2	8.9	7.7
March 31, 2022	257.43	-	10.6	9.0	7.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million  
Fiscal year ended March 31, 2022: ¥ - million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	162,587	99,618	58.4	2,681.14
March 31, 2022	161,036	93,385	55.5	2,526.98

(Reference) Equity: As of March 31, 2023: ¥ 94,927 million  
As of March 31, 2022: ¥ 89,448 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 the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	5,094	(2,388)	(3,502)	54,428
March 31, 2022	6,861	11,525	(3,382)	54,921

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	37.00	-	49.00	86.00	3,050	33.4	3.5
March 31, 2023	-	43.00	-	51.00	94.00	3,328	35.5	3.6
Fiscal year ending March 31, 2024 (Forecast)	-	47.00	-	47.00	94.00		35.0	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	83,000	1.8	4,000	(24.6)	4,500	(22.9)	2,700	(28.7)	76.26
Full year	185,000	5.6	13,500	0.3	14,500	0.7	9,500	1.2	268.33

### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )  
Exclusion: - (Company name: )

(2) 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

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

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

March 31, 2023: 35,635,879 shares  
March 31, 2022: 35,635,879 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 230,084 shares  
March 31, 2022: 238,573 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 35,404,246 shares  
Fiscal Year ended March 31, 2022: 35,507,755 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	129,317	1.7	10,060	(0.6)	11,581	2.8	8,645	8.8
March 31, 2022	127,126	6.8	10,122	10.5	11,265	9.6	7,947	8.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	244.20	-
March 31, 2022	223.84	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	137,397	82,406	60.0	2,327.50
March 31, 2022	135,613	77,718	57.3	2,195.61

(Reference) Equity: As of March 31, 2023: ¥ 82,406 million

As of March 31, 2022: ¥ 77,718 million

\* 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

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	55,266	54,770
Notes receivable, accounts receivable from completed construction contracts and other	62,338	64,375
Costs on construction contracts in progress	3,212	3,108
Other	2,122	1,409
Allowance for doubtful accounts	(9)	(12)
Total current assets	122,930	123,650
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,191	10,168
Machinery, vehicles, tools, furniture and fixtures	5,306	5,581
Land	7,009	7,028
Leased assets	391	408
Construction in progress	426	370
Accumulated depreciation	(8,131)	(8,767)
Total property, plant and equipment	13,193	14,789
Intangible assets		
Goodwill	234	118
Other	720	965
Total intangible assets	954	1,083
Investments and other assets		
Investment securities	19,632	18,360
Retirement benefit asset	1,866	2,144
Deferred tax assets	355	302
Other	2,629	2,671
Allowance for doubtful accounts	(526)	(414)
Total investments and other assets	23,957	23,063
Total non-current assets	38,106	38,936
Total assets	161,036	162,587

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	30,138	26,617
Electronically recorded obligations - operating	8,356	9,540
Short-term borrowings	1,609	1,597
Lease liabilities	75	86
Income taxes payable	3,169	2,577
Advances received on construction contracts in progress	9,178	6,738
Provision for bonuses for directors (and other officers)	139	112
Provision for loss on construction contracts	24	88
Other	8,252	8,806
Total current liabilities	60,944	56,163
Non-current liabilities		
Long-term borrowings	1,001	921
Lease liabilities	71	136
Provision for retirement benefits for directors (and other officers)	16	17
Retirement benefit liability	1,211	1,253
Deferred tax liabilities	3,271	3,547
Other	1,135	929
Total non-current liabilities	6,706	6,805
<b>Total liabilities</b>	<b>67,651</b>	<b>62,968</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,440	6,440
Capital surplus	6,102	6,107
Retained earnings	67,742	73,869
Treasury shares	(437)	(421)
Total shareholders' equity	79,847	85,994
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,688	8,969
Deferred gains or losses on hedges	1	-
Foreign currency translation adjustment	286	581
Remeasurements of defined benefit plans	(375)	(618)
Total accumulated other comprehensive income	9,601	8,932
Non-controlling interests	3,936	4,690
<b>Total net assets</b>	<b>93,385</b>	<b>99,618</b>
<b>Total liabilities and net assets</b>	<b>161,036</b>	<b>162,587</b>

Consolidated Statements of Income and Comprehensive Income  
 Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Net sales</b>		
Net sales of completed construction contracts	167,594	175,120
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	144,834	150,867
<b>Gross profit</b>		
Gross profit on completed construction contracts	22,759	24,253
Selling, general and administrative expenses	9,753	10,792
Operating profit	13,005	13,461
<b>Non-operating income</b>		
Interest income	68	85
Dividend income	422	482
Foreign exchange gains	39	153
Other	428	269
Total non-operating income	958	991
<b>Non-operating expenses</b>		
Interest expenses	31	24
Loss on disposal of property, plant and equipment	9	8
Guarantee commission	7	6
Other	16	18
Total non-operating expenses	64	58
Ordinary profit	13,900	14,394
<b>Extraordinary income</b>		
Gain on sale of investment securities	154	299
Total extraordinary income	154	299
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	8	-
Impairment losses	25	-
Total extraordinary losses	33	-
Profit before income taxes	14,020	14,694
Income taxes - current	4,194	3,874
Income taxes - deferred	258	754
Total income taxes	4,453	4,628
Profit	9,567	10,065
Profit attributable to non-controlling interests	426	681
Profit attributable to owners of parent	9,140	9,384

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	9,567	10,065
Other comprehensive income		
Valuation difference on available-for-sale securities	(215)	(719)
Deferred gains or losses on hedges	0	(1)
Foreign currency translation adjustment	496	442
Remeasurements of defined benefit plans, net of tax	284	(259)
Total other comprehensive income	565	(537)
Comprehensive income	10,133	9,527
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,592	8,715
Comprehensive income attributable to non-controlling interests	540	811

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,440	6,102	61,305	(44)	73,802
Changes during period					
Dividends of surplus			(2,703)		(2,703)
Profit attributable to owners of parent			9,140		9,140
Purchase of treasury shares				(392)	(392)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	6,437	(392)	6,044
Balance at end of period	6,440	6,102	67,742	(437)	79,847

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	9,904	0	(92)	(663)	9,149	3,429	86,381
Changes during period							
Dividends of surplus							(2,703)
Profit attributable to owners of parent							9,140
Purchase of treasury shares							(392)
Net changes in items other than shareholders' equity	(215)	0	378	288	452	506	958
Total changes during period	(215)	0	378	288	452	506	7,003
Balance at end of period	9,688	1	286	(375)	9,601	3,936	93,385

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,440	6,102	67,742	(437)	79,847
Changes during period					
Dividends of surplus			(3,256)		(3,256)
Profit attributable to owners of parent			9,384		9,384
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		4		17	22
Net changes in items other than shareholders' equity					
Total changes during period	-	4	6,127	15	6,147
Balance at end of period	6,440	6,107	73,869	(421)	85,994

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	9,688	1	286	(375)	9,601	3,936	93,385
Changes during period							
Dividends of surplus							(3,256)
Profit attributable to owners of parent							9,384
Purchase of treasury shares							(2)
Disposal of treasury shares							22
Net changes in items other than shareholders' equity	(719)	(1)	295	(242)	(668)	753	85
Total changes during period	(719)	(1)	295	(242)	(668)	753	6,233
Balance at end of period	8,969	-	581	(618)	8,932	4,690	99,618

## Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	14,020	14,694
Depreciation	1,051	1,133
Amortization of goodwill	115	115
Loss (gain) on sale of non-current assets	8	0
Loss on disposal of property, plant and equipment	9	8
Loss (gain) on sale of investment securities	(154)	(299)
Impairment losses	25	-
Increase (decrease) in allowance for doubtful accounts	(5)	(109)
Increase (decrease) in provision for loss on construction contracts	(44)	63
Increase (decrease) in provision for bonuses for directors (and other officers)	6	(26)
Increase (decrease) in retirement benefit liability	(24)	209
Interest and dividend income	(490)	(568)
Interest expenses	31	24
Foreign exchange losses (gains)	(38)	(21)
Decrease (increase) in trade receivables	(9,135)	(1,680)
Decrease (increase) in inventories	(571)	104
Increase (decrease) in trade payables	4,517	(2,487)
Increase (decrease) in advances received on construction contracts in progress	2,198	(2,553)
Increase (decrease) in accrued consumption taxes	(1,057)	1,227
Other, net	(980)	(856)
Subtotal	9,482	8,977
Interest and dividends received	491	568
Interest paid	(31)	(24)
Income taxes and paid refund	(3,081)	(4,425)
Net cash provided by (used in) operating activities	6,861	5,094
<b>Cash flows from investing activities</b>		
Payments into time deposits	(323)	(319)
Proceeds from withdrawal of time deposits	347	342
Purchase of property, plant and equipment	(1,639)	(2,368)
Proceeds from sale of property, plant and equipment	42	1
Purchase of intangible assets	(161)	(455)
Purchase of investment securities	(9)	(9)
Proceeds from sale of investment securities	221	545
Net decrease (increase) in short-term loans receivable	13,104	(50)
Other, net	(55)	(75)
Net cash provided by (used in) investing activities	11,525	(2,388)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(100)	-
Proceeds from long-term borrowings	1,187	1,004
Repayments of long-term borrowings	(1,268)	(1,096)
Purchase of treasury shares	(392)	(2)
Dividends paid	(2,703)	(3,256)
Dividends paid to non-controlling interests	(33)	(57)
Other, net	(71)	(93)
Net cash provided by (used in) financing activities	(3,382)	(3,502)
Effect of exchange rate change on cash and cash equivalents	327	303
Net increase (decrease) in cash and cash equivalents	15,331	(492)
Cash and cash equivalents at beginning of period	39,589	54,921
Cash and cash equivalents at end of period	54,921	54,428

Supplementary Information

(1) Consolidated Orders Received/Net Sales/Backlog of Orders by works type

1.Orders Received

(Unit : Millions of yen)

Works Type	FY2021 (From: Apr.1,2021 To: Mar.31,2022)		FY2022 (From: Apr.1,2022 To: Mar.31,2023)		Increase (Decrease)	
	Amount	Proportion %	Amount	Proportion %	Amount	Rate %
Power Transmission Works	19,768	11.0	24,192	12.8	4,423	22.4
General Electrical Works	108,775	60.8	112,211	59.4	3,435	3.2
Information & Communications Works	28,804	16.1	29,597	15.7	793	2.8
Facility & HVAC Works	13,092	7.3	13,334	7.1	242	1.9
Utilities Engineering Service	170,440	95.2	179,335	95.0	8,895	5.2
Others	8,579	4.8	9,451	5.0	872	10.2
Total	179,019	100.0	188,787	100.0	9,767	5.5

2.Net Sales

Works Type	FY2021 (From: Apr.1,2021 To: Mar.31,2022)		FY2022 (From: Apr.1,2022 To: Mar.31,2023)		Increase (Decrease)	
	Amount	Proportion %	Amount	Proportion %	Amount	Rate %
Power Transmission Works	20,280	12.1	19,148	10.9	(1,132)	(5.6)
General Electrical Works	100,653	60.1	105,950	60.5	5,296	5.3
Information & Communications Works	27,482	16.4	28,517	16.3	1,035	3.8
Facility & HVAC Works	10,598	6.3	12,052	6.9	1,453	13.7
Utilities Engineering Service	159,015	94.9	165,669	94.6	6,653	4.2
Others	8,579	5.1	9,451	5.4	872	10.2
Total	167,594	100.0	175,120	100.0	7,526	4.5

3. Backlog of Orders

Works Type	FY2021 (As of Mar.31,2022)		FY2022 (As of Mar.31,2023)		Increase (Decrease)	
	Amount	Proportion %	Amount	Proportion %	Amount	Rate %
Power Transmission Works	15,149	13.9	20,192	16.5	5,043	33.3
General Electrical Works	69,215	63.6	75,476	61.7	6,260	9.0
Information & Communications Works	16,604	15.3	17,683	14.4	1,079	6.5
Facility & HVAC Works	7,787	7.2	9,069	7.4	1,282	16.5
Total	108,756	100.0	122,423	100.0	13,666	12.6

## (2) Forecast of Consolidated Orders Received &amp; Net Sales

(Unit : Millions of yen)

Works Type	Orders Received (From: Apr.1,2023 To: Mar.31,2024)		Net Sales (From: Apr.1,2023 To: Mar.31,2024)	
	Amount	Increase (Decrease)	Amount	Increase (Decrease)
Power Transmission Works	24,500	<sup>%</sup> 1.3	22,500	<sup>%</sup> 17.5
General Electrical Works	112,500	0.3	111,000	4.8
Information & Communications Works	31,000	4.7	30,000	5.2
Facility & HVAC Works	13,500	1.2	13,000	7.9
Utilities Engineering Service	181,500	1.2	176,500	6.5
Others	8,500	(10.1)	8,500	(10.1)
Total	190,000	0.6	185,000	5.6