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August 5, 2022

Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under Japanese GAAP)

Company name: NIPPON RIETEC CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 1938
 URL: <https://www.j-rietec.co.jp/>
 Representative: Shigeru Egusa, Representative Director and President
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 Scheduled date to file quarterly securities report: August 9, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	7,999	(7.9)	(1,098)	–	(1,044)	–	(774)	–
June 30, 2021	8,684	(9.4)	(786)	–	(744)	–	(520)	–

Note: Comprehensive income For the three months ended June 30, 2022 ¥(745) million [–%]
 For the three months ended June 30, 2021 ¥(640) million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	(30.79)	–
June 30, 2021	(20.68)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2022	74,028	54,079	73.1
March 31, 2022	79,857	55,504	69.5

Reference: Equity
 As of June 30, 2022: ¥54,079 million
 As of March 31, 2022: ¥55,504 million

2. Cash 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	–	–	–	27.00	27.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		–	–	27.00	27.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	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
Fiscal year ending March 31, 2023	54,000	1.4	2,900	(5.5)	3,140	(5.0)	2,200	(8.5)	87.47

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: – companies

Excluded: – companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	25,617,717 shares
As of March 31, 2022	25,617,717 shares

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

As of June 30, 2022	466,416 shares
As of March 31, 2022	466,416 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	25,151,301 shares
Three months ended June 30, 2021	25,151,340 shares

* 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

Forward-looking statements, including the consolidated forecasts, stated in these materials are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ from the consolidated forecasts due to various factors.

Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	7,841,834	6,250,338
Notes receivable, accounts receivable from completed construction contracts and other	35,052,626	28,973,610
Costs on construction contracts in progress	667,010	2,222,551
Merchandise and finished goods	85,021	81,662
Work in process	7,728	8,649
Raw materials and supplies	250,867	266,266
Other	199,692	353,848
Total current assets	44,104,781	38,156,927
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,421,878	9,283,725
Machinery and vehicles, net	259,979	308,267
Tools, furniture and fixtures, net	284,386	294,632
Land	8,132,696	8,132,696
Leased assets, net	1,658,931	1,691,759
Construction in progress	112,402	100,383
Total property, plant and equipment	19,870,274	19,811,465
Intangible assets	605,945	574,913
Investments and other assets		
Investment securities	14,397,294	14,308,722
Other	883,800	1,181,211
Allowance for doubtful accounts	(4,425)	(4,425)
Total investments and other assets	15,276,669	15,485,509
Total non-current assets	35,752,889	35,871,888
Total assets	79,857,670	74,028,815

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	6,750,303	4,162,326
Electronically recorded obligations - operating	2,719,159	2,694,378
Short-term borrowings	–	500,000
Income taxes payable	825,223	25,841
Advances received on construction contracts in progress	110,265	177,859
Provision for warranties for completed construction	7,708	2,619
Provision for bonuses	1,205,657	491,470
Other	5,515,364	4,677,177
Total current liabilities	17,133,682	12,731,674
Non-current liabilities		
Retirement benefit liability	5,317,423	5,298,455
Provision for retirement benefits for directors (and other officers)	31,387	29,267
Other	1,870,831	1,889,942
Total non-current liabilities	7,219,642	7,217,665
Total liabilities	24,353,325	19,949,339
Net assets		
Shareholders' equity		
Share capital	1,430,962	1,430,962
Capital surplus	3,205,423	3,205,423
Retained earnings	49,567,246	48,113,695
Treasury shares	(343,500)	(343,500)
Total shareholders' equity	53,860,131	52,406,580
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,660,479	1,685,094
Remeasurements of defined benefit plans	(16,265)	(12,199)
Total accumulated other comprehensive income	1,644,213	1,672,895
Total net assets	55,504,345	54,079,476
Total liabilities and net assets	79,857,670	74,028,815

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	8,684,337	7,999,643
Cost of sales	8,254,484	7,767,191
Gross profit	429,852	232,451
Selling, general and administrative expenses	1,216,373	1,330,717
Operating loss	(786,520)	(1,098,265)
Non-operating income		
Interest income	148	148
Dividend income	88,193	83,664
Gain on sale of goods	46,528	49,590
Other	10,423	9,801
Total non-operating income	145,293	143,204
Non-operating expenses		
Interest expenses	9,809	10,541
Share of loss of entities accounted for using equity method	87,684	67,321
Other	5,364	11,915
Total non-operating expenses	102,858	89,778
Ordinary loss	(744,084)	(1,044,839)
Extraordinary income		
Gain on sale of non-current assets	39,681	–
Gain on sale of investment securities	–	100
Total extraordinary income	39,681	100
Extraordinary losses		
Loss on sale and retirement of non-current assets	1,926	44,777
Total extraordinary losses	1,926	44,777
Loss before income taxes	(706,329)	(1,089,516)
Income taxes - current	7,072	4,220
Income taxes - deferred	(193,159)	(319,270)
Total income taxes	(186,086)	(315,050)
Loss	(520,242)	(774,465)
Profit attributable to non-controlling interests	–	–
Loss attributable to owners of parent	(520,242)	(774,465)

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Loss	(520,242)	(774,465)
Other comprehensive income		
Valuation difference on available-for-sale securities	(97,849)	29,929
Remeasurements of defined benefit plans, net of tax	(23,623)	4,066
Share of other comprehensive income of entities accounted for using equity method	1,554	(5,314)
Total other comprehensive income	(119,918)	28,681
Comprehensive income	(640,161)	(745,784)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(640,161)	(745,784)
Comprehensive income attributable to non- controlling interests	—	—