

FY2022 Summary of Financial Results

May 12, 2023

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☆Key Points of Financial Results

Orders received increased on the back of large-scale project orders, mainly for Facilities Construction, generating a plentiful balance of work carried forward

Net sales decreased YoY and gross profit also declined, with little progress on improving project profitability due to factors such as a decrease in properties completed and sold during the fiscal year

<Orders> 228.554 billion yen (202.250 billion yen in the previous fiscal year)

- In Facilities Construction and Machinery Systems, orders increased year on year
- In Environmental Systems, orders fell, mainly due to a fallback from orders for large-scale projects received in FY2021

<Net sales> 190.865 billion yen (193.189 billion yen in the previous fiscal year)

- Net sales in Facilities Construction were flat year on year, and decreased in Machinery Systems due partly to a decline in work carried over from FY2021

<Gross profit> Gross profit amounted to 27.012 billion yen (30.223 billion yen in the previous fiscal year)

- Profit declined due to a decline in profit margins in Facilities Construction and the fall in net sales and profit margins in Machinery Systems
- Profit in Facilities Construction was impacted by a lack of progress on improving project profitability due to a decrease in properties completed and sold during the fiscal year
- Orders were placed early to control the impact of soaring materials prices, but less progress was made on cost reductions through price negotiation than in FY2021

<Balance carried forward> 188.426 billion yen (150.737 billion yen in the previous fiscal year)

- Facilities Construction and Machinery Systems both increased year on year, securing a plentiful balance of work carried forward

<FY2023 consolidated results forecasts> (Comparison with FY2022)

- Orders received: 190 billion yen (down 38.554 billion yen); Net sales: 210 billion yen (up 19.135 billion yen)
Ordinary profit: 8 billion yen (up 1.753 billion yen)

<Shareholder returns>

- Conducted shareholder returns according to medium-term management plan “Century 2025” Phase 3 financial and capital policies
- An extra dividend of 5 yen has been paid in addition to the regular dividend of 70 yen, resulting in a total annual dividend of 75 yen
- 1,500 thousand shares of treasury shares were purchased and cancelled
- payout ratio: 87.4%, total shareholder return: 136.4%

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FY2022 RESULTS

FY2022 Results (Consolidated)

(Millions of yen)

	FY2020	FY2021	FY2022	Year on year	Rate of change(%)
Orders received	195,580	202,250	228,554	26,303	13.0
Balance carried forward	141,676	150,737	188,426	37,688	25.0
Net sales	190,067	193,189	190,865	(2,323)	(1.2)
Completed construction contracts	187,559	190,646	188,258	(2,387)	(1.3)
Real estate and others	2,507	2,542	2,607	64	2.5
Gross profit	28,754	30,223	27,012	(3,211)	(10.6)
Completed construction contracts	27,765	29,216	26,040	(3,175)	(10.9)
Real estate and others	988	1,007	971	(35)	(3.5)
Gross profit margin (%)	15.1	15.6	14.2	(1.4) _{pt.}	—
Selling, general and administrative expenses	21,255	21,110	21,603	492	2.3
Operating profit	7,498	9,112	5,409	(3,703)	(40.6)
Non-operating profit and loss	698	704	837	132	18.8
Ordinary profit	8,196	9,817	6,247	(3,570)	(36.4)
Extraordinary profit and loss (loss)	(399)	(303)	688	992	—
Profit attributable to owners of parent (loss)	5,901	6,489	4,750	(1,738)	(26.8)

Quarterly Results (Consolidated)

(Millions of yen)

	FY2020				FY2021				FY2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orders received	47,660	55,575	43,211	49,132	56,023	40,482	49,288	56,456	46,974	71,939	62,749	46,890
Net sales	38,253	42,611	48,351	60,851	38,737	45,332	51,652	57,466	33,450	40,059	52,203	65,152
Gross profit	5,120	5,637	7,414	10,582	4,661	6,396	8,901	10,264	3,948	5,213	7,546	10,304
Gross profit margin(%)	13.4	13.2	15.3	17.4	12.0	14.1	17.2	17.9	11.8	13.0	14.5	15.8
Selling, general and administrative expenses	5,274	4,976	5,064	5,939	4,940	5,092	4,976	6,101	5,209	5,212	5,193	5,987
Operating profit (loss)	(154)	660	2,350	4,642	(278)	1,303	3,924	4,162	(1,260)	0	2,352	4,316
Operating profit margin (%)	(0.4)	1.5	4.9	7.6	(0.7)	2.9	7.6	7.2	(3.8)	0.0	4.5	6.6
Ordinary profit (loss)	66	776	2,527	4,826	(13)	1,324	4,233	4,272	(860)	109	2,688	4,310
Extraordinary profit and loss	(82)	(243)	(40)	(33)	(1)	11	(97)	(215)	25	(170)	(18)	852
Profit attributable to owners of parent (loss)	11	809	1,647	3,431	(35)	899	2,820	2,805	(637)	(132)	1,754	3,766

Orders Received by Segment (Consolidated)

(Millions of yen)

Segment	FY2020	FY2021	FY2022	Year on year	Rate of Change (%)
HVAC and Plumbing for Buildings	65,371	58,603	74,802	16,198	27.6
Industrial HVAC	59,234	63,113	78,082	14,968	23.7
Electrical Systems	21,472	27,856	28,542	685	2.5
Facility Systems	10,690	10,930	13,383	2,452	22.4
Total of Facilities Construction Business	156,768	160,504	194,809	34,304	21.4
Machinery Systems	7,858	8,914	11,654	2,739	30.7
Environmental Systems	28,710	30,640	19,929	(10,710)	(35.0)
Total of Plant & Machinery Systems Business	36,569	39,554	31,583	(7,971)	(20.2)
Sub-total	193,338	200,059	226,393	26,333	13.2
Real Estate Business	2,375	2,410	2,471	61	2.5
Others	609	563	542	(21)	(3.8)
Adjustments *	(742)	(782)	(853)	(70)	—
Total	195,580	202,250	228,554	26,303	13.0

*“Adjustments” eliminate internal transactions included in each segment.

Net Sales by Segment (Consolidated)

(Millions of yen)

Segment	FY2020	FY2021	FY2022	Year on year	Rate of Change (%)
HVAC and Plumbing for Buildings	55,293	62,146	59,392	(2,753)	(4.4)
Industrial HVAC	64,152	57,363	58,933	1,569	2.7
Electrical Systems	24,941	24,933	25,668	734	2.9
Facility Systems	11,113	11,040	11,784	744	6.7
Total of Facilities Construction Business	155,501	155,484	155,778	294	0.2
Machinery Systems	8,973	9,666	7,661	(2,005)	(20.7)
Environmental Systems	23,560	25,842	25,200	(642)	(2.5)
Total of Plant & Machinery Systems Business	32,533	35,509	32,861	(2,648)	(7.5)
Sub-total	188,035	190,993	188,640	(2,353)	(1.2)
Real Estate Business	2,375	2,410	2,471	61	2.5
Others	815	566	556	(10)	(1.9)
Adjustments*	(1,158)	(781)	(802)	(20)	—
Total	190,067	193,189	190,865	(2,323)	(1.2)

* “Adjustments” eliminate internal transactions included in each segment.

Gross Profit by Segment (Consolidated)

(Millions of yen)

Segment		FY2020	FY2021	FY2022	Year on year	Rate of Change (%)
Gross Profit by segment	HVAC and Plumbing for Buildings/Industrial HVAC/ Electrical Systems	21,038	22,086	19,052	(3,034)	(13.7)
	Facility Systems	2,215	2,323	2,239	(84)	(3.6)
	Total of Facilities Construction Business	23,253	24,409	21,291	(3,118)	(12.8)
	Machinery Systems	1,556	1,586	772	(814)	(51.3)
	Environmental Systems	3,176	3,547	4,370	823	23.2
	Total of Plant & Machinery Systems Business	4,732	5,133	5,143	9	0.2
	Sub-total	27,986	29,543	26,434	(3,109)	(10.5)
	Real Estate Business	866	876	844	(32)	(3.7)
	Others	101	69	51	(18)	(26.3)
	Adjustments	(199)	(266)	(317)	(51)	—
Total	28,754	30,223	27,012	(3,211)	(10.6)	



FY2022

BALANCE SHEET AND STATEMENT OF CASH FLOWS

Balance Sheet (Consolidated)

(Millions of yen)

	End of FY 2021	End of FY 2022	Year on year	Rate of change (%)
Current assets	125,742	115,512	(10,230)	(8.1)
Cash and deposits	42,779	24,949	(17,829)	(41.7)
Securities	5,999	4,000	(1,999)	(33.3)
Notes receivable – trade, electronically recorded monetary claims –operating, accounts receivable from completed construction contracts and other, and contract assets	66,761	77,141	10,379	15.5
Non-current assets	57,866	56,793	(1,073)	(1.9)
Investment securities	30,447	28,010	(2,436)	(8.0)
Current liabilities	79,210	69,649	(9,560)	(12.1)
Electronically recorded obligations - operating	2,588	1,667	(921)	(35.6)
Accounts payable for construction contracts	37,932	35,074	(2,857)	(7.5)
Non-current liabilities	10,121	11,742	1,620	16.0
Total net assets	94,278	90,913	(3,364)	(3.6)
Treasury shares	(5,243)	(5,335)	(91)	—
Total liabilities and net assets	183,609	172,305	(11,303)	(6.2)
Net assets per share (yen)	1,685.20	1,666.36	(18.84)	(1.1)
Equity ratio (%)	51.2	52.6	1.4 _{pt.}	—
Interest-bearing liabilities (consolidated)	9,205	8,074	(1,131)	(12.3)

Statement of Cash Flows (Consolidated)

- The balance of cash and cash equivalents decreased from the end of the previous fiscal year
- The decrease in cash flow from operating activities was mainly due to an increase in trade receivables, an improvement in payment terms to trading partners, and the payment of income taxes.
 - The decrease in cash flow from investing activities was mainly due to purchases of property, plant and equipment and intangible assets, which more than offset the sale of investment securities.
 - The decrease in cash flow from financing activities was mainly due to dividend payments and the purchase of treasury shares based on financial and capital policies.

(Millions of yen)

	FY2018	FY2019	FY2020	FY2021	FY2022
Cash flows from operating activities	6,786	11,940	(483)	18,529	(10,584)
Cash flows from investing activities	(3,775)	(303)	(1,423)	(3,384)	(969)
Cash flows from financing activities	(5,215)	(8,955)	(6,974)	(7,518)	(8,327)
Cash and cash equivalents at end of period	42,612	45,946	37,087	44,779	24,949

Capital investment (including intangible assets)	6,110	2,197	2,178	1,620	2,279
Depreciation	1,340	1,643	1,700	1,587	1,511



FY2023 FORECAST

FY2023 Full-Year Forecast (Consolidated)

(Millions of yen)

	FY2018	FY2019	FY2020	FY2021	FY2022 A	Initial forecast for FY 2023 B	Increase/ Decrease B-A	Rate of change (%)
Orders received	217,096	194,018	195,580	202,250	228,554	190,000	(38,554)	(16.9)
Balance carried forward	149,495	136,163	141,676	150,737	188,426	168,426	(20,000)	(10.6)
Net sales	212,314	207,684	190,067	193,189	190,865	210,000	19,135	10.0
Gross profit	31,684	32,110	28,754	30,223	27,012	30,000	2,988	11.1
Gross profit margin (%)	14.9	15.5	15.1	15.6	14.2	14.3	0.1 pt.	—
Operating profit	10,637	10,674	7,498	9,112	5,409	7,500	2,091	38.6
Ordinary profit	11,204	11,224	8,196	9,817	6,247	8,000	1,753	28.1
Profit attributable to owners of parent	9,046	7,576	5,901	6,489	4,750	5,300	550	11.6

Regular dividends per share (yen)	40	70	70	70	70	70	—	—
Extra dividends per share (yen)	20	25	10	15	5	—	(5)	—
Cash dividends per share (total) (yen)	60	95	80	85	75	70	(5)	—

FY2023 Forecast of Orders Received and Net Sales by Segment (Consolidated)

(Millions of yen)

Segment		FY2023 Orders Received Forecast	FY2023 Net sales Forecast
	HVAC and Plumbing for Buildings	43,000	57,000
	Industrial HVAC	73,000	74,000
	Electrical Systems	25,000	27,000
	Facility Systems	12,000	12,000
	Total of Facilities Construction Business	153,000	170,000
	Machinery Systems	12,000	12,000
	Environmental Systems	23,000	26,000
	Total of Plant & Machinery Systems Business	35,000	38,000
	Sub Total	188,000	208,000
	Real Estate Business	2,400	2,400
	Others	500	500
	Adjustments*	(900)	(900)
	Total	190,000	210,000

* Adjustments eliminate inter-segment transactions included in each segment.



SHAREHOLDER RETURNS

Dividends and Others

- Conducted shareholder returns according to medium-term management plan “Century 2025” Phase 3 financial and capital policies
- An extra dividend of 5 yen has been paid in addition to the regular dividend of 70 yen, resulting in a total annual dividend of 75 yen
- 1,500 thousand shares of treasury shares were purchased and cancelled
- payout ratio: 87.4%, total shareholder return: 136.4%

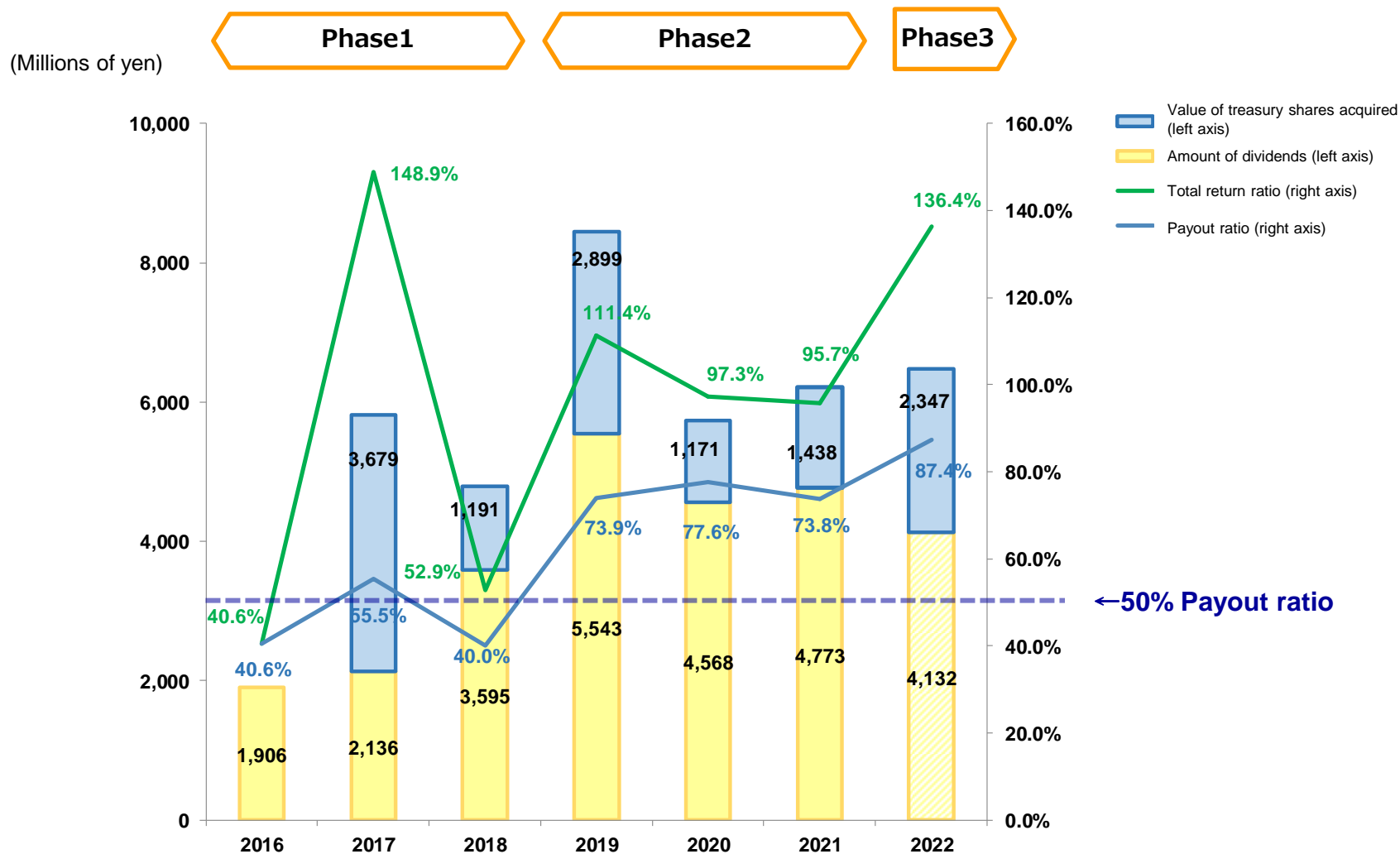
	FY2018	FY2019	FY2020	FY2021
profit per share (yen)	150.02	128.51	103.12	115.13
Cash dividends per share: regular dividends (yen)	40	70	70	70
Cash dividends per share: extra dividends (yen)	20	25	10	15
Cash dividends per share (yen)	60	95	80	85
Payout ratio (consolidated) (%)	40.0	73.9	77.6	73.8
Total return ratio (%)	52.9	111.4	97.3	95.7
Number of shareholders at end of FY	3,381	4,216	14,861	14,524
Share price at end of FY (yen)	1,210	1,211	1,453	1,398
Purchase of treasury shares (thousand shares)	1,000	1,958	1,000	1,000
Cancellation of treasury shares (thousand shares)	1,000	2,000	1,000	—

September 2022	FY 2022
(13.79)	85.80
35	70
—	5
35	75
	87.4
	136.4
13,154	13,675
1,585	1,464
80	1,500
1,500	1,500

ROE (%)	10.3	8.6	6.6	7.0
ROA (%)	6.0	6.0	4.7	5.5

	5.1
	3.5

【Shareholder Returns】





SUPPLEMENTARY MATERIALS

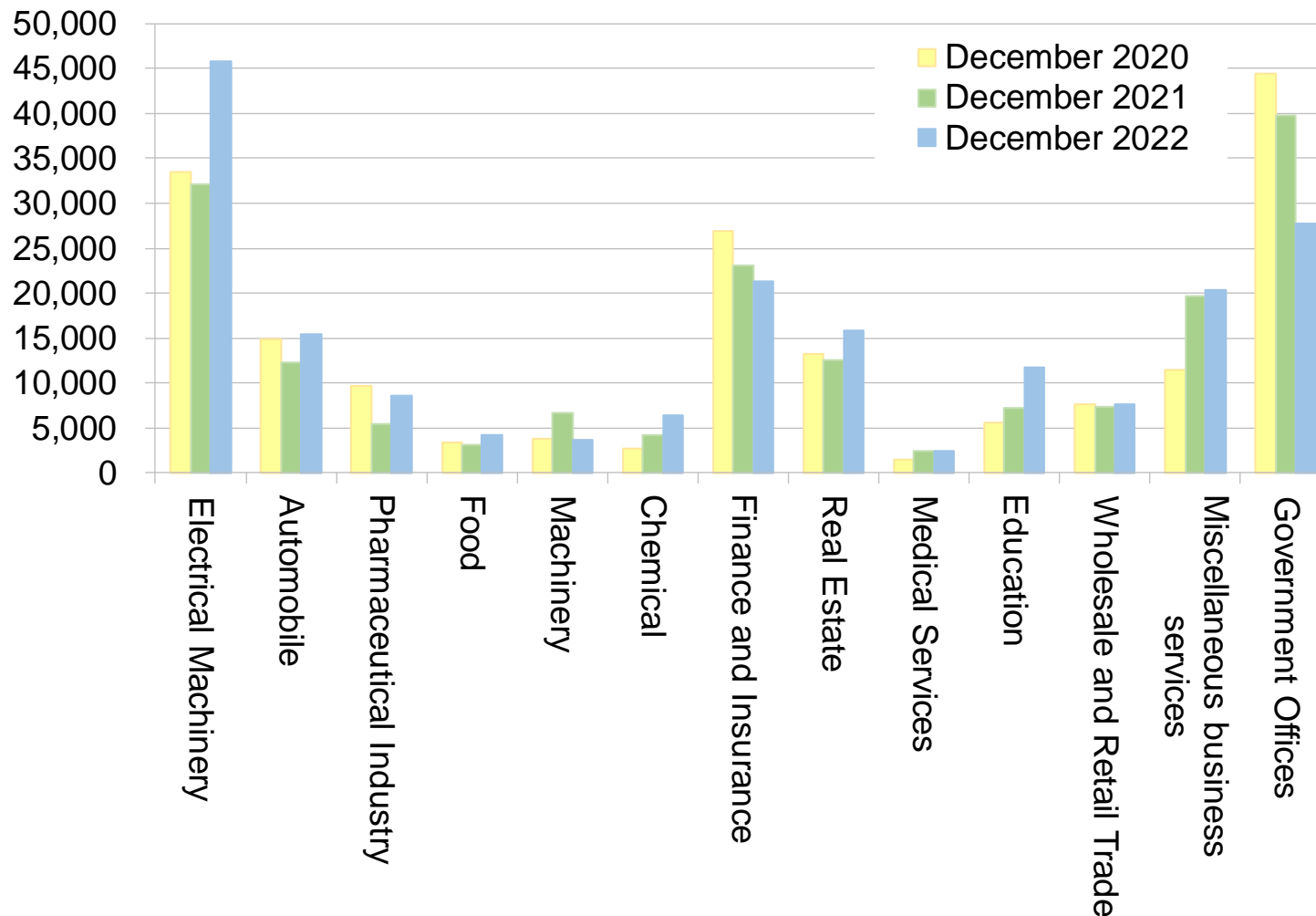
Orders Received by Type

(Millions of yen)

	FY2019	FY2020	FY2021 A	FY2022 B	Diff. B-A
Orders received (Non-consolidated: Facilities Construction Business)	147,191	149,278	151,747	186,466	34,718
Orders received from general contractors (Non-consolidated: Facilities Construction Business)	48,238	63,544	62,299	89,922	27,622
Rate of orders received from general contractors (Non-consolidated: Facilities Construction Business) (%)	32.8	42.6	41.1	48.2	7.1 pt.
Orders received (Consolidated)	194,018	195,580	202,250	228,554	26,303
Orders received from overseas projects (Consolidated)	3,143	2,789	4,283	3,021	(1,261)
Rate of orders received from overseas projects (Consolidated) (%)	1.6	1.4	2.1	1.3	(0.8) pt.
Orders received for renewal construction (Consolidated)	112,909	109,585	108,561	126,147	17,586
Rate of orders received for renewal construction (Consolidated) (%)	58.2	56.0	53.7	55.2	1.5 pt.
<Ref.> Net sales for renewal construction (Consolidated)	114,208	101,147	107,855	112,556	4,701

Orders Received by Industry (Consolidated)

(Millions of yen)



○Main Large-Scale Projects Received

Property name	Item of construction	Type of construction	Location
Nihombashi 1-Chome Central Type 1 Urban Redevelopment	Plumbing systems	New construction work	Tokyo
NEC Fuchu Workplace New Building Construction (tentative name)	HVAC and plumbing systems	New construction work	Tokyo
Panasonic Corporation Suehirocho Building Project (tentative name)	HVAC and plumbing systems	New construction work	Osaka
Shimoyama Phase IV Facilities Construction Project – Building 3	HVAC and plumbing systems	New construction work	Aichi
Kasugai Water Purification Plant Activated Carbon Injection Equipment Project	Water and sewage treatment systems	New construction work	Aichi
Osaka City Museum of Fine Arts Large-scale Renovation Project	HVAC systems	Renovation	Osaka
Former Shimmichi Elementary School Site Utilization Plan (Hotel Wing) (tentative name)	HVAC and plumbing systems	New construction work	Kyoto
TWC Phase 1 Air Conditioning, Plumbing, and Electrical Systems Project	HVAC, plumbing, and electrical systems	New construction work	Shizuoka
Tenjin 1-Chome North 14 Block New Building Construction (tentative name)	HVAC, plumbing, and electrical systems	New construction work	Fukuoka
PHENITEC SEMICONDUCTOR Kagoshima Plant Building 5 3F Cleanroom Conversion Project	HVAC and electrical systems	Renovation	Kagoshima
Kasai Water Reclamation Center North Reaction Tank Mechanical Equipment Reconstruction Project Stage 4	Water and sewage treatment systems	Renewal	Tokyo

* The property name is the name being used by the Company. This may differ from the name used on the construction contract.

14 other projects

○Main Large-Scale Completed Construction Projects

Property name	Item of construction	Type of construction	Location
Nidec Corporation Mukomachi Project C Building Construction and Other Works	HVAC and plumbing systems	New construction work	Kyoto
Kawanishi City Medical Center	Plumbing systems	New construction work	Hyogo
Ochi Clean Center New Combustible Waste Joint Processing Facility Construction Project	Waste treatment facility	New construction work	Shimane
Nippon Life Yodoyabashi Building New Construction Project	HVAC, plumbing, and electrical systems	New construction work	Osaka
Biofermin Pharmaceutical New Factory Construction Project	HVAC systems	New construction work	Hyogo
Toyota Technical Center Shimoyama Plumbing and Electrical Systems Project	Plumbing and electrical systems	New construction work	Aichi
Otemachi Nomura Building	HVAC systems	Renovation	Tokyo
Yamagata Prefectural Shinjo Hospital	HVAC systems	New construction work	Yamagata
Narita Airport T3 South Side Expansion, Access Road and Other Maintenance	HVAC and plumbing systems	Expansion	Chiba
Heiwado Taga Delica Center Construction	HVAC and plumbing systems	New construction work	Shiga
SUMCO TECHXIV Nagasaki Factory N6 Building Extension	HVAC and plumbing systems	Expansion	Nagasaki
SU Kaihatsu New Incinerator Construction Project	Waste treatment facility	New construction work	Akita

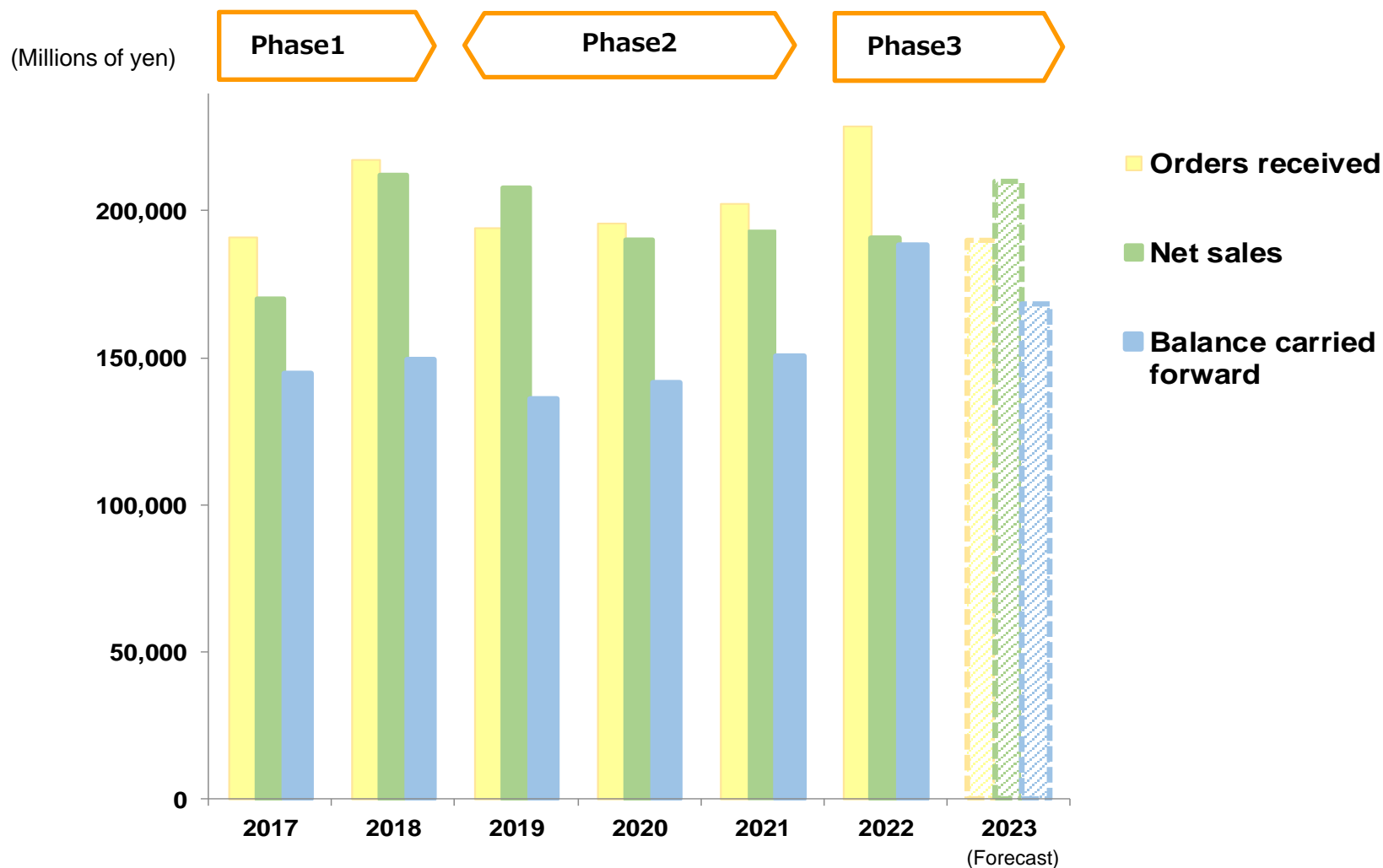
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3 other projects

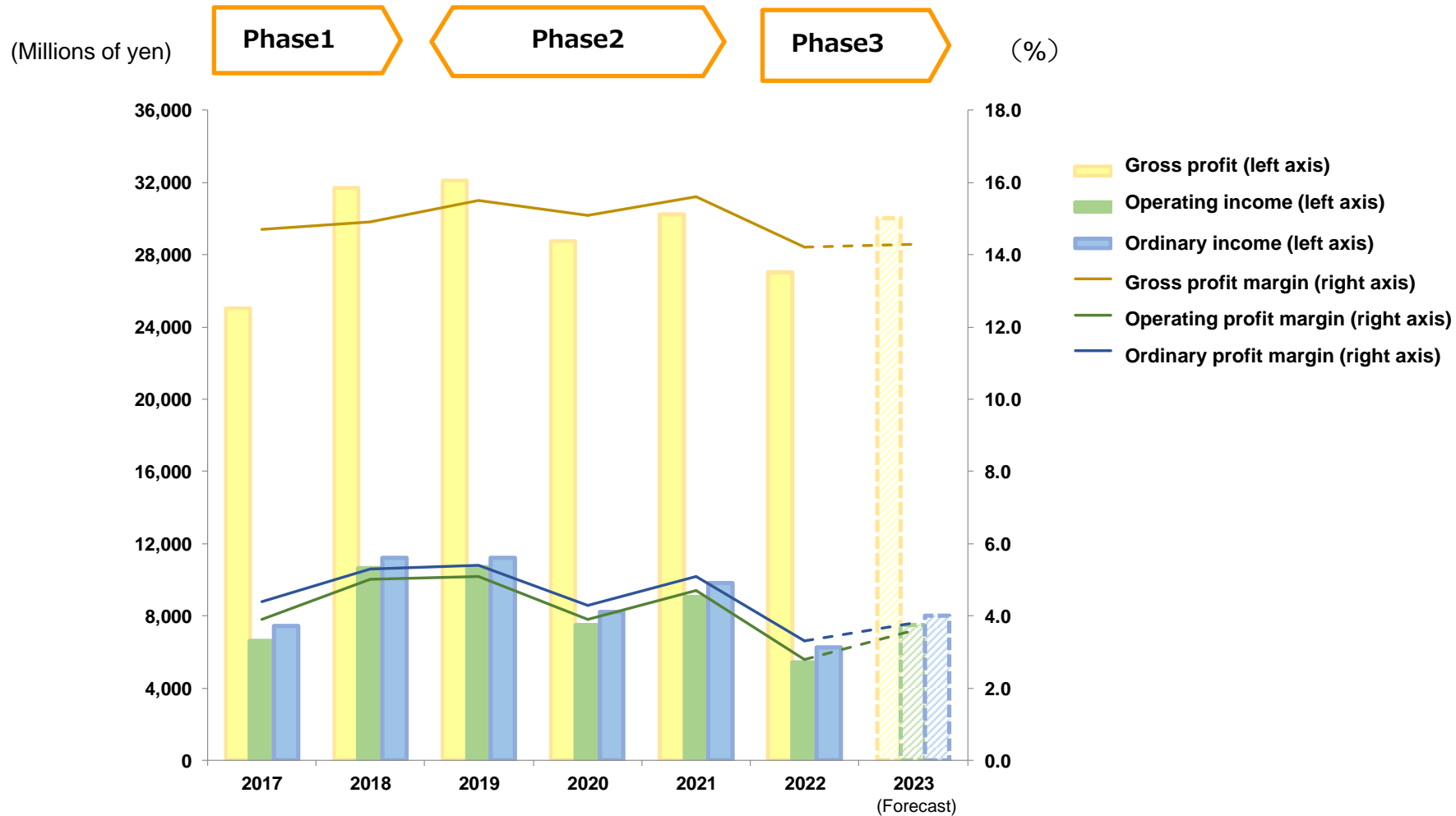
Main Large-Scale Projects Received over 1 Billion Yen (by Building Use)

	FY2020		FY2021		FY2022	
Office	4	27 Projects (48,483 million yen) *Orders received from customers: 12 Projects Orders received from general contractors: 15 Projects	3	25 Projects (47,103 million yen) *Orders received from customers: 11 Projects Orders received from general contractors: 14 Projects	6	25 Projects (63,103 million yen) *Orders received from customers: 9 Projects Orders received from general contractors: 16 Projects
School building / auditorium	1		—		2	
Hospital / clinic	3		1		1	
Complex building	—		1		1	
Hotel / ryokan	—		—		1	
Store	—		1		—	
Public hall and cultural center	—		1		—	
Factory	6		7		6	
Research institute	3		2		3	
Other building interiors	3		5		2	
Railway / airport	1		—		1	
Water treatment plant / sewage plant	5		2		2	
Waste processing facility	1	2	—			

Century 2025 Results (Consolidated) <Orders Received and Net Sales>



Century 2025 Results (Consolidated) <Profit>



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Statements about the future, such as results forecasts included in these materials, are based on judgments made according to the information available to the Company as of May 12. Actual results may differ from the figures contained herein due to a number of factors.

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