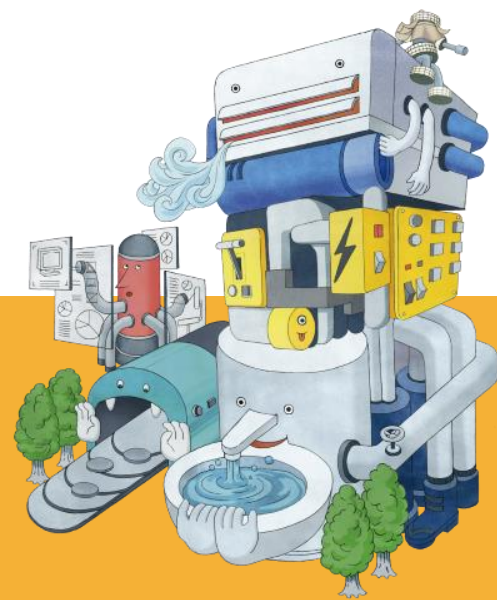


FY2023 Summary of Financial Results

May 10, 2024

カイトキを
カタチに。



☆Key Points of Financial Results

- Net sales and profit both exceeded the targets of 220 billion yen in net sales and 12 billion yen in ordinary profit as set forth for the final year (FY2025) of the medium-term management plan “Century 2025” Phase 3, maintaining the high levels that reflected progress in the large volume of construction projects carried over from the previous year and improvement in the profit margin, notably in Facilities Construction.
- Orders received increased year on year on the back largely of orders received for large-scale construction projects in Environmental Systems.
- Net sales increased due largely to progress in works carried over from the previous year, mainly in Facilities Construction. Gross profit increased significantly as a result of activities to win orders focusing on profitability and profit improvement measures taken for works in progress both in Facilities Construction, in addition to an increase in net sales.
- ROE came to 9.2% due to higher gross profit, exceeding the management target of 8% or higher, while PBR was greater than 1 and stood at approximately 1.1 (as of March 31, 2024).

<Orders> 232.3 billion yen (up 3.8 billion yen from the previous year’s 228.5 billion yen)

- In Facilities Construction, although orders for Industrial HVAC increased, for the segment as a whole, a decrease was recorded due to a decline in HVAC and Plumbing for Buildings given several large-scale project orders received in the previous fiscal year.
- In Plants & Machinery Systems, an increase was recorded, attributable to large-scale project orders received in Environmental Systems for water and sewage treatment systems and waste treatment systems.

<Net sales> 221.9 billion yen (up 31.0 billion yen from the previous year’s 190.8 billion yen)

- In Facilities Construction, net sales increased due to steady progress especially in large-scale works carried over from the previous year. In particular, progress in semiconductor-related and EV battery-related projects in Industrial HVAC contributed to the growth.
- Net sales increased due mainly to an increase in completed conveyance equipment works in Machinery Systems and progress in large-scale waste treatment facilities projects in Environmental Systems.

<Gross profit> Gross profit amounted to 34.6 billion yen (up 7.6 billion yen from the previous year’s 27.0 billion yen)

- In Facilities Construction, gross profit increased due largely to an improvement in profit margin at the time of order intake and improvement in profit margin of works in progress, in addition to the increase in net sales.
- Gross profit also increased in Machinery Systems due to higher net sales, but profitability remained low

<Shareholder returns>

- Conducted shareholder returns according to medium-term management plan “Century 2025” Phase 3 financial and capital policies
- Annual dividend of 85 yen is planned, with 15 yen of extra dividend added to 70 yen of regular dividend
- 1,420 thousand treasury shares were purchased and 1,500 thousand treasury shares were cancelled
- Expected payout ratio: 51.3%, total shareholder return: 79.4%

<FY2024 consolidated results forecasts> (Comparison with FY2023)

Orders received: 210.0 billion yen (down 22.3 billion yen); Net sales 225.0 billion yen (up 3.0 billion yen); Ordinary profit 13.0 billion yen (up 0.25 billion yen)

1

FY2023 Results

2

**FY2023
Balance Sheet and Statement of Cash Flows**

3

FY2024 Forecast

4

Shareholder Returns

5

Supplementary Materials



FY2023 RESULTS

FY2023 Results (Consolidated)

(Millions of yen)

	FY2021	FY2022	FY2023	Year on year	Rate of change(%)
Orders received	202,250	228,554	232,396	3,842	1.7
Balance carried forward	150,737	188,426	198,902	10,476	5.6
Net sales	193,189	190,865	221,920	31,054	16.3
Completed construction contracts	190,646	188,258	219,308	31,050	16.5
Real estate and others	2,542	2,607	2,611	4	0.2
Gross profit	30,223	27,012	34,642	7,629	28.2
Completed construction contracts	29,216	26,040	33,550	7,509	28.8
Real estate and others	1,007	971	1,092	120	12.4
Gross profit margin (%)	15.6	14.2	15.6	1.4 _{pt.}	—
Selling, general and administrative expenses	21,110	21,603	23,055	1,452	6.7
Operating profit	9,112	5,409	11,586	6,177	114.2
Non-operating profit and loss	704	837	1,163	326	39.0
Ordinary profit	9,817	6,247	12,750	6,503	104.1
Extraordinary profit and loss (loss)	(303)	688	406	(281)	(40.9)
Profit attributable to owners of parent	6,489	4,750	8,951	4,200	88.4

Quarterly Results (Consolidated)

(Millions of yen)

	FY2021				FY2022				FY2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orders received	56,023	40,482	49,288	56,456	46,974	71,939	62,749	46,890	52,631	72,749	61,781	45,233
Net sales	38,737	45,332	51,652	57,466	33,450	40,059	52,203	65,152	40,727	48,732	60,152	72,309
Gross profit	4,661	6,396	8,901	10,264	3,948	5,213	7,546	10,304	5,231	6,738	9,959	12,713
Gross profit margin(%)	12.0	14.1	17.2	17.9	11.8	13.0	14.5	15.8	12.8	13.8	16.6	17.6
Selling, general and administrative expenses	4,940	5,092	4,976	6,101	5,209	5,212	5,193	5,987	5,250	5,437	5,242	7,124
Operating profit (loss)	(278)	1,303	3,924	4,162	(1,260)	0	2,352	4,316	(18)	1,300	4,716	5,588
Operating profit margin (%)	(0.7)	2.9	7.6	7.2	(3.8)	0.0	4.5	6.6	(0.0)	2.7	7.8	7.7
Ordinary profit (loss)	(13)	1,324	4,233	4,272	(860)	109	2,688	4,310	359	1,519	5,102	5,770
Extraordinary profit and loss	(1)	11	(97)	(215)	25	(170)	(18)	852	203	66	(51)	188
Profit attributable to owners of parent (loss)	(35)	899	2,820	2,805	(637)	(132)	1,754	3,766	339	1,070	3,452	4,090

Orders Received by Segment (Consolidated)

(Millions of yen)

Segment	FY2021	FY2022	FY2023	Year on year	Rate of Change (%)
HVAC and Plumbing for Buildings	58,603	74,802	53,028	(21,773)	(29.1)
Industrial HVAC	63,113	78,082	90,636	12,554	16.1
Electrical Systems	27,856	28,542	25,617	(2,924)	(10.2)
Facility Systems	10,930	13,383	14,323	940	7.0
Total of Facilities Construction Business	160,504	194,809	183,606	(11,203)	(5.8)
Machinery Systems	8,914	11,654	11,242	(411)	(3.5)
Environmental Systems	30,640	19,929	35,383	15,454	77.5
Total of Plant & Machinery Systems Business	39,554	31,583	46,626	15,042	47.6
Sub-total	200,059	226,393	230,233	3,839	1.7
Real Estate Business	2,410	2,471	2,482	11	0.5
Others	563	542	634	92	17.0
Adjustments *	(782)	(853)	(953)	(100)	—
Total	202,250	228,554	232,396	3,842	1.7

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

Net Sales by Segment (Consolidated)

(Millions of yen)

Segment	FY2021	FY2022	FY2023	Year on year	Rate of Change (%)
HVAC and Plumbing for Buildings	62,146	59,392	60,729	1,336	2.3
Industrial HVAC	57,363	58,933	79,658	20,725	35.2
Electrical Systems	24,933	25,668	27,498	1,830	7.1
Facility Systems	11,040	11,784	14,658	2,874	24.4
Total of Facilities Construction Business	155,484	155,778	182,545	26,766	17.2
Machinery Systems	9,666	7,661	10,591	2,930	38.3
Environmental Systems	25,842	25,200	26,415	1,214	4.8
Total of Plant & Machinery Systems Business	35,509	32,861	37,007	4,145	12.6
Sub-total	190,993	188,640	219,552	30,912	16.4
Real Estate Business	2,410	2,471	2,482	11	0.5
Others	566	556	632	76	13.8
Adjustments*	(781)	(802)	(747)	54	—
Total	193,189	190,865	221,920	31,054	16.3

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

Gross Profit by Segment (Consolidated)

(Millions of yen)

Segment		FY2021	FY2022	FY2023	Year on year	Rate of Change (%)
Gross Profit by segment	HVAC and Plumbing for Buildings/Industrial HVAC/ Electrical Systems	22,086	19,052	25,275	6,223	32.7
	Facility Systems	2,323	2,239	2,863	624	27.9
	Total of Facilities Construction Business	24,409	21,291	28,139	6,847	32.2
	Machinery Systems	1,586	772	943	171	22.2
	Environmental Systems	3,547	4,370	4,771	400	9.2
	Total of Plant & Machinery Systems Business	5,133	5,143	5,715	572	11.1
	Sub-total	29,543	26,434	33,854	7,420	28.1
	Real Estate Business	876	844	974	130	15.5
	Others	69	51	83	32	62.7
	Adjustments	(266)	(317)	(271)	46	—
Total	30,223	27,012	34,642	7,629	28.2	

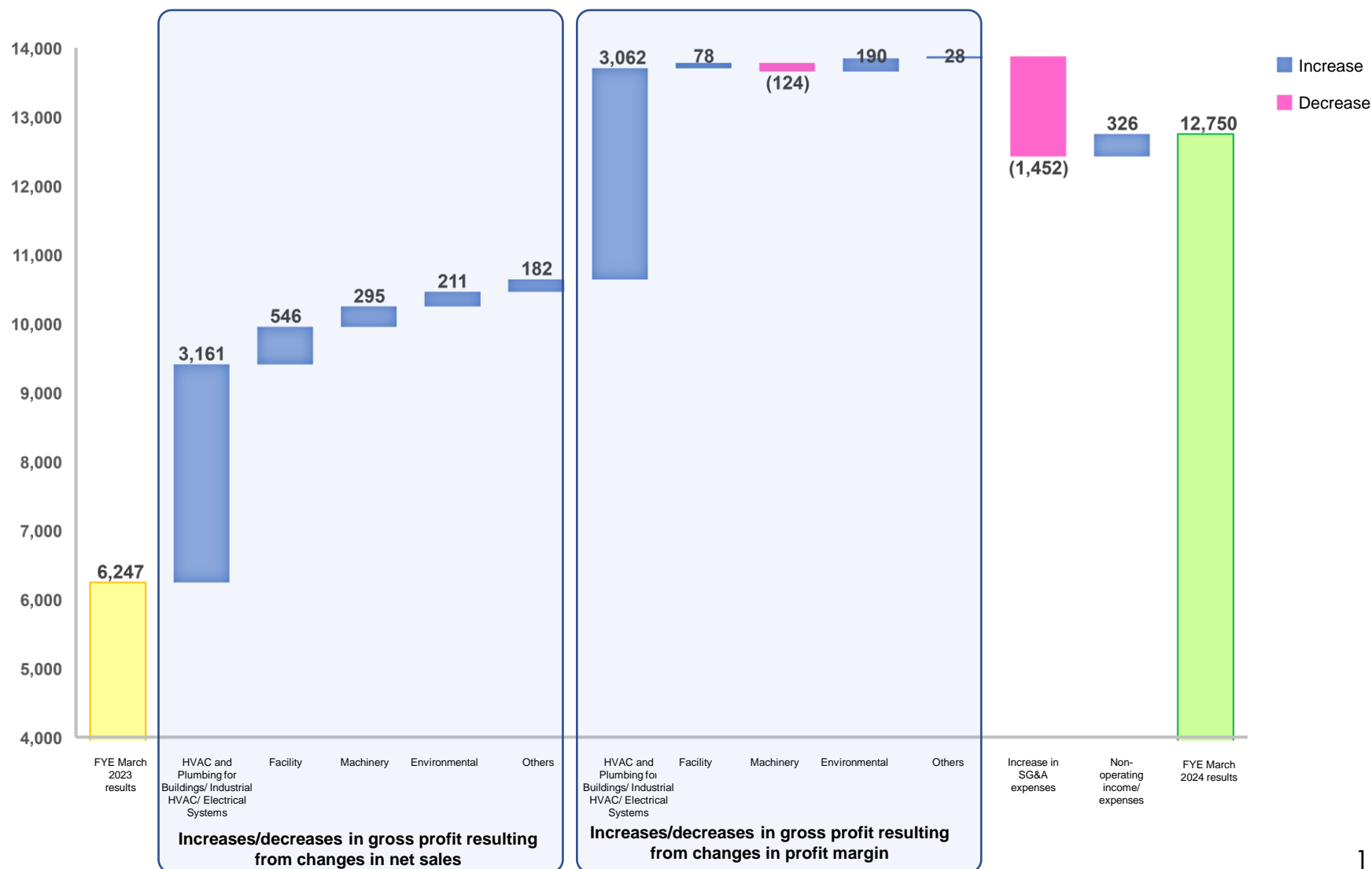
Ordinary Profit by Segment (consolidated)

(Millions of yen)

Segment		FY2021	FY2022	FY2023	Year on year	Rate of Change (%)
Ordinary Profit by Segment	Facilities Construction	8,825	5,497	11,876	6,378	116.0
	Machinery Systems	(193)	(1,055)	(946)	108	—
	Environmental Systems	184	805	979	173	21.6
	Total of Plant & Machinery Systems Business	(8)	(249)	32	282	—
	Total of Facilities Construction Business	8,816	5,247	11,908	6,661	126.9
	Real Estate Business	798	724	866	142	19.6
	Others	6	(11)	(6)	5	—
	Adjustments	195	285	(18)	(304)	—
Total	9,817	6,247	12,750	6,503	104.1	

Factors Behind Increase in Ordinary Profit

(Millions of yen)





FY2023

BALANCE SHEET AND STATEMENT OF CASH FLOWS

Balance Sheet (Consolidated)

(Millions of yen)

	End of FY 2022	End of FY 2023	Year on year	Rate of change (%)
Current assets	115,512	131,564	16,051	13.9
Cash and deposits	24,949	23,500	(1,449)	(5.8)
Securities	4,000	1,000	(3,000)	(75.0)
Notes receivable – trade, Electronically recorded monetary claims –operating, Accounts receivable from completed construction contracts and other, and Contract assets	77,141	97,549	20,407	26.5
Non-current assets	56,793	70,596	13,803	24.3
Investment securities	28,010	40,539	12,528	44.7
Current liabilities	69,649	81,597	11,947	17.2
Electronically recorded obligations - operating	1,667	3,447	1,779	106.7
Accounts payable for construction contracts	35,074	40,992	5,917	16.9
Non-current liabilities	11,742	15,941	4,199	35.8
Total net assets	90,913	104,621	13,707	15.1
Treasury shares	(5,335)	(5,630)	(295)	—
Total liabilities and net assets	172,305	202,161	29,855	17.3
Net assets per share (yen)	1,666.36	1,967.03	300.67	18.0
Shareholders' equity ratio (%)	52.6	51.7	(0.9)_{pt.}	—
Interest-bearing liabilities (consolidated)	8,074	8,760	686	8.5

Statement of Cash Flows (Consolidated)

- The balance of cash and cash equivalents decreased from the end of the previous fiscal year
- The increase in cash flow from operating activities was due to posting of profit before income taxes and an increase in trade payables that exceeded an increase in trade receivables
 - The increase in cash flow from investing activities was mainly due to redemption of securities
 - The decrease in cash flow from financing activities was mainly due to dividend payments and purchase of treasury shares based on financial and capital policies

(Millions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023
Cash flows from operating activities	11,940	(483)	18,529	(10,584)	1,285
Cash flows from investing activities	(303)	(1,423)	(3,384)	(969)	3,174
Cash flows from financing activities	(8,955)	(6,974)	(7,518)	(8,327)	(6,069)
Cash and cash equivalents at end of period	45,946	37,087	44,779	24,949	23,500

Capital investment (including intangible assets)	2,197	2,178	1,620	2,279	1,694
Depreciation	1,643	1,700	1,587	1,511	1,919

3

FY2024 FORECAST

FY2024 Full-Year Forecast (Consolidated)

(Millions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023 A	Initial forecast for FY 2024 B	Increase/ Decrease B-A	Rate of change (%)
Orders received	194,018	195,580	202,250	228,554	232,396	210,000	(22,396)	(9.6)
Balance carried forward	136,163	141,676	150,737	188,426	198,902	183,902	(15,000)	(7.5)
Net sales	207,684	190,067	193,189	190,865	221,920	225,000	3,080	1.4
Gross profit	32,110	28,754	30,223	27,012	34,642	35,500	858	2.5
Gross profit margin (%)	15.5	15.1	15.6	14.2	15.6	15.8	0.2 pt.	—
Operating profit	10,674	7,498	9,112	5,409	11,586	12,500	914	7.9
Ordinary profit	11,224	8,196	9,817	6,247	12,750	13,000	250	2.0
Profit attributable to owners of parent	7,576	5,901	6,489	4,750	8,951	8,800	(151)	(1.7)

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

FY2024 Forecast of Orders Received and Net Sales by Segment (Consolidated)

(Millions of yen)

Segment		FY2024 Orders Received Forecast	FY2024 Net Sales Forecast
	HVAC and Plumbing for Buildings	64,000	67,000
	Industrial HVAC	70,000	76,000
	Electrical Systems	25,000	25,000
	Facility Systems	13,000	13,000
	Total of Facilities Construction Business	172,000	181,000
	Machinery Systems	13,000	14,000
	Environmental Systems	23,000	28,000
	Total of Plant & Machinery Systems Business	36,000	42,000
	Sub Total	208,000	223,000
	Real Estate Business	2,500	2,500
	Others	600	600
	Adjustments*	(1,100)	(1,100)
	Total	210,000	225,000

* 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
- Annual dividend of 85 yen is planned, with 15 yen of extra dividend added to 70 yen of regular dividend
- 1,420 thousand treasury shares were purchased and 1,500 thousand treasury shares were cancelled
- Expected payout ratio: 51.3%, total shareholder return: 79.4%
- ROE came to 9.2% due to higher gross profit, exceeding the management target of 8% or higher, while PBR was greater than 1 and stood at approximately 1.1 (as of March 31, 2024)

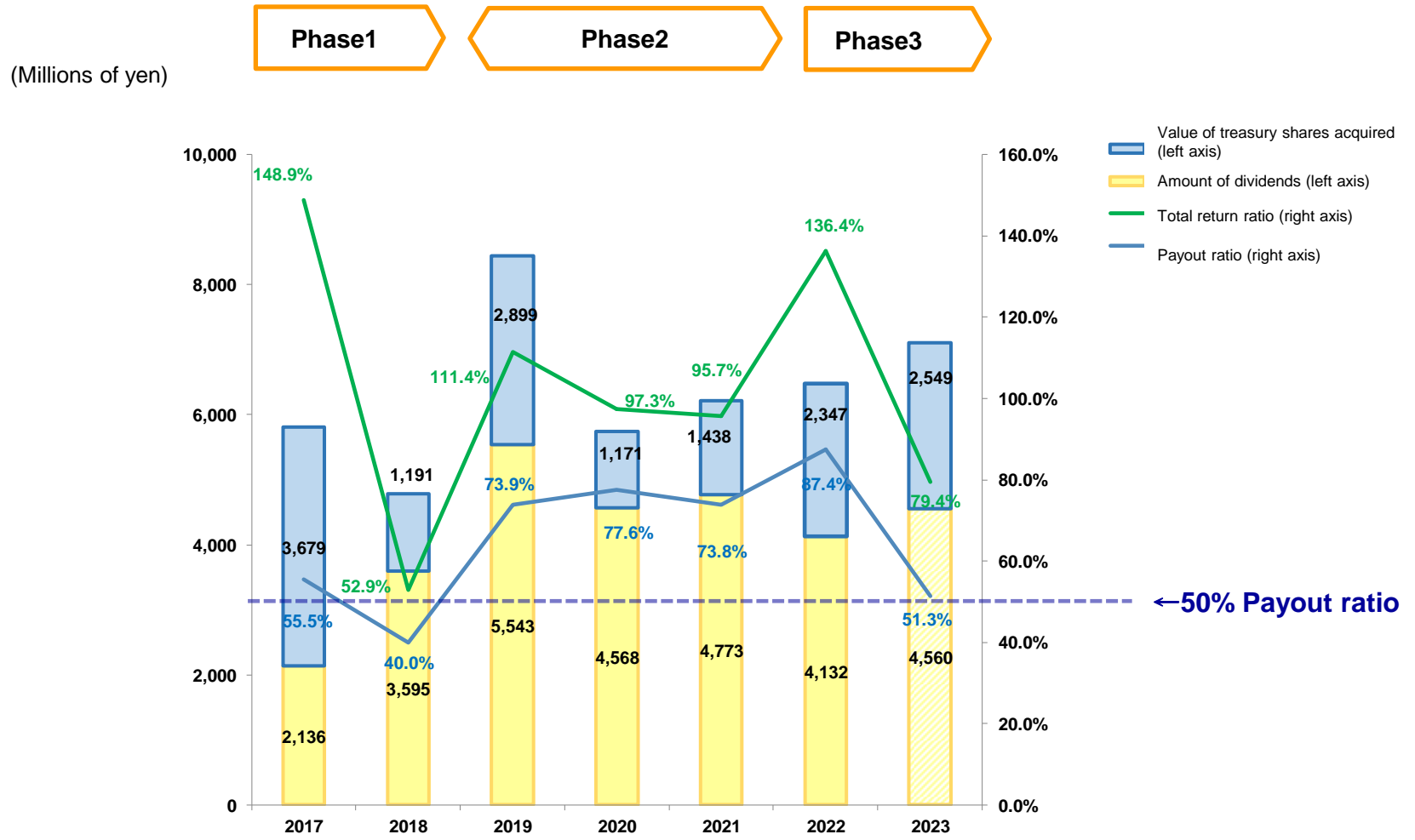
	FY2019	FY2020	FY2021	FY2022
Profit per share (yen)	128.51	103.12	115.13	85.80
Net assets per share (yen)	1510.59	1611.76	1685.20	1666.36
Cash dividends per share: regular dividend (yen)	70	70	70	70
Cash dividends per share: extra dividend (yen)	25	10	15	5
Cash dividends per share – total (yen)	95	80	85	75
Payout ratio (%)	73.9	77.6	73.8	87.4
Total return ratio (%)	111.4	97.3	95.7	136.4
Number of shareholders at fiscal year-end (persons)	4,216	14,861	14,524	13,675
Share price at fiscal year-end (yen)	1,211	1,453	1,398	1,464
Treasury shares purchased (thousand shares)	1,958	1,000	1,000	1,500
Treasury shares cancelled (thousand shares)	2,000	1,000	—	1,500

FY2023 September	FY2023 (Full year)
25.87	165.58
1732.32	1967.03
35	70
—	15
35	85
	51.3
	79.4
13,466	12,869
1,623	2,137
48	1,420
1,500	1,500

ROE (%)	8.6	6.6	7.0	5.1
ROA (%)	6.0	4.7	5.5	3.5
PBR (times)	0.80	0.90	0.83	0.88

	9.2
	6.8
	1.09

【Shareholder Returns】





SUPPLEMENTARY MATERIALS

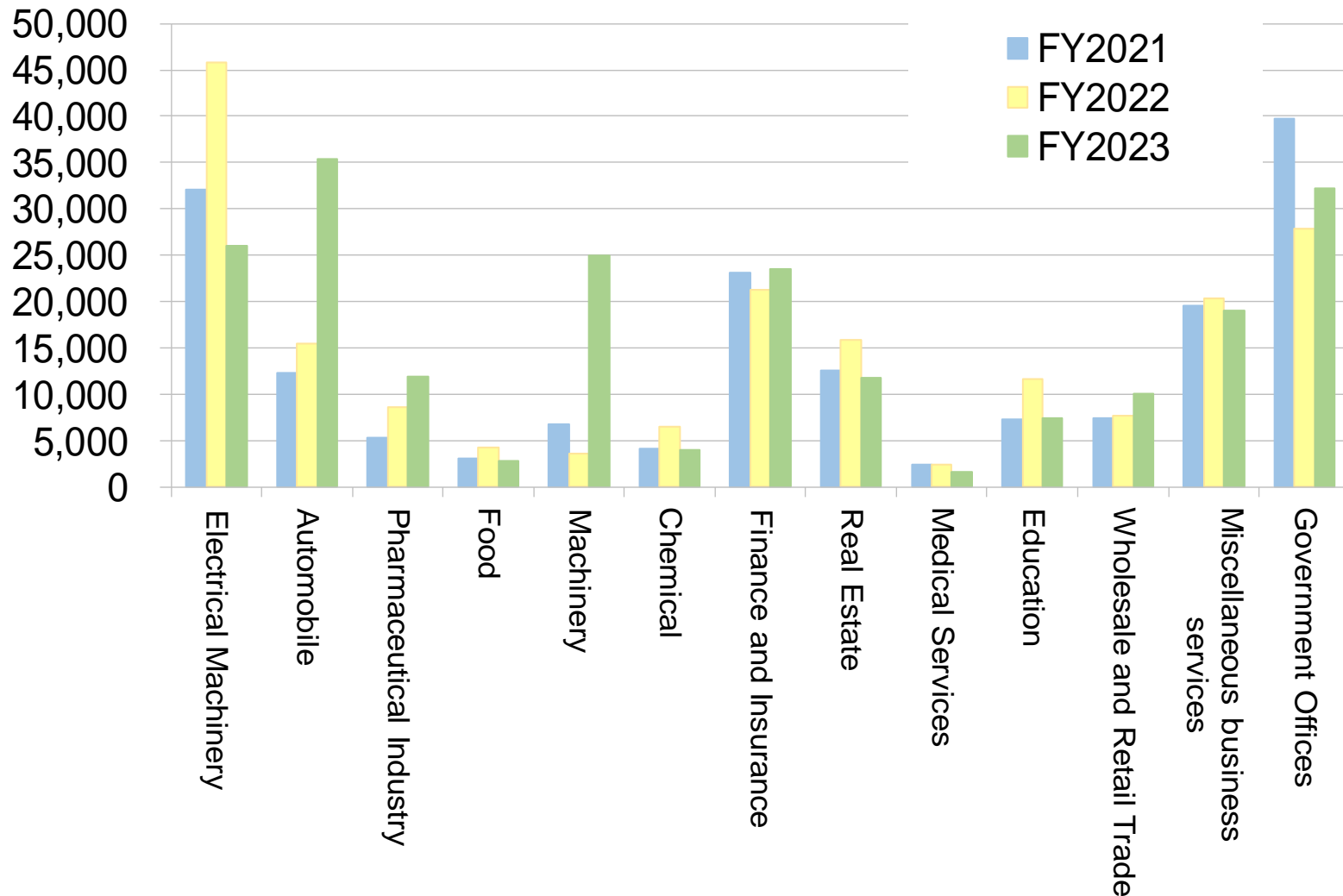
Orders Received by Type

(Millions of yen)

	FY2020	FY2021	FY2022 A	FY2023 B	Diff. B-A
Orders received (Non-consolidated: Facilities Construction Business)	149,278	151,747	186,466	173,267	(13,198)
Orders received from general contractors (Non-consolidated: Facilities Construction Business)	63,544	62,299	89,922	86,130	(3,791)
Rate of orders received from general contractors (Non-consolidated: Facilities Construction Business) (%)	42.6	41.1	48.2	49.7	1.5 pt.
Orders received (Consolidated)	195,580	202,250	228,554	232,396	3,842
Orders received from overseas projects (Consolidated)	2,789	4,283	3,021	3,245	223
Rate of orders received from overseas projects (Consolidated) (%)	1.4	2.1	1.3	1.4	0.1 pt.
Orders received for renewal construction (Consolidated)	109,585	108,561	126,147	125,808	(339)
Rate of orders received for renewal construction (Consolidated) (%)	56.0	53.7	55.2	54.1	(1.1) pt.
<Ref.> Net sales for renewal construction (Consolidated)	101,147	107,855	112,556	120,311	7,755

Orders Received by Industry (Consolidated)

(Millions of yen)



○Main Large-Scale Projects Received

Property name	Item of construction	Type of construction	Location
Construction of Toyota Motor Corporation Myochi 1C Battery Plant	HVAC, plumbing, and electrical systems	New construction work	Aichi
New Construction of Yoshindo Third Formulation Plant	HVAC and plumbing systems	New construction work	Toyama
Osaki Wide-Area Tobu Clean Center	Waste treatment facility	Renovation	Miyagi
Nayoro District General Waste Intermediate Processing Facility Construction Project (tentative name)	Waste treatment facility	New construction work	Hokkaido
Asakawa Water Reclamation Center Sludge Incineration Equipment Reconstruction Project	Water and sewage treatment systems	Renewal	Tokyo
Panasonic Energy Nishikadoma R&D Building New Construction Project	HVAC and plumbing systems	New construction work	Osaka
Nippon Life Shijo Building New Construction Project	HVAC, plumbing, and electrical systems	New construction work	Kyoto
Daido Co., Ltd. Logiport Nagoya Parts Inventory System	Conveyance systems	New construction work	Aichi

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

8 other projects

○Main Large-Scale Completed Construction Projects

Property name	Item of construction	Type of construction	Location
Construction of New Optical Equipment Cleanroom in Utsunomiya Plant Building B	HVAC systems	Renovation	Tochigi
New Construction of Toyota Industries Corporation Ishihama Plant E02 Plant	HVAC systems	New construction work	Aichi
SUMCO TECHXIV Nagasaki Factory N6 Building Extension, 6F Installation Project	HVAC and electrical systems	Renovation	Nagasaki
Construction of New Head Office Building for Docon Co., Ltd.	HVAC and plumbing systems	New construction work	Hokkaido
020 Overhaul No. 667 Okubo Water Purification Plant West 3B Scraper Renovation	Water and sewage treatment systems	Renewal	Saitama
020 Overhaul No. 668 Okubo Water Purification Plant West 3B Flocculator Renovation	Water and sewage treatment systems	Renewal	Saitama
RIKEN Brain Science Central Research Building Renovation Phase 3 Machinery Construction Project	HVAC and plumbing systems	Renovation	Saitama
Ibaraki City Hall Site Area Maintenance Project	HVAC and plumbing systems	New construction work	Osaka
Shimoyama Phase IV Facilities Construction Project – Building 3	HVAC and plumbing systems	New construction work	Aichi
Development of Nakanoshima Gross (tentative name)	Plumbing systems	New construction work	Osaka
PHENITEC SEMICONDUCTOR Kagoshima Plant Building 5 3F Cleanroom Conversion Project	HVAC and electrical systems	Renovation	Kagoshima
Hokuhoku Sapporo Building New Construction Project	HVAC and plumbing systems	New construction work	Hokkaido
Kasai Water Reclamation Center Sludge Dewatering Equipment Project	Water and sewage treatment systems	Renewal	Tokyo
Kiyose Water Reclamation Center Sludge Transportation Equipment Reconstruction Project	Water and sewage treatment systems	Renovation	Tokyo

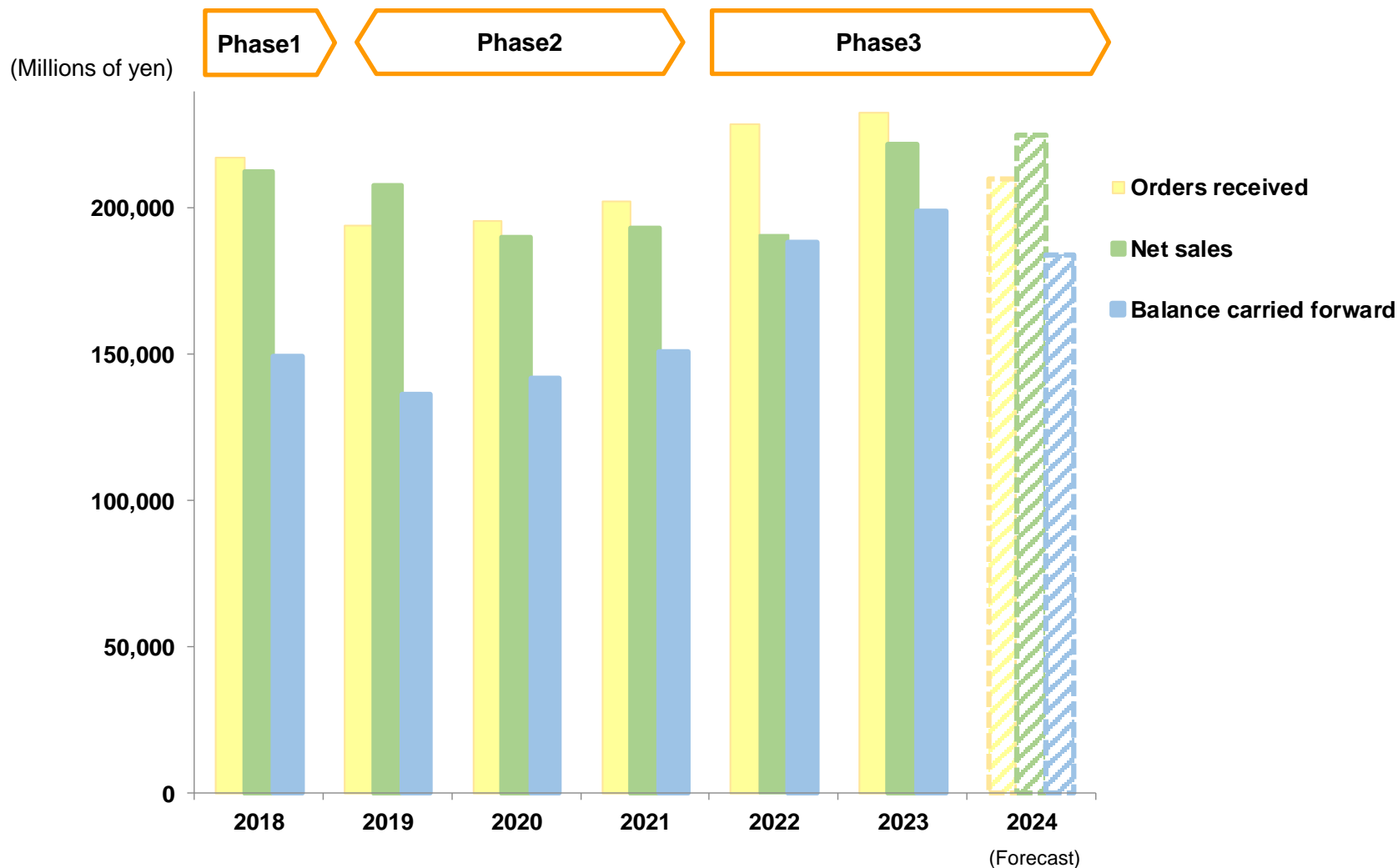
* The property name is the name being used by the Company. This may differ from the name used on the construction contract.

6 other projects

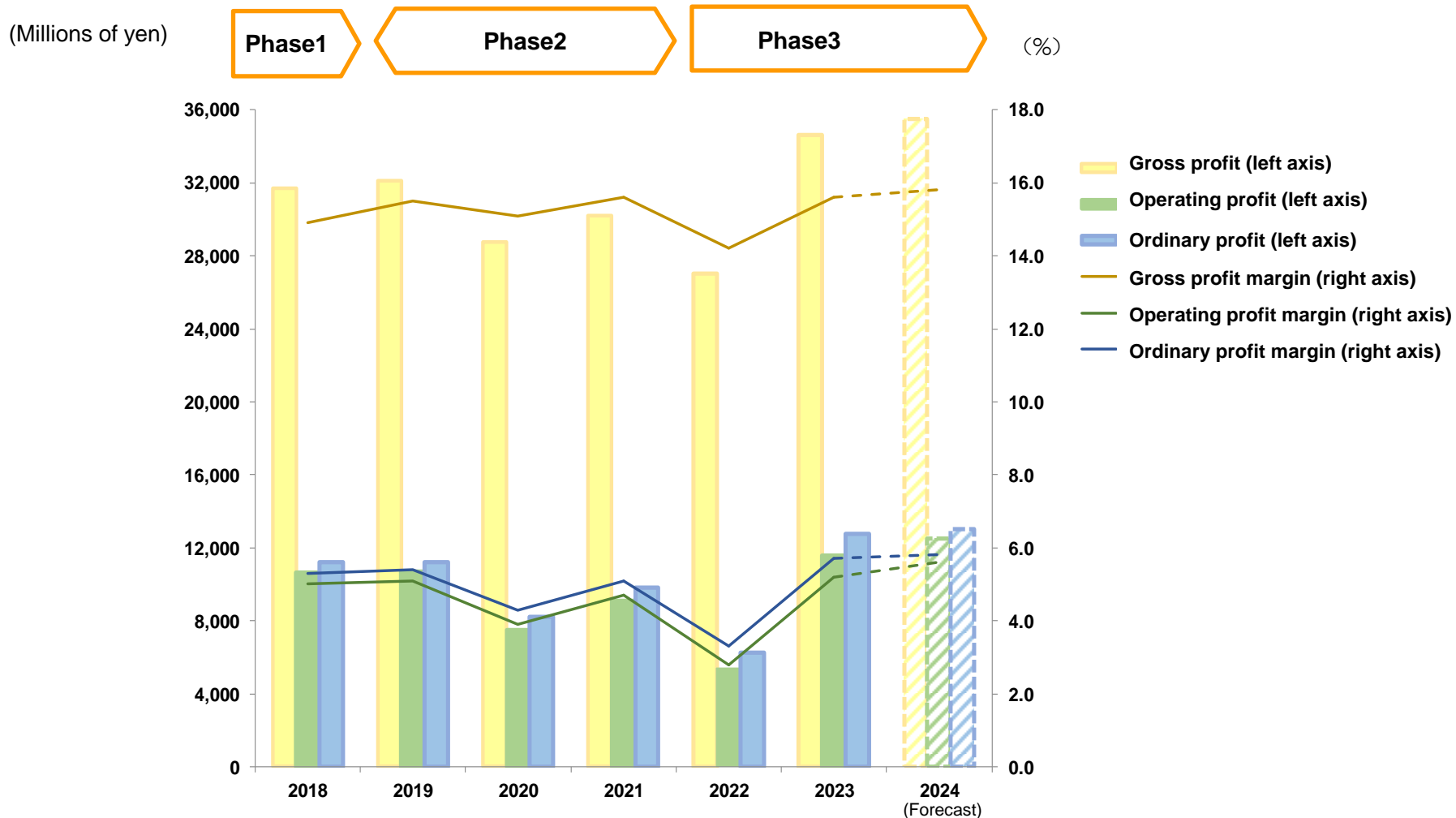
Main Large-Scale Projects Received Over 1 Billion Yen (by Building Use)

	FY2021		FY2022		FY2023	
Office	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	2	16 Projects (69,786 million yen) * Orders received from customers: 4 Projects Orders received from general contractors: 12 Projects
Factory	7		6		10	
Research institute	2		3		1	
Other building interiors	5		2		—	
Complex building	1		1		—	
Hospital / clinic	1		1		—	
Store	1		—		—	
School building / auditorium	—		2		—	
Public hall and cultural center	1		—		—	
Hotel / ryokan	—		1		—	
Railway / airport facilities	—		1		—	
Waste processing facilities	2		—		2	
Water / sewage treatment plant	2	2	1			

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



Century 2025 Results (Consolidated) <Profit>



カイツキを サステナブルに。



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 10. Actual results may differ from the figures contained herein due to a number of factors.

For inquiries, please contact:
Corporate Communications Department,
SANKI ENGINEERING CO., LTD.

Tel : +81-3-6367-7041