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August 4, 2023

Consolidated Financial Results for the Three Months Ended June 30, 2023 (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 8, 2023
 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, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	9,014	12.7	(893)	–	(873)	–	(653)	–
June 30, 2022	7,999	(7.9)	(1,098)	–	(1,044)	–	(774)	–

Note: Comprehensive income For the three months ended June 30, 2023 ¥(154) million [–%]
 For the three months ended June 30, 2022 ¥(745) million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	(26.17)	–
June 30, 2022	(30.79)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	77,140	55,955	72.5
March 31, 2023	82,853	56,783	68.5

Reference: Equity
 As of June 30, 2023: ¥55,955 million
 As of March 31, 2023: ¥56,783 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, 2023	–	–	–	27.00	27.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		–	–	30.00	30.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	58,000	7.9	2,960	10.1	3,300	7.1	2,300	7.6	92.18

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, 2023	25,617,717 shares
As of March 31, 2023	25,617,717 shares

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

As of June 30, 2023	666,465 shares
As of March 31, 2023	666,465 shares

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

Three months ended June 30, 2023	24,951,252 shares
Three months ended June 30, 2022	25,151,301 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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	7,851,390	9,497,349
Notes receivable, accounts receivable from completed construction contracts and other	37,238,887	27,625,095
Costs on construction contracts in progress	725,214	2,245,687
Merchandise and finished goods	91,445	91,897
Work in process	7,158	7,372
Raw materials and supplies	278,813	286,200
Other	337,487	876,484
Total current assets	46,530,397	40,630,086
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,318,230	9,181,035
Machinery and vehicles, net	282,767	260,251
Tools, furniture and fixtures, net	261,335	276,375
Land	8,132,764	8,080,474
Leased assets, net	2,003,535	1,887,835
Construction in progress	53,133	111,091
Total property, plant and equipment	20,051,767	19,797,063
Intangible assets	581,609	540,740
Investments and other assets		
Investment securities	14,664,222	15,152,765
Other	1,030,252	1,023,784
Allowance for doubtful accounts	(4,425)	(4,425)
Total investments and other assets	15,690,050	16,172,125
Total non-current assets	36,323,427	36,509,929
Total assets	82,853,824	77,140,016

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,365,237	4,595,310
Electronically recorded obligations - operating	2,902,158	3,132,617
Income taxes payable	1,081,965	24,254
Advances received on construction contracts in progress	227,737	299,140
Provision for warranties for completed construction	2,645	282
Provision for bonuses	1,423,803	490,029
Other	5,347,357	5,074,914
Total current liabilities	18,350,905	13,616,548
Non-current liabilities		
Retirement benefit liability	5,526,060	5,522,138
Provision for retirement benefits for directors (and other officers)	32,025	17,255
Other	2,161,211	2,028,407
Total non-current liabilities	7,719,297	7,567,802
Total liabilities	26,070,202	21,184,350
Net assets		
Shareholders' equity		
Share capital	1,430,962	1,430,962
Capital surplus	3,205,423	3,205,423
Retained earnings	51,025,267	49,698,507
Treasury shares	(518,943)	(518,943)
Total shareholders' equity	55,142,709	53,815,949
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,721,278	2,199,989
Remeasurements of defined benefit plans	(80,365)	(60,274)
Total accumulated other comprehensive income	1,640,912	2,139,715
Total net assets	56,783,621	55,955,665
Total liabilities and net assets	82,853,824	77,140,016

(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, 2022	Three months ended June 30, 2023
Net sales	7,999,643	9,014,864
Cost of sales	7,767,191	8,564,572
Gross profit	232,451	450,291
Selling, general and administrative expenses	1,330,717	1,343,671
Operating loss	(1,098,265)	(893,379)
Non-operating income		
Interest income	148	172
Dividend income	83,664	89,073
Gain on sale of goods	49,590	63,391
Other	9,801	14,155
Total non-operating income	143,204	166,792
Non-operating expenses		
Interest expenses	10,541	12,893
Share of loss of entities accounted for using equity method	67,321	128,269
Other	11,915	5,927
Total non-operating expenses	89,778	147,090
Ordinary loss	(1,044,839)	(873,677)
Extraordinary income		
Gain on sale of non-current assets	–	2,251
Gain on sale of investment securities	100	–
Total extraordinary income	100	2,251
Extraordinary losses		
Loss on sale and retirement of non-current assets	44,777	10
Total extraordinary losses	44,777	10
Loss before income taxes	(1,089,516)	(871,436)
Income taxes - current	4,220	9,432
Income taxes - deferred	(319,270)	(227,793)
Total income taxes	(315,050)	(218,360)
Loss	(774,465)	(653,075)
Profit attributable to non-controlling interests	–	–
Loss attributable to owners of parent	(774,465)	(653,075)

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Loss	(774,465)	(653,075)
Other comprehensive income		
Valuation difference on available-for-sale securities	29,929	466,697
Remeasurements of defined benefit plans, net of tax	4,066	20,091
Share of other comprehensive income of entities accounted for using equity method	(5,314)	12,013
Total other comprehensive income	28,681	498,803
Comprehensive income	(745,784)	(154,272)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(745,784)	(154,272)
Comprehensive income attributable to non- controlling interests	—	—