

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

October 31, 2022

Company name: Nippon Air Conditioning Services Co., Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 4658 URL <https://www.nikku.co.jp/>
 Representative: President & Representative Director Yoji Tanaka
 Executive Officer
 Inquiries: Accounting Department Director Tomoaki Yokoi TEL 052-773-2511
 Scheduled date to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

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	21,874	1.2	673	(26.2)	821	(16.8)	462	(71.0)
Six months ended September 30, 2021	21,622	(0.6)	913	(12.9)	987	(10.5)	1,597	154.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	13.52		13.31	
Six months ended September 30, 2021	45.95		45.20	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	32,660	20,369	61.1
As of March 31, 2022	35,140	20,482	57.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	27.50	–	14.00	41.50
Year ending March 31, 2023	–	14.00			
Year ending March 31, 2023 (Forecast)			–	14.00	28.00

3. Forecast of consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	52,000	4.2	2,900	10.8	3,000	7.1	1,900	(32.7)	55.22

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2022	35,784,000 shares	As of March 31, 2022	35,784,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,553,067 shares	As of March 31, 2022	1,378,717 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	34,239,311 shares	Six months ended September 30, 2021	34,768,919 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	7,253	6,762
Notes receivable, accounts receivable from completed construction contracts and other	12,140	9,082
Electronically recorded monetary claims - operating	730	851
Inventories	657	1,554
Other	883	731
Allowance for doubtful accounts	(11)	(11)
Total current assets	21,653	18,971
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,845	2,805
Land	4,046	4,383
Construction in progress	10	0
Other, net	1,336	1,285
Total property, plant and equipment	8,238	8,474
Intangible assets		
Software	49	63
Other	26	18
Total intangible assets	76	82
Investments and other assets		
Investment securities	4,412	4,385
Other	765	748
Allowance for doubtful accounts	(5)	(1)
Total investments and other assets	5,171	5,132
Total non-current assets	13,487	13,688
Total assets	35,140	32,660

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	4,832	3,470
Electronically recorded obligations - operating	1,487	1,160
Short-term borrowings	320	514
Current portion of long-term borrowings	176	169
Accounts payable - other	394	197
Accrued expenses	1,771	1,689
Income taxes payable	938	387
Provision for bonuses for directors (and other officers)	35	–
Provision for loss on orders received	106	77
Other	884	939
Total current liabilities	10,948	8,606
Non-current liabilities		
Long-term borrowings	357	275
Provision for retirement benefits for directors (and other officers)	120	134
Provision for executive officers' retirement benefits	35	39
Retirement benefit liability	3,109	3,152
Asset retirement obligations	48	48
Other	37	33
Total non-current liabilities	3,709	3,684
Total liabilities	14,657	12,290
Net assets		
Shareholders' equity		
Share capital	1,139	1,139
Capital surplus	1,168	1,171
Retained earnings	16,482	16,461
Treasury shares	(807)	(958)
Total shareholders' equity	17,983	17,813
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,337	2,301
Foreign currency translation adjustment	9	64
Remeasurements of defined benefit plans	(235)	(217)
Total accumulated other comprehensive income	2,111	2,147
Share acquisition rights	241	238
Non-controlling interests	145	168
Total net assets	20,482	20,369
Total liabilities and net assets	35,140	32,660

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	21,622	21,874
Cost of sales	17,789	18,099
Gross profit	3,832	3,775
Selling, general and administrative expenses	2,919	3,101
Operating profit	913	673
Non-operating income		
Interest income	5	7
Dividend income	43	52
Dividend income of insurance	6	9
Foreign exchange gains	–	70
Other	30	15
Total non-operating income	86	156
Non-operating expenses		
Interest expenses	4	4
Foreign exchange losses	6	–
Other	1	3
Total non-operating expenses	12	8
Ordinary profit	987	821
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on sale of investment securities	1,391	–
Other	0	–
Total extraordinary income	1,392	1
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Other	3	–
Total extraordinary losses	4	0
Profit before income taxes	2,375	821
Income taxes	773	353
Profit	1,601	468
Profit attributable to non-controlling interests	3	6
Profit attributable to owners of parent	1,597	462

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,601	468
Other comprehensive income		
Valuation difference on available-for-sale securities	(612)	(36)
Foreign currency translation adjustment	71	72
Remeasurements of defined benefit plans, net of tax	16	17
Total other comprehensive income	(523)	53
Comprehensive income	1,077	522
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,064	499
Comprehensive income attributable to non-controlling interests	13	23