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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 7, 2024

Company name: NIPPON RIETEC CO.,LTD.

Listing: Tokyo

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 semi-annual securities report: November 11, 2024

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of 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, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(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, 2024 | 26,989 | 24.3 | 786 | - | 1,100 | - | 775 | - |
| September 30, 2023 | 21,717 | 8.5 | (149) | - | (36) | - | (78) | - |

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 427 million [(35.9) %]
Six months ended September 30, 2023: ¥ 667 million [-%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Six months ended | Yen | Yen |
| September 30, 2024 | 31.33 | - |
| September 30, 2023 | (3.15) | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|--------------------|-----------------|-----------------|------------------------|
| As of | Millions of yen | Millions of yen | % |
| September 30, 2024 | 89,927 | 59,337 | 66.0 |
| March 31, 2024 | 87,315 | 59,775 | 68.5 |

(Reference) Equity: As of September 30, 2024: ¥ 59,337 million
As of March 31, 2024: ¥ 59,775 million

2. Dividends

| | Annual dividends | | | | |
|---|--------------------|--------------------|--------------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2024 | - | - | - | 35.00 | 35.00 |
| Fiscal year ending March 31, 2025 | - | - | - | - | - |
| Fiscal year ending March 31, 2025 (Forecast) | - | - | - | 36.00 | 36.00 |

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2025 :

| | |
|------------------------|-------|
| Commemorative dividend | - yen |
| Special dividend | - yen |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(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 |
| Full year | 63,700 | 8.8 | 3,500 | 2.0 | 4,000 | 2.3 | 2,800 | 1.1 | 113.13 |

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

| | | | |
|-----------------|---|----------------|---|
| Newly included: | - | (Company name: |) |
| Excluded: | - | (Company name: |) |

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

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

| | |
|---------------------|-------------------|
| September 30, 2024: | 25,617,717 shares |
| March 31, 2024: | 25,617,717 shares |

2) Number of treasury shares at the end of the period:

| | |
|---------------------|----------------|
| September 30, 2024: | 866,465 shares |
| March 31, 2024: | 866,465 shares |

3) Average number of shares outstanding during the period:

| | |
|--------------------------------------|-------------------|
| Six months ended September 30, 2024: | 24,751,252 shares |
| Six months ended September 30, 2023: | 24,951,252 shares |

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,905,864 | 7,747,394 |
| Notes receivable, accounts receivable from completed construction contracts and other | 38,019,556 | 39,772,370 |
| Costs on construction contracts in progress | 747,401 | 2,409,198 |
| Merchandise and finished goods | 84,681 | 62,099 |
| Work in process | 6,796 | 5,868 |
| Raw materials and supplies | 313,005 | 323,266 |
| Other | 820,886 | 1,485,394 |
| Total current assets | 48,898,193 | 51,805,592 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 9,085,051 | 8,938,442 |
| Machinery and vehicles, net | 339,005 | 338,310 |
| Tools, furniture and fixtures, net | 248,246 | 266,228 |
| Land | 9,030,936 | 9,030,936 |
| Leased assets, net | 1,905,719 | 1,713,148 |
| Construction in progress | 364,912 | 836,796 |
| Total property, plant and equipment | 20,973,872 | 21,123,862 |
| Intangible assets | 437,339 | 422,412 |
| Investments and other assets | | |
| Investment securities | 16,285,910 | 15,886,556 |
| Other | 724,772 | 693,733 |
| Allowance for doubtful accounts | (4,425) | (4,425) |
| Total investments and other assets | 17,006,258 | 16,575,864 |
| Total non-current assets | 38,417,469 | 38,122,140 |
| Total assets | 87,315,663 | 89,927,732 |

(Thousands of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | 7,435,563 | 6,124,745 |
| Electronically recorded obligations - operating | 3,069,936 | 2,899,602 |
| Short-term borrowings | 500,000 | 7,000,000 |
| Income taxes payable | 1,305,823 | 115,837 |
| Advances received on construction contracts in progress | 338,802 | 608,247 |
| Provision for warranties for completed construction | 301 | 2,579 |
| Provision for bonuses | 1,679,044 | 1,055,920 |
| Other | 5,685,468 | 5,343,776 |
| Total current liabilities | 20,014,939 | 23,150,709 |
| Non-current liabilities | | |
| Retirement benefit liability | 5,509,752 | 5,571,333 |
| Provision for retirement benefits for directors (and other officers) | 22,849 | 19,826 |
| Other | 1,992,222 | 1,848,472 |
| Total non-current liabilities | 7,524,824 | 7,439,632 |
| Total liabilities | 27,539,764 | 30,590,341 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,430,962 | 1,430,962 |
| Capital surplus | 3,205,423 | 3,205,423 |
| Retained earnings | 53,121,873 | 53,030,992 |
| Treasury shares | (769,543) | (769,543) |
| Total shareholders' equity | 56,988,715 | 56,897,834 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,687,740 | 2,389,835 |
| Remeasurements of defined benefit plans | 99,443 | 49,721 |
| Total accumulated other comprehensive income | 2,787,183 | 2,439,556 |
| Total net assets | 59,775,898 | 59,337,391 |
| Total liabilities and net assets | 87,315,663 | 89,927,732 |

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

| | For the six months ended September 30, 2023 | For the six months ended September 30, 2024 |
|---|--|--|
| Net sales | 21,717,218 | 26,989,612 |
| Cost of sales | 19,329,296 | 23,562,519 |
| Gross profit | 2,387,922 | 3,427,093 |
| Selling, general and administrative expenses | 2,537,358 | 2,640,324 |
| Operating profit (loss) | (149,436) | 786,769 |
| Non-operating income | | |
| Interest income | 342 | 400 |
| Dividend income | 97,486 | 118,770 |
| Gain on sale of goods | 94,565 | 110,179 |
| Share of profit of entities accounted for using equity method | - | 92,413 |
| Other | 33,474 | 38,949 |
| Total non-operating income | 225,868 | 360,714 |
| Non-operating expenses | | |
| Interest expenses | 25,589 | 30,199 |
| Share of loss of entities accounted for using equity method | 80,479 | - |
| Bad debt expenses | - | 12,215 |
| Other | 6,755 | 4,797 |
| Total non-operating expenses | 112,824 | 47,212 |
| Ordinary profit (loss) | (36,391) | 1,100,271 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 2,251 | 181 |
| Total extraordinary income | 2,251 | 181 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 950 | 18,794 |
| Total extraordinary losses | 950 | 18,794 |
| Profit (loss) before income taxes | (35,091) | 1,081,658 |
| Income taxes - current | 46,659 | 39,994 |
| Income taxes - deferred | (3,185) | 266,250 |
| Total income taxes | 43,473 | 306,245 |
| Profit (loss) | (78,564) | 775,412 |
| Profit attributable to non-controlling interests | - | - |
| Profit (loss) attributable to owners of parent | (78,564) | 775,412 |

(Thousands of yen)

| | For the six months ended September 30, 2023 | For the six months ended September 30, 2024 |
|--|--|--|
| Profit (loss) | (78,564) | 775,412 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 691,298 | (293,456) |
| Remeasurements of defined benefit plans, net of tax | 40,182 | (49,721) |
| Share of other comprehensive income of entities accounted for using equity method | 14,490 | (4,448) |
| Total other comprehensive income | 745,971 | (347,626) |
| Comprehensive income | 667,406 | 427,786 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 667,406 | 427,786 |
| Comprehensive income attributable to non-controlling interests | - | - |

Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

| | For the six months ended September 30, 2023 | For the six months ended September 30, 2024 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | (35,091) | 1,081,658 |
| Depreciation | 686,835 | 726,464 |
| Increase (decrease) in provision for bonuses | (419,073) | (623,123) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (70,255) | (73,812) |
| Increase (decrease) in provision for warranties for completed construction | (2,359) | 2,277 |
| Increase (decrease) in retirement benefit liability | 63,975 | (10,063) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (12,901) | (3,023) |
| Interest and dividend income | (97,828) | (119,171) |
| Interest expenses | 25,589 | 30,199 |
| Share of loss (profit) of entities accounted for using equity method | 80,479 | (92,413) |
| Loss (gain) on sale and retirement of property, plant and equipment | (1,300) | 18,612 |
| Decrease (increase) in trade receivables | 5,152,512 | (1,752,814) |
| Decrease (increase) in costs on construction contracts in progress | (2,149,801) | (1,661,796) |
| Decrease (increase) in other assets | (444,564) | (569,728) |
| Increase (decrease) in trade payables | (2,882,027) | (1,481,152) |
| Increase (decrease) in accrued expenses | 26,733 | (189,854) |
| Increase (decrease) in advances received on construction contracts in progress | 39,834 | 269,445 |
| Increase (decrease) in other liabilities | (532,981) | (137,644) |
| Subtotal | (572,224) | (4,585,939) |
| Interest and dividends received | 165,506 | 183,768 |
| Interest paid | (25,589) | (30,088) |
| Income taxes paid | (980,224) | (1,184,872) |
| Net cash provided by (used in) operating activities | (1,412,532) | (5,617,131) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (488,047) | (810,656) |
| Proceeds from sale of property, plant and equipment | 65,318 | 181 |
| Payments for retirement of property, plant and equipment | (600) | (18,044) |
| Purchase of intangible assets | (10,107) | (68,795) |
| Loan advances | (7,310) | (5,800) |
| Proceeds from collection of loans receivable | 10,791 | 10,217 |
| Other, net | 623 | (10) |
| Net cash provided by (used in) investing activities | (429,330) | (892,906) |

(Thousands of yen)

| | For the six months ended September 30, 2023 | For the six months ended September 30, 2024 |
|---|--|--|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,500,000 | 6,500,000 |
| Repayments of finance lease liabilities | (254,552) | (282,106) |
| Dividends paid | (680,621) | (866,326) |
| Net cash provided by (used in) financing activities | 564,825 | 5,351,567 |
| Effect of exchange rate change on cash and cash equivalents | - | - |
| Net increase (decrease) in cash and cash equivalents | (1,277,038) | (1,158,470) |
| Cash and cash equivalents at beginning of period | 7,838,382 | 8,892,857 |
| Cash and cash equivalents at end of period | 6,561,344 | 7,734,386 |