

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]

January 31, 2024

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 Executive Officer, General Manager, Finance & Accounting Department

Phone: +81-6-6537-3490

Scheduled date of filing quarterly securities report: February 5, 2024

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 Nine Months Ended December 31, 2023 (April 1, 2023 to December 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	%
Nine months ended December 31, 2023	126,781	4.0	5,999	(23.0)	6,749	(21.4)	4,486	(14.7)
December 31, 2022	121,922	7.6	7,790	0.9	8,584	1.4	5,259	(3.8)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥ 6,859 million [59.5%]
 Nine months ended December 31, 2022: ¥ 4,301 million [(21.4)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	126.70	-
December 31, 2022	148.56	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	164,064	102,926	59.8
March 31, 2023	162,587	99,618	58.4

(Reference) Equity: As of December 31, 2023: ¥ 98,048 million
 As of March 31, 2023: ¥ 94,927 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, 2023	-	43.00	-	51.00	94.00
Fiscal year ending March 31, 2024	-	47.00	-		
Fiscal year ending March 31, 2024 (Forecast)				47.00	94.00

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

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
Full year	185,000	5.6	13,500	0.3	14,500	0.7	9,500	1.2	268.26

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

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

(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):

December 31, 2023: 35,635,879 shares

March 31, 2023: 35,635,879 shares

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

December 31, 2023: 219,310 shares

March 31, 2023: 230,084 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 35,413,528 shares

Nine months ended December 31, 2022: 35,403,734 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

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	54,770	55,455
Notes receivable, accounts receivable from completed construction contracts and other	64,375	60,553
Costs on construction contracts in progress	3,108	5,057
Other	1,409	1,507
Allowance for doubtful accounts	(12)	(11)
Total current assets	123,650	122,562
Non-current assets		
Property, plant and equipment		
Land	7,028	6,560
Other	16,528	16,530
Accumulated depreciation	(8,767)	(8,392)
Other, net	7,761	8,138
Total property, plant and equipment	14,789	14,698
Intangible assets		
Goodwill	118	31
Other	965	1,004
Total intangible assets	1,083	1,036
Investments and other assets		
Investment securities	18,360	20,782
Other	5,117	5,397
Allowance for doubtful accounts	(414)	(412)
Total investments and other assets	23,063	25,767
Total non-current assets	38,936	41,502
Total assets	162,587	164,064
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	36,157	35,487
Short-term borrowings	1,597	1,439
Income taxes payable	2,577	186
Provisions	201	250
Other	15,630	16,062
Total current liabilities	56,163	53,426
Non-current liabilities		
Long-term borrowings	921	797
Provision for retirement benefits for directors (and other officers)	17	10
Retirement benefit liability	1,253	1,191
Other	4,613	5,713
Total non-current liabilities	6,805	7,712
Total liabilities	62,968	61,138

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	6,440	6,440
Capital surplus	6,107	6,114
Retained earnings	73,869	74,885
Treasury shares	(421)	(402)
Total shareholders' equity	85,994	87,038
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,969	10,759
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustment	581	884
Remeasurements of defined benefit plans	(618)	(634)
Total accumulated other comprehensive income	8,932	11,009
Non-controlling interests	4,690	4,878
Total net assets	99,618	102,926
Total liabilities and net assets	162,587	164,064

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

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	121,922	126,781
Cost of sales	106,295	112,346
Gross profit	15,627	14,434
Selling, general and administrative expenses		
Employees' salaries and allowances	3,025	3,222
Other	4,811	5,213
Total selling, general and administrative expenses	7,836	8,435
Operating profit	7,790	5,999
Non-operating income		
Interest income	55	95
Dividend income	433	433
Other	346	270
Total non-operating income	834	800
Non-operating expenses		
Interest expenses	17	23
Other	23	26
Total non-operating expenses	40	50
Ordinary profit	8,584	6,749
Extraordinary income		
Gain on sale of investment securities	236	256
Total extraordinary income	236	256
Extraordinary losses		
Loss on disposal of property, plant and equipment	-	43
Loss on sale of shares of subsidiaries	-	73
Total extraordinary losses	-	117
Profit before income taxes	8,821	6,889
Income taxes - current	1,791	1,754
Income taxes - deferred	1,228	514
Total income taxes	3,020	2,269
Profit	5,800	4,619
Profit attributable to non-controlling interests	540	132
Profit attributable to owners of parent	5,259	4,486

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

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	5,800	4,619
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,597)	1,789
Deferred gains or losses on hedges	(1)	0
Foreign currency translation adjustment	172	465
Remeasurements of defined benefit plans, net of tax	(71)	(16)
Total other comprehensive income	(1,498)	2,239
Comprehensive income	4,301	6,859
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,699	6,564
Comprehensive income attributable to non-controlling interests	601	295

Supplementary Information

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

1. Orders Received

(Unit : Millions of yen)

Works Type	FY2022/3Q (From: Apr.1,2022 To: Dec.31,2022)		FY2023/3Q (From: Apr.1,2023 To: Dec.31,2023)		Increase (Decrease)		FY2022(Full year) (From: Apr.1,2022 To: Mar.31,2023)	
	Amount	Proportion	Amount	Proportion	Amount	Rate	Amount	Proportion
Power Transmission Works	16,736	12.3%	19,620	13.3%	2,884	17.2%	24,192	12.8%
General Electrical Works	83,142	60.9%	91,612	62.0%	8,470	10.2%	112,211	59.4%
Information & Communications Works	20,274	14.9%	19,772	13.4%	(501)	(2.5)%	29,597	15.7%
Facility & HVAC Works	9,396	6.9%	10,585	7.2%	1,189	12.7%	13,334	7.1%
Utilities Engineering Service	129,549	95.0%	141,591	95.9%	12,042	9.3%	179,335	95.0%
Others	6,908	5.0%	6,144	4.1%	(763)	(11.1)%	9,451	5.0%
Total	136,458	100.0%	147,736	100.0%	11,278	8.3%	188,787	100.0%

2. Net Sales

Works Type	FY2022/3Q (From: Apr.1,2022 To: Dec.31,2022)		FY2023/3Q (From: Apr.1,2023 To: Dec.31,2023)		Increase (Decrease)		FY2022(Full year) (From: Apr.1,2022 To: Mar.31,2023)	
	Amount	Proportion	Amount	Proportion	Amount	Rate	Amount	Proportion
Power Transmission Works	12,428	10.2%	15,997	12.6%	3,568	28.7%	19,148	10.9%
General Electrical Works	75,927	62.3%	78,884	62.2%	2,956	3.9%	105,950	60.5%
Information & Communications Works	18,306	15.0%	18,294	14.4%	(12)	(0.1)%	28,517	16.3%
Facility & HVAC Works	8,350	6.8%	7,461	5.9%	(889)	(10.7)%	12,052	6.9%
Utilities Engineering Service	115,013	94.3%	120,636	95.1%	5,623	4.9%	165,669	94.6%
Others	6,908	5.7%	6,144	4.9%	(763)	(11.1)%	9,451	5.4%
Total	121,922	100.0%	126,781	100.0%	4,859	4.0%	175,120	100.0%

3. Backlog of Orders

Works Type	FY2022/3Q (As of Dec.31,2022)		FY2023/3Q (As of Dec.31,2023)		Increase (Decrease)		FY2022(Full year) (As of Mar.31,2023)	
	Amount	Proportion	Amount	Proportion	Amount	Rate	Amount	Proportion
Power Transmission Works	19,456	15.8%	23,815	16.6%	4,359	22.4%	20,192	16.5%
General Electrical Works	76,430	62.0%	88,205	61.5%	11,774	15.4%	75,476	61.7%
Information & Communications Works	18,571	15.0%	19,162	13.4%	590	3.2%	17,683	14.4%
Facility & HVAC Works	8,832	7.2%	12,194	8.5%	3,361	38.1%	9,069	7.4%
Total	123,292	100.0%	143,377	100.0%	20,085	16.3%	122,423	100.0%

(2) Forecast of Consolidated Orders Received & 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	1.3%	22,500	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