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November 7, 2022

## Consolidated Financial Results for the Six Months Ended September 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  
 Inquiries: Masaaki Sawamura, Director and General Manager of Finance Department  
 Telephone: +81-3-6880-2710  
 Scheduled date to file quarterly securities report: November 10, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes (in Japanese only)  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 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	%
Six months ended September 30, 2022	20,010	(5.0)	(1,055)	–	(927)	–	(714)	–
September 30, 2021	21,059	(5.0)	(439)	–	(325)	–	(248)	–

Note: Comprehensive income For the six months ended September 30, 2022 ¥(610) million [–%]  
 For the six months ended September 30, 2021 ¥(339) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	(28.41)	–
September 30, 2021	(9.89)	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	77,769	54,214	69.7
March 31, 2022	79,857	55,504	69.5

Reference: Equity  
 As of September 30, 2022: ¥54,214 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 September 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 September 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)

Six months ended September 30, 2022	25,151,301 shares
Six months ended September 30, 2021	25,151,328 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 September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	7,841,834	6,391,008
Notes receivable, accounts receivable from completed construction contracts and other	35,052,626	32,129,637
Costs on construction contracts in progress	667,010	1,933,995
Merchandise and finished goods	85,021	88,501
Work in process	7,728	8,259
Raw materials and supplies	250,867	265,264
Other	199,692	743,118
Total current assets	44,104,781	41,559,786
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,421,878	9,174,899
Machinery and vehicles, net	259,979	351,935
Tools, furniture and fixtures, net	284,386	285,063
Land	8,132,696	8,132,696
Leased assets, net	1,658,931	1,851,823
Construction in progress	112,402	227,947
Total property, plant and equipment	19,870,274	20,024,366
Intangible assets	605,945	637,702
Investments and other assets		
Investment securities	14,397,294	14,422,162
Other	883,800	1,130,337
Allowance for doubtful accounts	(4,425)	(4,425)
Total investments and other assets	15,276,669	15,548,075
Total non-current assets	35,752,889	36,210,144
<b>Total assets</b>	<b>79,857,670</b>	<b>77,769,930</b>

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	6,750,303	4,356,533
Electronically recorded obligations - operating	2,719,159	2,251,237
Short-term borrowings	–	3,500,000
Income taxes payable	825,223	82,701
Advances received on construction contracts in progress	110,265	327,387
Provision for warranties for completed construction	7,708	2,592
Provision for bonuses	1,205,657	990,137
Other	5,515,364	4,614,975
Total current liabilities	17,133,682	16,125,564
Non-current liabilities		
Retirement benefit liability	5,317,423	5,363,702
Provision for retirement benefits for directors (and other officers)	31,387	28,227
Other	1,870,831	2,038,053
Total non-current liabilities	7,219,642	7,429,983
Total liabilities	24,353,325	23,555,547
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	48,173,658
Treasury shares	(343,500)	(343,500)
Total shareholders' equity	53,860,131	52,466,543
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,660,479	1,755,971
Remeasurements of defined benefit plans	(16,265)	(8,132)
Total accumulated other comprehensive income	1,644,213	1,747,839
Total net assets	55,504,345	54,214,382
Total liabilities and net assets	79,857,670	77,769,930

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

## Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	21,059,425	20,010,071
Cost of sales	19,188,404	18,565,907
Gross profit	1,871,020	1,444,164
Selling, general and administrative expenses	2,310,225	2,499,823
Operating loss	(439,204)	(1,055,659)
Non-operating income		
Interest income	284	307
Dividend income	95,656	90,828
Gain on sale of goods	97,543	95,789
Other	26,406	35,600
Total non-operating income	219,890	222,526
Non-operating expenses		
Interest expenses	23,969	23,774
Share of loss of entities accounted for using equity method	77,365	53,636
Other	5,340	17,000
Total non-operating expenses	106,674	94,411
Ordinary loss	(325,988)	(927,545)
Extraordinary income		
Gain on sale of non-current assets	39,770	–
Gain on sale of investment securities	–	100
Total extraordinary income	39,770	100
Extraordinary losses		
Loss on sale and retirement of non-current assets	2,233	44,783
Total extraordinary losses	2,233	44,783
Loss before income taxes	(288,451)	(972,228)
Income taxes - current	43,393	33,619
Income taxes - deferred	(83,048)	(291,344)
Total income taxes	(39,655)	(257,725)
Loss	(248,796)	(714,503)
Profit attributable to non-controlling interests	–	–
Loss attributable to owners of parent	(248,796)	(714,503)

## Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Loss	(248,796)	(714,503)
Other comprehensive income		
Valuation difference on available-for-sale securities	(44,307)	95,339
Remeasurements of defined benefit plans, net of tax	(47,247)	8,132
Share of other comprehensive income of entities accounted for using equity method	1,316	152
Total other comprehensive income	(90,238)	103,625
Comprehensive income	(339,035)	(610,877)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(339,035)	(610,877)
Comprehensive income attributable to non- controlling interests	—	—

**(3) Quarterly consolidated statement of cash flows**

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Loss before income taxes	(288,451)	(972,228)
Depreciation	582,241	654,386
Increase (decrease) in provision for bonuses	(891,140)	(215,520)
Increase (decrease) in provision for bonuses for directors (and other officers)	(66,229)	(55,654)
Increase (decrease) in provision for warranties for completed construction	(1,316)	(5,116)
Increase (decrease) in provision for loss on construction contracts	2,957	–
Increase (decrease) in retirement benefit liability	(6,959)	57,997
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(5,270)	(3,160)
Interest and dividend income	(95,940)	(91,135)
Interest expenses	23,969	23,774
Share of loss (profit) of entities accounted for using equity method	77,365	53,636
Loss (gain) on sale and retirement of property, plant and equipment	(37,536)	44,783
Loss (gain) on sale of investment securities	–	(100)
Decrease (increase) in trade receivables	1,893,937	2,922,989
Decrease (increase) in costs on construction contracts in progress	(979,901)	(1,266,984)
Decrease (increase) in other assets	(234,889)	(508,354)
Increase (decrease) in trade payables	(3,337,462)	(2,861,011)
Increase (decrease) in accrued expenses	(144,462)	(94,587)
Increase (decrease) in advances received on construction contracts in progress	790,039	217,122
Increase (decrease) in other liabilities	(353,155)	(772,946)
Subtotal	(3,072,205)	(2,872,110)
Interest and dividends received	155,862	150,133
Interest paid	(24,161)	(23,774)
Income taxes paid	(1,306,721)	(718,039)
Net cash provided by (used in) operating activities	(4,247,226)	(3,463,790)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(206,004)	(519,866)
Proceeds from sale of property, plant and equipment	148,445	–
Payments for retirement of property, plant and equipment	(1,737)	(8,590)
Purchase of intangible assets	(247,129)	(2,934)
Purchase of investment securities	(800)	–
Proceeds from sale of investment securities	–	174
Loan advances	(5,949)	(62,900)
Proceeds from collection of loans receivable	10,604	8,645
Other	264	(91)
Net cash provided by (used in) investing activities	(302,306)	(585,562)



(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	5,000,000	3,500,000
Repayments of finance lease liabilities	(185,492)	(223,853)
Purchase of treasury shares	(65)	–
Dividends paid	(676,797)	(677,620)
Net cash provided by (used in) financing activities	4,137,643	2,598,526
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(411,889)	(1,450,826)
Cash and cash equivalents at beginning of period	6,747,295	7,828,827
Cash and cash equivalents at end of period	6,335,406	6,378,001