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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 9, 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

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Scheduled date of Annual General Meeting of Shareholders: June 25, 2024

Scheduled date of commencing dividend payments: June 26, 2024

Scheduled date of filing annual securities report: June 25, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	185,524	5.9	12,548	(6.8)	13,502	(6.2)	10,060	7.2
March 31, 2023	175,120	4.5	13,461	3.5	14,394	3.6	9,384	2.7

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 14,866 million [56.0%]
Fiscal year ended March 31, 2023: ¥ 9,527 million [(6.0) %]

	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
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	284.09	-	10.0	7.8	6.8
March 31, 2023	265.05	-	10.2	8.9	7.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ - million
Fiscal year ended March 31, 2023: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	181,664	110,932	58.3	2,988.28
March 31, 2023	162,587	99,618	58.4	2,681.14

(Reference) Equity: As of March 31, 2024: ¥ 105,833 million
As of March 31, 2023: ¥ 94,927 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	8,514	(499)	(3,835)	59,085
March 31, 2023	5,094	(2,388)	(3,502)	54,428

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, 2023	-	43.00	-	51.00	94.00	3,328	35.5	3.6
March 31, 2024	-	47.00	-	59.00	106.00	3,754	37.3	3.7
Fiscal year ending March 31, 2025 (Forecast)	-	57.00	-	57.00	114.00		40.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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, 2024	89,000	11.4	4,500	44.6	4,800	32.3	3,000	22.0	84.71
Full year	200,000	7.8	14,500	15.6	15,000	11.1	10,000	(0.6)	282.37

* 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, 2024: 35,635,879 shares

March 31, 2023: 35,635,879 shares

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

March 31, 2024: 219,660 shares

March 31, 2023: 230,084 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 35,414,177 shares

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

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	143,943	11.3	10,695	6.3	12,283	6.1	10,278	18.9
March 31, 2023	129,317	1.7	10,060	(0.6)	11,581	2.8	8,645	8.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	290.24	-
March 31, 2023	244.20	-

(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, 2024	154,003	92,395	60.0	2,608.85
March 31, 2023	137,397	82,406	60.0	2,327.50

(Reference) Equity: As of March 31, 2024: ¥ 92,395 million
As of March 31, 2023: ¥ 82,406 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	54,770	59,390
Notes receivable, accounts receivable from completed construction contracts and other	64,375	73,070
Costs on construction contracts in progress	3,108	3,085
Other	1,409	1,572
Allowance for doubtful accounts	(12)	(12)
Total current assets	123,650	137,107
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,168	9,688
Machinery, vehicles, tools, furniture and fixtures	5,581	5,894
Land	7,028	6,564
Leased assets	408	373
Construction in progress	370	1,275
Accumulated depreciation	(8,767)	(8,600)
Total property, plant and equipment	14,789	15,196
Intangible assets		
Goodwill	118	2
Other	965	879
Total intangible assets	1,083	881
Investments and other assets		
Investment securities	18,360	22,451
Retirement benefit asset	2,144	3,257
Deferred tax assets	302	237
Other	2,671	2,945
Allowance for doubtful accounts	(414)	(412)
Total investments and other assets	23,063	28,479
Total non-current assets	38,936	44,557
Total assets	162,587	181,664

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	26,617	30,062
Electronically recorded obligations - operating	9,540	11,522
Short-term borrowings	1,597	1,540
Lease liabilities	86	68
Income taxes payable	2,577	2,767
Advances received on construction contracts in progress	6,738	8,630
Provision for bonuses for directors (and other officers)	112	130
Provision for loss on construction contracts	88	29
Other	8,806	7,846
Total current liabilities	56,163	62,599
Non-current liabilities		
Long-term borrowings	921	836
Lease liabilities	136	112
Provision for retirement benefits for directors (and other officers)	17	11
Retirement benefit liability	1,253	1,199
Deferred tax liabilities	3,547	5,208
Other	929	764
Total non-current liabilities	6,805	8,132
Total liabilities	62,968	70,732
Net assets		
Shareholders' equity		
Share capital	6,440	6,440
Capital surplus	6,107	6,114
Retained earnings	73,869	80,459
Treasury shares	(421)	(403)
Total shareholders' equity	85,994	92,610
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,969	12,123
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustment	581	1,075
Remeasurements of defined benefit plans	(618)	23
Total accumulated other comprehensive income	8,932	13,222
Non-controlling interests	4,690	5,098
Total net assets	99,618	110,932
Total liabilities and net assets	162,587	181,664

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales		
Net sales of completed construction contracts	175,120	185,524
Cost of sales		
Cost of sales of completed construction contracts	150,867	161,310
Gross profit		
Gross profit on completed construction contracts	24,253	24,213
Selling, general and administrative expenses	10,792	11,665
Operating profit	13,461	12,548
Non-operating income		
Interest income	85	129
Dividend income	482	492
Other	422	397
Total non-operating income	991	1,019
Non-operating expenses		
Interest expenses	24	29
Guarantee commission	6	5
Other	26	31
Total non-operating expenses	58	65
Ordinary profit	14,394	13,502
Extraordinary income		
Gain on sale of investment securities	299	1,309
Total extraordinary income	299	1,309
Extraordinary losses		
Loss on disposal of property, plant and equipment	-	43
Loss on sale of shares of subsidiaries	-	80
Total extraordinary losses	-	123
Profit before income taxes	14,694	14,687
Income taxes - current	3,874	4,360
Income taxes - deferred	754	24
Total income taxes	4,628	4,384
Profit	10,065	10,302
Profit attributable to non-controlling interests	681	242
Profit attributable to owners of parent	9,384	10,060

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	10,065	10,302
Other comprehensive income		
Valuation difference on available-for-sale securities	(719)	3,154
Deferred gains or losses on hedges	(1)	0
Foreign currency translation adjustment	442	768
Remeasurements of defined benefit plans, net of tax	(259)	640
Total other comprehensive income	(537)	4,563
Comprehensive income	9,527	14,866
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,715	14,350
Comprehensive income attributable to non-controlling interests	811	515

Consolidated Statements of Changes in Equity

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

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,440	6,107	73,869	(421)	85,994
Changes during period					
Dividends of surplus			(3,470)		(3,470)
Profit attributable to owners of parent			10,060		10,060
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		7		21	28
Net changes in items other than shareholders' equity					
Total changes during period	-	7	6,590	18	6,616
Balance at end of period	6,440	6,114	80,459	(403)	92,610

	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	8,969	-	581	(618)	8,932	4,690	99,618
Changes during period							
Dividends of surplus							(3,470)
Profit attributable to owners of parent							10,060
Purchase of treasury shares							(3)
Disposal of treasury shares							28
Net changes in items other than shareholders' equity	3,154	0	493	641	4,289	408	4,698
Total changes during period	3,154	0	493	641	4,289	408	11,314
Balance at end of period	12,123	0	1,075	23	13,222	5,098	110,932

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	14,694	14,687
Depreciation	1,133	1,270
Amortization of goodwill	115	115
Loss (gain) on sale of non-current assets	0	-
Loss on disposal of property, plant and equipment	8	45
Loss (gain) on sale of investment securities	(299)	(1,309)
Loss (gain) on sale of shares of subsidiaries	-	80
Increase (decrease) in allowance for doubtful accounts	(109)	(5)
Increase (decrease) in provision for loss on construction contracts	63	(59)
Increase (decrease) in provision for bonuses for directors (and other officers)	(26)	18
Increase (decrease) in retirement benefit liability	209	(1,033)
Interest and dividend income	(568)	(622)
Interest expenses	24	29
Foreign exchange losses (gains)	(21)	(20)
Decrease (increase) in trade receivables	(1,680)	(8,361)
Decrease (increase) in inventories	104	(222)
Increase (decrease) in trade payables	(2,487)	5,711
Increase (decrease) in advances received on construction contracts in progress	(2,553)	1,778
Increase (decrease) in accrued consumption taxes	1,227	(898)
Other, net	(856)	941
Subtotal	8,977	12,146
Interest and dividends received	568	622
Interest paid	(24)	(29)
Income taxes and paid refund	(4,425)	(4,225)
Net cash provided by (used in) operating activities	5,094	8,514
Cash flows from investing activities		
Payments into time deposits	(319)	(305)
Proceeds from withdrawal of time deposits	342	342
Purchase of property, plant and equipment	(2,368)	(2,606)
Proceeds from sale of property, plant and equipment	1	11
Purchase of intangible assets	(455)	(371)
Purchase of investment securities	(9)	(0)
Proceeds from sale of investment securities	545	1,756
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	769
Net decrease (increase) in short-term loans receivable	(50)	50
Other, net	(75)	(146)
Net cash provided by (used in) investing activities	(2,388)	(499)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(60)
Proceeds from long-term borrowings	1,004	942
Repayments of long-term borrowings	(1,096)	(1,024)
Purchase of treasury shares	(2)	(3)
Dividends paid	(3,256)	(3,470)
Dividends paid to non-controlling interests	(57)	(107)
Other, net	(93)	(112)
Net cash provided by (used in) financing activities	(3,502)	(3,835)
Effect of exchange rate change on cash and cash equivalents	303	478
Net increase (decrease) in cash and cash equivalents	(492)	4,656
Cash and cash equivalents at beginning of period	54,921	54,428
Cash and cash equivalents at end of period	54,428	59,085

4.Others

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

1.Orders Received

(Millions of yen)

Works Type	FY2022 (From: Apr.1,2022 To: Mar.31,2023)		FY2023 (From: Apr.1,2023 To: Mar.31,2024)		Increase (Decrease)	
	Amount	Proportion	Amount	Proportion	Amount	Rate
Power Transmission Works	24,192	12.8%	34,249	15.2%	10,057	41.6%
General Electrical Works	112,211	59.4	138,371	61.3	26,160	23.3
Information & Communications Works	29,597	15.7	30,543	13.5	945	3.2
Facility & HVAC Works	13,334	7.1	14,856	6.6	1,521	11.4
Utilities Engineering Service	179,335	95.0	218,020	96.6	38,685	21.6
Others	9,451	5.0	7,844	3.4	(1,606)	(17.0)
Total	188,787	100.0	225,865	100.0	37,078	19.6

2.Net Sales

Works Type	FY2022 (From: Apr.1,2022 To: Mar.31,2023)		FY2023 (From: Apr.1,2023 To: Mar.31,2024)		Increase (Decrease)	
	Amount	Proportion	Amount	Proportion	Amount	Rate
Power Transmission Works	19,148	10.9%	24,510	13.2%	5,361	28.0%
General Electrical Works	105,950	60.5	111,137	59.9	5,187	4.9
Information & Communications Works	28,517	16.3	29,616	16.0	1,099	3.9
Facility & HVAC Works	12,052	6.9	12,414	6.7	362	3.0
Utilities Engineering Service	165,669	94.6	177,679	95.8	12,010	7.2
Others	9,451	5.4	7,844	4.2	(1,606)	(17.0)
Total	175,120	100.0	185,524	100.0	10,403	5.9

3. Backlog of Orders

Works Type	FY2022 (As of Mar.31,2023)		FY2023 (As of Mar.31,2024)		Increase (Decrease)	
	Amount	Proportion	Amount	Proportion	Amount	Rate
Power Transmission Works	20,192	16.5%	29,931	18.4%	9,739	48.2%
General Electrical Works	75,476	61.7	102,711	63.1	27,234	36.1
Information & Communications Works	17,683	14.4	18,610	11.4	926	5.2
Facility & HVAC Works	9,069	7.4	11,511	7.1	2,441	26.9
Total	122,423	100.0	162,764	100.0	40,341	33.0

(2) Forecast of Consolidated Orders Received & Net Sales

(Millions of yen)

Works Type		Orders Received (From: Apr.1,2024 To: Mar.31,2025)		Net Sales (From: Apr.1,2024 To: Mar.31,2025)	
		Amount	Increase (Decrease)	Amount	Increase (Decrease)
	Power Transmission Works	50,000	[%] 46.0	30,000	[%] 22.4
	General Electrical Works	112,000	(19.1)	116,000	4.4
	Information & Communications Works	35,000	14.6	32,000	8.0
	Facility & HVAC Works	15,000	1.0	14,000	12.8
	Utilities Engineering Service	212,000	(2.8)	192,000	8.1
	Others	8,000	2.0	8,000	2.0
	Total	220,000	(2.6)	200,000	7.8