

# The 1st Quarter FY2023 Summary of Financial Results

August 10, 2023

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## ☆Key Points of Financial Results

Orders received increased with orders for large-scale construction projects in Environmental Systems  
Net sales and gross profit both increased due to progress in works carried over from the previous year largely for Industrial HVAC and increase in orders for highly profitable small-scale projects  
Balance carried forward exceeds 200 billion and is expected to contribute to sales in the second quarter and beyond

<Orders> 52.631 billion yen (46.974 billion yen in the same period of the previous fiscal year)

- In Facilities Construction, orders for Electrical Systems decreased due to fallback from rise in 1Q of FY2022 which saw large-scale project orders, while orders for Industrial HVAC and Facilities Systems were firm and remained high.
- In Environmental Systems, orders increased substantially year on year with orders received for large-scale projects. Orders for Machinery Systems were also strong, led by material handling systems for plants.

<Net sales> 40.727 billion yen (33.450 billion yen in the same period of the previous fiscal year)

- In Facilities Construction, net sales notably of Industrial HVAC increased significantly, reflecting progress in works carried over from the previous year, while large year on year increase was also recorded in Facilities Systems, which saw progress in ongoing projects.
- In Environmental Systems, net sales decreased year on year due to decrease in work carried over from the previous year.

<Gross profit> Gross profit amounted to 5.231 billion yen (3.948 billion yen in the same period of the previous fiscal year)

- Gross profit increased year on year, attributable to sales increase in Facilities Construction. Gross profit margin improved due in part to increased sales from highly profitable small-scale projects.

<FY2023 consolidated results forecasts> (no change from initial forecast)

- Orders received of 190 billion yen, net sales of 210 billion yen, and ordinary income of 8 billion yen

<Shareholder returns>

- Conducted shareholder returns according to medium-term management plan “Century 2025” Phase 3 financial and capital policies
- Forecast interim dividend: 35 yen, year-end dividend: 35 yen, annual dividend: 70 yen (no change from initial forecast)
- Share repurchases of 1,500 thousand shares planned by the end of FY2023  
Plan to cancel 1,500 thousand shares of treasury stock on August 18, 2023
- Expected payout ratio: 72.0%, total return ratio: 119.1%

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**The 1st Quarter FY2023  
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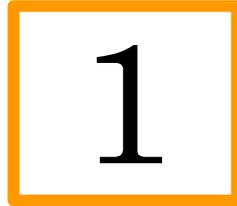
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# THE 1ST QUARTER FY2023 RESULTS

## FY2023 1Q Results (Consolidated)

(Millions of yen)

	June FY2021	June FY2022	June FY2023	Year on year	Rate of Change (%)
Orders received	56,023	46,974	52,631	5,656	12.0
Balance carried forward	158,962	164,262	200,330	36,068	22.0
Net sales	38,737	33,450	40,727	7,276	21.8
Completed construction contracts	38,121	32,814	40,089	7,275	22.2
Real estate business and others	616	635	637	1	0.2
Gross profit	4,661	3,948	5,231	1,283	32.5
Completed construction contracts	4,381	3,670	4,966	1,295	35.3
Real estate business and others	280	277	265	(11)	(4.3)
Gross profit margin (%)	12.0	11.8	12.8	1.0 pt.	—
Selling, general and administrative expenses	4,940	5,209	5,250	41	0.8
Operating profit (loss)	(278)	(1,260)	(18)	1,241	—
Non-operating profit and loss(loss)	264	399	377	(21)	(5.5)
Ordinary profit (loss)	(13)	(860)	359	1,219	—
Extraordinary profit and loss(loss)	(1)	25	203	177	695.0
Profit attributable to owners of parent (loss)	(35)	(637)	339	976	—

## Quarterly Results (Consolidated)

(Millions of yen)

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

## Orders Received by Segment (Consolidated)

(Millions of yen)

Segment	June FY2021	June FY2022	June FY2023	Year on year	Rate of Change (%)
HVAC and Plumbing for Buildings	13,889	12,848	12,902	54	0.4
Industrial HVAC	11,228	13,080	14,155	1,074	8.2
Electrical Systems	10,756	9,528	7,721	(1,806)	(19.0)
Facility Systems	2,147	3,410	4,203	793	23.3
<b>Total of Facilities Construction Business</b>	<b>38,022</b>	<b>38,867</b>	<b>38,983</b>	<b>116</b>	<b>0.3</b>
Machinery Systems	3,096	2,445	3,508	1,062	43.4
Environmental Systems	14,393	5,136	9,572	4,435	86.3
<b>Total of Plants &amp; Machinery Systems Business</b>	<b>17,490</b>	<b>7,582</b>	<b>13,081</b>	<b>5,498</b>	<b>72.5</b>
<b>Sub-total</b>	<b>55,512</b>	<b>46,450</b>	<b>52,064</b>	<b>5,614</b>	<b>12.1</b>
Real Estate Business	595	614	618	4	0.7
Others	128	117	150	32	27.7
Adjustments*	(213)	(207)	(202)	4	—
<b>Total</b>	<b>56,023</b>	<b>46,974</b>	<b>52,631</b>	<b>5,656</b>	<b>12.0</b>

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

## Net Sales by Segment (Consolidated)

(Millions of yen)

Segment	June FY2021	June FY2022	June FY2023	Year on year	Rate of Change (%)
HVAC and Plumbing for Buildings	10,792	11,126	10,242	(883)	(7.9)
Industrial HVAC	13,956	9,730	16,243	6,512	66.9
Electrical Systems	5,037	3,880	4,089	208	5.4
Facility Systems	2,034	1,779	3,523	1,743	98.0
<b>Total of Facilities Construction Business</b>	<b>31,820</b>	<b>26,516</b>	<b>34,098</b>	<b>7,582</b>	<b>28.6</b>
Machinery Systems	2,192	1,498	1,788	290	19.4
Environmental Systems	4,120	4,815	4,226	(589)	(12.2)
<b>Total of Plants &amp; Machinery Systems Business</b>	<b>6,312</b>	<b>6,314</b>	<b>6,014</b>	<b>(299)</b>	<b>(4.7)</b>
<b>Sub-total</b>	<b>38,133</b>	<b>32,830</b>	<b>40,113</b>	<b>7,282</b>	<b>22.2</b>
Real Estate Business	595	614	618	4	0.7
Others	114	114	131	16	14.8
Adjustments*	(106)	(108)	(136)	(27)	—
<b>Total</b>	<b>38,737</b>	<b>33,450</b>	<b>40,727</b>	<b>7,276</b>	<b>21.8</b>

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

## Gross Profit by Segment (Consolidated)

(Millions of yen)

Segment		June FY2021	June FY2022	June FY2023	Year on year	Rate of Change (%)
Gross Profit by segment	HVAC and Plumbing for Buildings/ Industrial HVAC/Electrical Systems	3,526	2,740	3,726	985	36.0
	Facility Systems	255	223	534	311	139.4
	<b>Total of Facilities Construction Business</b>	<b>3,782</b>	<b>2,964</b>	<b>4,261</b>	<b>1,297</b>	<b>43.8</b>
	Machinery Systems	331	172	147	(25)	(14.8)
	Environmental Systems	313	600	662	62	10.3
	<b>Total of Plants &amp; Machinery Systems Business</b>	<b>645</b>	<b>773</b>	<b>809</b>	<b>36</b>	<b>4.7</b>
	<b>Sub-total</b>	<b>4,428</b>	<b>3,737</b>	<b>5,071</b>	<b>1,333</b>	<b>35.7</b>
	Real Estate Business	259	258	249	(8)	(3.3)
	Others	4	(0)	2	3	—
	Adjustments	(29)	(46)	(91)	(44)	—
<b>Total</b>	<b>4,661</b>	<b>3,948</b>	<b>5,231</b>	<b>1,283</b>	<b>32.5</b>	



**THE 1ST QUARTER FY2023  
BALANCE SHEET AND STATEMENT OF CASH FLOWS**

## Balance Sheet (Consolidated)

(Millions of yen)

	End of FY2022 A	June FY2023 B	Diff. B-A	Rate of change (%)	June FY2022
<b>Current assets</b>	115,512	102,052	(13,459)	(11.7)	106,119
Cash and deposits	24,949	27,310	2,360	9.5	42,465
Securities	4,000	4,000	—	—	5,999
Notes receivable – trade, electronically recorded monetary claims –operating, accounts receivable from completed construction contracts and other, and contract assets	77,141	61,005	(16,135)	(20.9)	46,821
<b>Non-current assets</b>	56,793	59,885	3,092	5.4	57,805
Investment securities	28,010	31,165	3,154	11.3	30,507
<b>Current liabilities</b>	69,649	57,505	(12,144)	(17.4)	62,695
Electronically recorded obligations - operating	1,667	1,262	(404)	(24.3)	2,268
Accounts payable for construction contracts	35,074	24,847	(10,226)	(29.2)	27,374
<b>Non-current liabilities</b>	11,742	12,998	1,255	10.7	10,161
<b>Total net assets</b>	90,913	91,435	521	0.6	91,067
Treasury shares	(5,335)	(5,326)	8	—	(5,095)
<b>Total liabilities and net assets</b>	172,305	161,938	(10,367)	(6.0)	163,924
<b>Net assets per share (yen)</b>	1,666.36	1,675.87	9.51	0.6	1,626.41
<b>Equity ratio (%)</b>	52.6	56.3	3.7 <sub>pt.</sub>	—	55.4
<b>Interest-bearing liabilities (consolidated)</b>	8,074	7,005	(1,068)	(13.2)	8,087

## Statement of Cash Flows (Consolidated)

- The balance of cash and cash equivalents increased from the end of the previous fiscal year
- The increase in cash flow from operating activities is mainly due progress in recovery of trade receivables
  - The increase in cash flow from investing activities is mainly due to sale of investment securities exceeding purchases of property, plant and equipment and intangible assets
  - The decrease in cash flows from financing activities is mainly due to the repayment of short- and long-term borrowings and the payment of dividends

(Millions of yen)

	FY2019	FY2020	FY2021	FY2022	June FY2023	June FY2022
Cash flows from operating activities	11,940	(483)	18,529	(10,584)	5,599	3,585
Cash flows from investing activities	(303)	(1,423)	(3,384)	(969)	6	(24)
Cash flows from financing activities	(8,955)	(6,974)	(7,518)	(8,327)	(3,278)	(3,931)
Cash and cash equivalents at end of period	45,946	37,087	44,779	24,949	27,310	44,465

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# FY2023 FORECAST

## FY2023 Full-Year Forecast (Consolidated)

(Millions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023 forecast (Initial forecast) A	FY2023 forecast (Interim forecast from August 10) B	Increase/ Decrease B-A	Rate of change (%)
Orders received	194,018	195,580	202,250	228,554	190,000	190,000	—	—
Balance carried forward	136,163	141,676	150,737	188,426	168,426	168,426	—	—
Net sales	207,684	190,067	193,189	190,865	210,000	210,000	—	—
Gross profit	32,110	28,754	30,223	27,012	30,000	30,000	—	—
Gross profit margin (%)	15.5	15.1	15.6	14.2	14.3	14.3	—	—
Operating profit	10,674	7,498	9,112	5,409	7,500	7,500	—	—
Ordinary profit	11,224	8,196	9,817	6,247	8,000	8,000	—	—
Profit attributable to owners of parent	7,576	5,901	6,489	4,750	5,300	5,300	—	—

## 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 Plants & 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 internal transactions included in each segment.



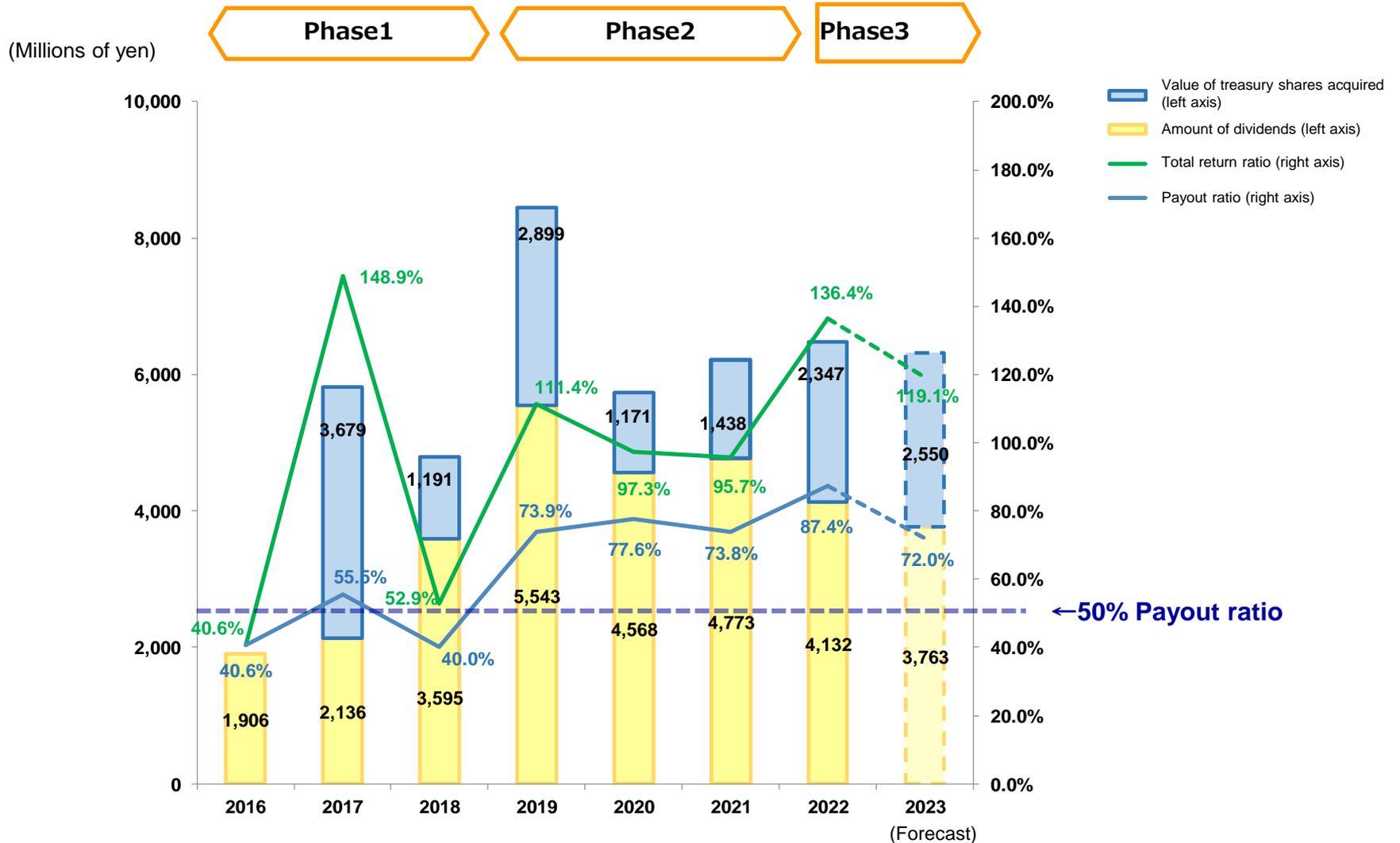
# SHAREHOLDER RETURNS

## Dividends and Others

- Conducted shareholder returns according to medium-term management plan “Century 2025” Phase 3 financial and capital policies
- Forecast interim dividend: 35 yen, year-end dividend: 35 yen, annual dividend: 70 yen (no change from initial forecast)
- Share repurchases of 1,500 thousand shares planned by the end of FY2023  
Plan to cancel 1,500 thousand shares of treasury stock on August 18, 2023
- Expected payout ratio: 72.0%, total return ratio: 119.1%

	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Profit per share (yen)	128.51	103.12	115.13	85.80	97.27
Cash dividends per share: regular dividends (yen)	70	70	70	70	70
Cash dividends per share: extra dividends (yen)	25	10	15	5	—
Cash dividends per share (yen)	95	80	85	75	70
Payout ratio (consolidated) (%)	73.9	77.6	73.8	87.4	72.0
Total return ratio (%)	111.4	97.3	95.7	136.4	119.1
Number of shareholders at end of FY	4,216	14,861	14,524	13,675	—
Share price at end of FY (yen)	1,211	1,453	1,398	1,464	—
Purchase of treasury shares (thousand shares)	1,958	1,000	1,000	1,500	1,500
Cancellation of treasury shares (thousand shares)	2,000	1,000	—	1,500	1,500

# 【Shareholder Returns】





# SUPPLEMENTARY MATERIALS

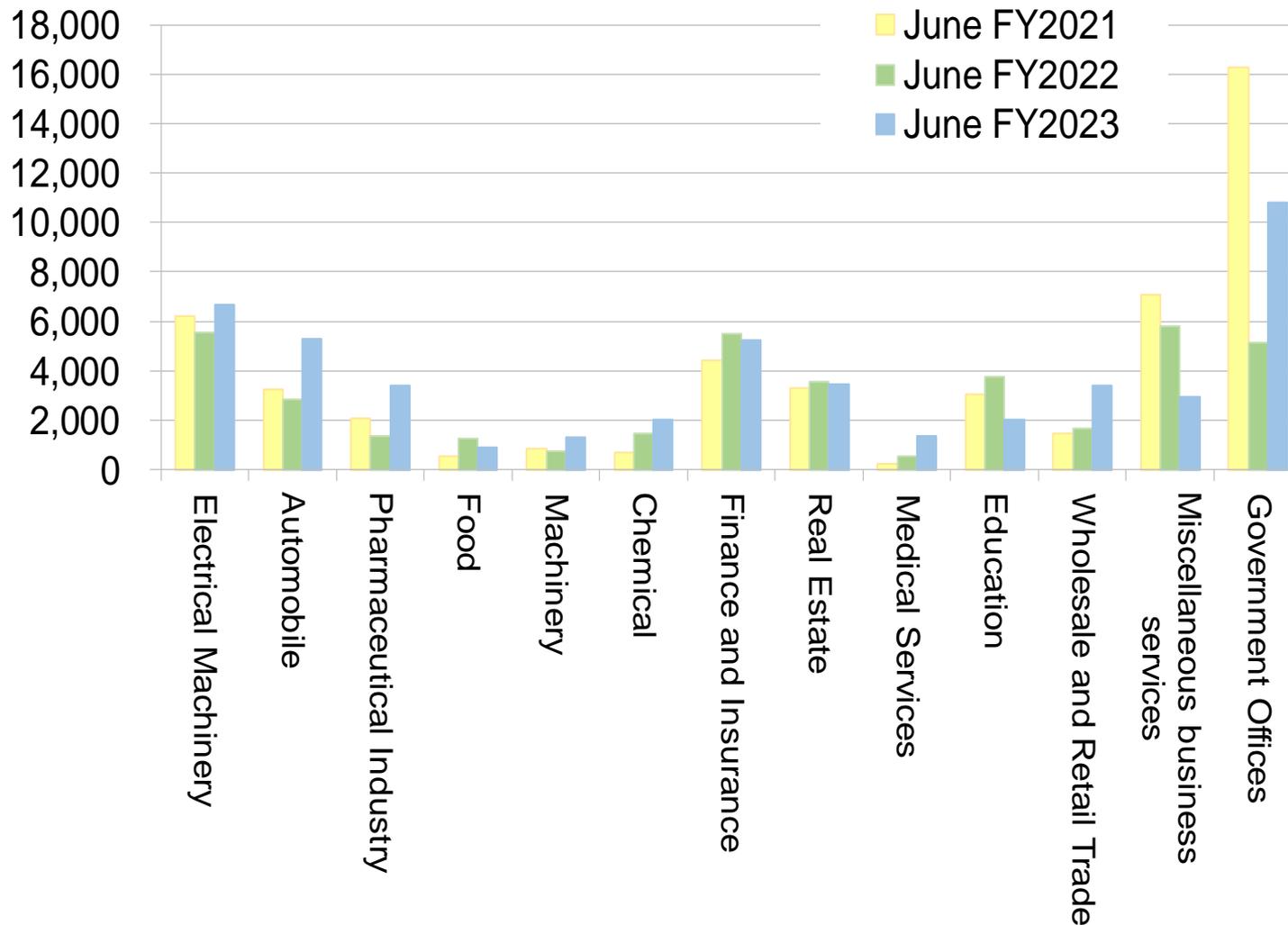
## Orders Received by Type

(Millions of yen)

	FY2020 Full-year	FY2021 Full-year	FY2022 Full-year	June FY2022 A	June FY2023 B	Diff. B-A
Orders received (Non-consolidated: Facilities Construction Business)	149,278	151,747	186,466	36,829	36,439	(389)
Orders received from general contractors (Non-consolidated: Facilities Construction Business)	63,544	62,299	89,922	11,236	12,987	1,751
Rate of orders received from general contractors (Non-consolidated: Facilities Construction Business) (%)	42.6	41.1	48.2	30.5	35.6	5.1 pt.
Orders received (Consolidated)	195,580	202,250	228,554	46,974	52,631	5,656
Orders received from overseas projects (Consolidated)	2,789	4,283	3,021	787	961	173
Rate of orders received from overseas projects (Consolidated) (%)	1.4	2.1	1.3	1.7	1.8	0.1 pt.
Orders received for renewal construction (Consolidated)	109,585	108,561	126,147	31,471	32,507	1,036
Rate of orders received for renewal construction (Consolidated) (%)	56.0	53.7	55.2	67.0	61.8	(5.2) pt.
<Ref.> Net sales for renewal construction (Consolidated)	101,147	107,855	112,556	18,903	24,250	5,347

## Orders Received by Industry (Consolidated)

(Millions of yen)



## Main Large-Scale Projects Received and Large-Scale Completed Construction Projects

### ○Main Large-Scale Projects Received

Property name	Item of construction	Type of construction	Location
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

2 other projects

### ○Main Large-Scale Completed Construction Projects Three 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

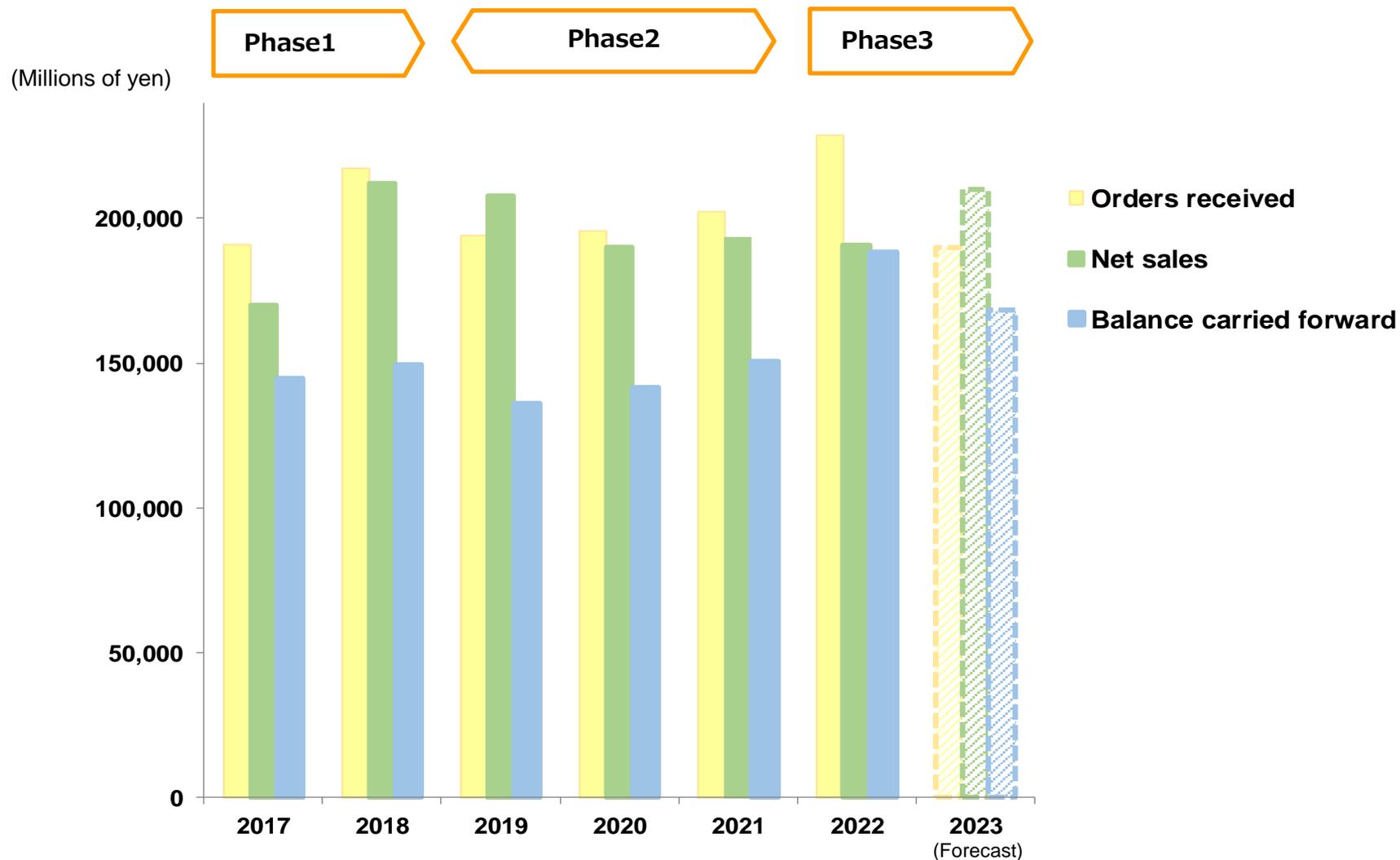
1 other projects

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

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

	June FY2021		June FY2022		June FY2023	
School building / auditorium	—	<b>4 Projects</b> (15,651 million yen) * Orders received from customers: 3 projects * Orders received from general contractors: 1 project	1	<b>3 Projects</b> (5,792 million yen) * Orders received from customers: 1 project * Orders received from general contractors: 2 projects	—	<b>4 Projects</b> (9,591 million yen) * Orders received from customers: 2 projects * Orders received from general contractors: 2 projects
Hospital / clinic	1		—		—	
Factory	—		1		2	
Other building interiors	1		1		1	
Water treatment plants and sewage plants	1		—		—	
Waste processing facility	1		—		1	

## 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 August 5. Actual results may differ from the figures contained herein due to a number of factors.

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