

November 11, 2022

## Consolidated Financial Results for the Six Months Ended September 30, 2022 <Japanese GAAP>

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 Listed stock exchange: Tokyo  
 Securities code: 1961  
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Scheduled date to file quarterly securities report: November 11, 2022

Scheduled date to commence dividend payments: December 9, 2022

Preparation of explanatory materials for quarterly financial results: Yes

Holding of a briefing on quarterly financial results: Yes (for securities analysts and institutional investors)

(Amounts of less than 1 million yen are truncated)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2022

(April 1, 2022 to September 30, 2022)

#### (1) Consolidated operating results (Cumulative)

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2022	73,510	(12.6)	(1,260)	—	(751)	—	(770)	—
September 30, 2021	84,070	4.0	1,025	102.8	1,310	55.5	863	5.1

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ (1,121 million) [—%]

Six months ended September 30, 2021: ¥ 1,655 million [(29.1%)]

	Profit per share	Profit per share – diluted
Six months ended	Yen	Yen
September 30, 2022	(13.79)	—
September 30, 2021	15.22	15.14

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	159,941	90,333	56.4
March 31, 2022	183,609	94,278	51.2

(Reference) Shareholders' equity: As of September 30, 2022: ¥90,134 million As of March 31, 2022: ¥93,967 million

## 2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	35.00	–	50.00	85.00
Fiscal year ending March 31, 2023	–	35.00			
Fiscal year ending March 31, 2023 (Forecast)			–	35.00	70.00

(Note) Amendment to forecasts of dividends recently announced: None

Breakdown of end-FY3/22 dividend: Ordinary dividend ¥35; Extraordinary dividend ¥15

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023

(April 1, 2022 to March 31, 2023)

(% figures show year-on-year change for the full year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	200,000	3.5	9,500	4.2	10,000	1.9	6,900	6.3	123.51

(Note) Amendment to forecasts of consolidated financial results recently announced: None

**\* Notes**

(1) Changes in significant subsidiaries during the six months ended September 30, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): None

New: - (Company name: ) Excluded: - (Company name: )

(2) Application of specific accounting for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies and estimates, and retrospective restatements

(i) Changes in accounting policies in accordance with revision of accounting standards: None

(ii) Changes in accounting policies other than item (i) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Number of shares issued (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)

As of September 30, 2022	58,161,156 shares
As of March 31, 2022	59,661,156 shares

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

As of September 30, 2022	2,302,858 shares
As of March 31, 2022	3,900,458 shares

(iii) Average number of shares during period

For the six months ended September 30, 2022	55,872,641 shares
For the six months ended September 30, 2021	56,742,957 shares

\* Quarterly financial results are not subject to quarterly review by a certified public accountant or audit corporation.

\* Proper use of earnings forecasts, and other special matters

There are no changes to our consolidated and non-consolidated earnings forecasts announced on May 13, 2022.

The forward-looking statements such as earnings forecasts contained in these materials are based on the information available at the time they were prepared, and the actual results could differ from forecasts depending on a variety of factors.

Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Officially, only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

## [Attached Materials]

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## 1. Qualitative Information on the Quarter under Review

The Group aims to be the “Company of Choice” for even more stakeholders by further enhancing quality and reliability through our long-term vision “Century 2025.” This fiscal year is the first year of the four-year medium-term management plan Century 2025 Phase 3, which is the final phase of the long-term vision Century 2025. During this phase, we aim to remain the enduring company of choice by continuing Phase 1 initiatives focused on improving quality and Phase 2 efforts to enhance reliability, while also implementing new measures, including initiatives to contribute to the sustainability of society, accelerate work-style reforms, and invest toward the next era. In addition, we will continue building a corporate structure that can flexibly respond to changes in the environment, while developing new technologies, strengthening corporate governance, and achieving sustainable growth and increased corporate value over the medium to long term based on thorough compliance.

The Group’s operating results and financial position for the six months ended September 30, 2022, are as follows.

### (1) Qualitative information on consolidated operating results

					(Millions of yen)
	Q2 FY2021	Q2 FY2022	YoY change	YoY change (%)	Main factors behind YoY change
Orders received	96,506	118,914	22,407	23.2%	As stated in the next section, “Operating results of major segments”
Balance carried forward	154,112	196,142	42,029	27.3%	
Net sales	84,070	73,510	(10,560)	(12.6%)	
Gross profit	11,058	9,161	(1,896)	(17.1%)	
Margin (%)	13.2%	12.5%	(0.7%)		
Operating profit (loss)	1,025	(1,260)	(2,285)	—	
Margin (%)	1.2%	(1.7%)	(2.9%)		
Ordinary profit (loss)	1,310	(751)	(2,061)	—	
Margin (%)	1.6%	(1.0%)	(2.6%)		
Profit (loss) attributable to owners of parent	863	(770)	(1,633)	—	
Margin (%)	1.0%	(1.0%)	(2.0%)		

(Note) Profit or loss margins are the rate of return on net sales.

#### <Operating results of major segments>

##### ○Facilities Construction Business

This business includes HVAC and Plumbing for Buildings, Industrial HVAC (centered on air-conditioning systems for factories), Electrical Systems and Facility Systems businesses, etc.

Orders received increased on the back of orders for large projects in HVAC and Plumbing for Buildings and Industrial HVAC, but sales and profit both declined due to delays in project progress resulting mainly from customer revisions to some project schedules.

					(Millions of yen)
	Q2 FY2021	Q2 FY2022	YoY change	YoY change (%)	
Orders received	69,196	100,893	31,696	45.8%	
Net sales	67,065	59,208	(7,857)	(11.7%)	
Segment profit (loss)	654	(1,235)	(1,890)	—	

##### ○Machinery Systems Business

This business mainly includes conveyance systems and manufacturing and sales business related to transportation equipment.

Orders received were strong, but sales decreased, mainly due to a decline in work carried forward from FY2021, and segment losses worsened.

					(Millions of yen)
	Q2 FY2021	Q2 FY2022	YoY change	YoY change (%)	
Orders received	4,972	5,353	380	7.7%	
Net sales	4,952	3,151	(1,800)	(36.4%)	
Segment profit (loss)	(43)	(711)	(668)	—	

### ○Environmental Systems Business

This business mainly includes operations related to water and sewage facilities and waste treatment facilities ordered by government agencies.

Orders received declined, mainly due to a fallback from orders for large-scale maintenance work and waste treatment facilities in Q2 FY2021. Net sales declined, but segment loss improved, partly due to an overall improvement in the profitability of projects.

(Millions of yen)

	Q2 FY2021	Q2 FY2022	YoY change	YoY change (%)
Orders received	21,331	11,667	(9,663)	(45.3%)
Net sales	10,879	9,916	(963)	(8.9%)
Segment profit (loss)	(591)	(416)	174	—

### ○Real Estate Business

This business mainly includes leasing operations for real estate holdings and building management.

Tenant rental income increased, resulting in higher sales, but profit fell, partly due to expenses incurred removing unneeded equipment.

(Millions of yen)

	Q2 FY2021	Q2 FY2022	YoY change	YoY change (%)
Orders received	1,197	1,235	38	3.2%
Net sales	1,197	1,235	38	3.2%
Segment profit	497	450	(47)	(9.5%)

## (2) Qualitative information on consolidated financial position

(Millions of yen)

	End-FY2021	End-Q2 FY2022	YoY change	YoY change (%)	Main factors behind YoY change
Current assets	125,742	102,839	(22,903)	(18.2%)	Accounts receivable from completed construction contracts and other declined from the end of FY2021 due to seasonal factors.
Non-current assets	57,866	57,101	(764)	(1.3%)	
Total assets	183,609	159,941	(23,668)	(12.9%)	
Current liabilities	79,210	59,764	(19,446)	(24.5%)	Accounts payable for construction contracts declined from the end of FY2021 due to seasonal factors.
Non-current liabilities	10,121	9,843	(277)	(2.7%)	
Total liabilities	89,331	69,607	(19,724)	(22.1%)	
Total net assets	94,278	90,333	(3,944)	(4.2%)	Decreased due to dividend of surplus.

## (3) Qualitative information on consolidated earnings forecasts

There are no changes to our consolidated and non-consolidated earnings forecasts announced on May 13, 2022.

## 2. Consolidated Financial Statements and Related Notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	42,779	37,239
Notes receivable - trade	595	381
Electronically recorded monetary claims - operating	7,124	3,556
Accounts receivable from completed construction contracts and other	39,412	24,449
Contract assets	19,629	19,249
Securities	5,999	5,999
Costs on construction contracts in progress	2,921	4,365
Raw materials and supplies	756	804
Other	6,541	6,812
Allowance for doubtful accounts	(17)	(18)
<b>Total current assets</b>	<b>125,742</b>	<b>102,839</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,830	43,869
Accumulated depreciation	(34,123)	(34,636)
Buildings and structures, net	9,707	9,233
Machinery, vehicles, tools, furniture and fixtures	2,028	2,050
Accumulated depreciation	(1,630)	(1,662)
Machinery, vehicles, tools, furniture and fixtures, net	398	387
Land	3,085	3,033
Leased assets	542	550
Accumulated depreciation	(230)	(251)
Leased assets, net	311	299
Construction in progress	1	5
<b>Total property, plant and equipment</b>	<b>13,504</b>	<b>12,958</b>
Intangible assets		
Other	1,255	1,432
<b>Total intangible assets</b>	<b>1,255</b>	<b>1,432</b>
Investments and other assets		
Investment securities	30,447	29,775
Long-term loans receivable	73	69
Retirement benefit asset	6,303	6,434
Leasehold and guarantee deposits	1,466	1,614
Insurance funds	1,252	1,281
Deferred tax assets	821	795
Other	3,160	3,160
Allowance for doubtful accounts	(419)	(422)
<b>Total investments and other assets</b>	<b>43,106</b>	<b>42,710</b>
<b>Total non-current assets</b>	<b>57,866</b>	<b>57,101</b>
<b>Total assets</b>	<b>183,609</b>	<b>159,941</b>

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Electronically recorded obligations - operating	2,588	1,630
Accounts payable for construction contracts	37,932	26,816
Short-term borrowings	8,885	8,361
Lease obligations	94	98
Income taxes payable	2,659	301
Contract liabilities	14,754	15,603
Provision for bonuses	4,143	3,206
Provision for directors' bonuses	234	121
Provision for warranties for completed construction	1,289	1,354
Provision for loss on construction contracts	9	110
Other	6,617	2,158
Total current liabilities	79,210	59,764
Non-current liabilities		
Long-term borrowings	320	150
Lease obligations	325	326
Retirement benefit liability	2,581	3,050
Provision for loss on business of subsidiaries and associates	440	440
Deferred tax liabilities	670	92
Other	5,784	5,784
Total non-current liabilities	10,121	9,843
Total liabilities	89,331	69,607
Net assets		
Shareholders' equity		
Share capital	8,105	8,105
Capital surplus	4,181	4,189
Retained earnings	75,097	69,486
Treasury shares	(5,243)	(3,122)
Total shareholders' equity	82,140	78,658
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,116	11,525
Deferred gains or losses on hedges	(5)	(19)
Foreign currency translation adjustment	(19)	150
Remeasurements of defined benefit plans	(265)	(181)
Total accumulated other comprehensive income	11,827	11,475
Share acquisition rights	310	199
Total net assets	94,278	90,333
Total liabilities and net assets	183,609	159,941



## (2) Quarterly consolidated statements of income and comprehensive income

Second quarter of consolidated fiscal year

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales		
Net sales of completed construction contracts	82,825	72,228
Net sales in real estate business and other	1,245	1,281
Total net sales	84,070	73,510
Cost of sales		
Cost of sales of completed construction contracts	72,319	63,599
Cost of sales in real estate business and other	692	749
Total cost of sales	73,012	64,348
Gross profit		
Gross profit on completed construction contracts	10,505	8,629
Gross profit on real estate business and other	552	532
Total gross profit	11,058	9,161
Selling, general and administrative expenses	10,032	10,422
Operating profit (loss)	1,025	(1,260)
Non-operating income		
Interest income	6	9
Dividend income	304	339
Other	160	279
Total non-operating income	471	628
Non-operating expenses		
Interest expenses	57	51
Other	127	68
Total non-operating expenses	185	119
Ordinary profit (loss)	1,310	(751)
Extraordinary income		
Gain on sale of non-current assets	—	22
Gain on sale of investment securities	13	25
Total extraordinary income	13	47
Extraordinary losses		
Loss on retirement of non-current assets	—	53
Loss on valuation of investment securities	4	—
Settlement payments	—	139
Total extraordinary losses	4	193
Profit (loss) before income taxes	1,320	(896)
Income taxes – current	301	199
Income taxes – deferred	155	(325)
Total income taxes	457	(125)
Profit (loss)	863	(770)
(Breakdown)		
Profit (loss) attributable to owners of parent	863	(770)
Profit attributable to non-controlling interests	—	—
Other comprehensive income		
Valuation difference on available-for-sale securities	614	(591)
Deferred gains or losses on hedges	(0)	(13)
Foreign currency translation adjustment	83	169
Remeasurements of defined benefit plans	94	83
Total other comprehensive income	792	(351)
Comprehensive income	1,655	(1,121)
(Breakdown)		
Comprehensive income attributable to owners of parent	1,655	(1,121)
Comprehensive income attributable to non-controlling interests	—	—

### (3) Quarterly consolidated statements of cash flows

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	1,320	(896)
Depreciation	796	735
Loss on retirement of non-current assets	7	53
Office relocation expenses	4	—
Increase (decrease) in allowance for doubtful accounts	1	0
Increase (decrease) in provision for bonuses	(654)	(937)
Increase (decrease) in retirement benefit liability	407	457
Increase (decrease) in provision for loss on construction contracts	4	101
Interest and dividend income	(311)	(348)
Interest expenses	57	51
Loss (gain) on sale of property, plant and equipment	(0)	(22)
Loss (gain) on sale of investment securities	(13)	(25)
Loss on valuation of investment securities	4	—
Decrease (increase) in trade receivables and contract assets	12,342	19,201
Decrease (increase) in costs on construction contracts in progress	(957)	(1,434)
Increase (decrease) in trade payables	(7,760)	(12,235)
Increase (decrease) in contract liabilities	4,548	836
Increase (decrease) in other current liabilities	(2,087)	(4,365)
Settlement payments	—	139
Other	(5,330)	(60)
Subtotal	2,379	1,251
Interest and dividends received	311	348
Interest paid	(50)	(43)
Commitment fee payment	(10)	—
Income taxes paid	(1,135)	(2,764)
Income taxes refund	358	6
Office relocation expenses paid	(0)	—
Cash flows from operating activities	1,852	(1,201)
Cash flows from investing activities		
Purchase of securities	(9,000)	(10,000)
Proceeds from redemption of securities	8,000	11,000
Purchase of property, plant and equipment	(476)	(245)
Proceeds from sale of property, plant and equipment	0	76
Payments for retirement of property, plant and equipment	(9)	(55)
Purchase of investment securities	(11)	(264)
Proceeds from sale of investment securities	69	109
Proceeds from collection of loans receivable	6	6
Purchase of intangible assets	(356)	(238)
Proceeds from maturity of insurance funds	19	68
Other	(73)	(239)
Cash flows from investing activities	(1,832)	216
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1)	0
Repayments of long-term borrowings	(695)	(695)
Purchase of treasury shares	(71)	(134)
Proceeds from exercise of share options	0	0
Repayments of lease obligations	(101)	(50)
Dividends paid	(2,552)	(2,788)
Cash flows from financing activities	(3,421)	(3,668)
Effect of exchange rate changes on cash and cash equivalents	56	113
Net increase (decrease) in cash and cash equivalents	(3,344)	(4,540)
Cash and cash equivalents at beginning of period	37,087	44,779
Cash and cash equivalents at end of period	33,742	40,238

#### (4) Notes on premise of going concern

Not applicable

#### (5) Segment information, etc.

##### I. Second quarter of fiscal year 2021 (April 1, 2021 to September 30, 2021)

##### 1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Notes) 1	Total	Adjustments (Notes) 2	Quarterly consolidated profit/loss and comprehensive income posted (Notes) 3
	Facilities Construction Business	Machinery Systems Business	Environmental Systems Business	Real Estate Business	Total				
Net sales									
Net sales to external customers	66,986	4,946	10,872	1,195	84,001	69	84,070	—	84,070
Intersegment sales or transfers	79	5	7	1	93	188	282	(282)	—
Total	67,065	4,952	10,879	1,197	84,094	257	84,352	(282)	84,070
Segment profit (loss)	654	(43)	(591)	497	517	(10)	507	803	1,310

(Notes) 1. The “Other” category is a business segment that is not included in reportable segments and includes the leasing business and insurance agency business, etc.

2. The adjustment amount of ¥803 million to segment profit/loss includes company-wide profit not allocated to each reportable segment of ¥619 million, the reversal amount of the interest burden allocated to each segment within the company of ¥180 million, and an adjustment amount of ¥3 million due to the recording of loss on valuation of investment securities attributable to each segment as an extraordinary loss. Differences in allocation of company-wide expenses, etc., are the main source of company-wide profit.

3. Segment profit or loss is adjusted with ordinary profit in the quarterly consolidated statements of income and comprehensive income.

##### II. Second quarter of fiscal year 2022 (April 1, 2022 to September 30, 2022)

##### 1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Notes) 1	Total	Adjustments (Notes) 2	Quarterly consolidated profit/loss and comprehensive income posted (Notes) 3
	Facilities Construction Business	Machinery Systems Business	Environmental Systems Business	Real Estate Business	Total				
Net sales									
Net sales to external customers	59,153	3,151	9,908	1,233	73,446	63	73,510	—	73,510
Intersegment sales or transfers	55	0	8	1	65	176	242	(242)	—
Total	59,208	3,151	9,916	1,235	73,512	240	73,752	(242)	73,510
Segment profit (loss)	(1,235)	(711)	(416)	450	(1,913)	(26)	(1,939)	1,188	(751)

(Notes) 1. The “Other” category is a business segment that is not included in reportable segments and includes the leasing business and insurance agency business, etc.

2. The adjustment amount of ¥1,188 million to segment profit/loss includes company-wide profit not allocated to each reportable segment of ¥895 million, the reversal amount of the interest burden allocated to each segment within the company of ¥122 million, and an adjustment amount of ¥171 million due to the recording of gain on sale of non-current assets, loss on retirement of non-current assets, and other items attributable to each segment as extraordinary income and losses. Differences in allocation of company-wide expenses, etc., are the main source of company-wide profit.

3. Segment profit or loss is adjusted with ordinary loss in the quarterly consolidated statements of income and comprehensive income.

**(6) Notes regarding significant changes in shareholders' equity [if any]**

The Company has implemented the purchase and cancellation of treasury shares based on a resolution passed at the meeting of the Board of Directors on August 5, 2022. As a result, during the six months ended September 30, 2022, treasury shares increased by ¥134 million due to purchases, while treasury shares and retained earnings decreased by ¥2,016 million due to the cancellation of treasury shares. The balance of treasury shares as of September 30, 2022, was ¥3,122 million.