

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 18, 2023

Company name: ICHIKEN Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 1847 URL <http://www.ichiken.co.jp>
 Representative: Representative Director & President Hiroyuki Hasegawa
 General Manager of
 Inquiries: Finance & Accounting Dept. Masanobu Kato TEL 03-5931-5642
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 28, 2023
 Scheduled date to commence dividend payments: June 29, 2023
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	88,059	5.1	2,667	(43.0)	2,585	(44.2)	1,708	(42.8)
Year ended March 31, 2022	83,776	(5.5)	4,674	(1.8)	4,636	(0.8)	2,985	(5.6)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	235.35	234.46	6.3	4.6	3.0
Year ended March 31, 2022	411.38	409.74	11.6	8.3	5.6

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	55,714	27,531	49.4	3,789.39
As of March 31, 2022	57,617	26,798	46.5	3,689.25

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	1,276	(116)	(1,164)	11,653
Year ended March 31, 2022	757	(136)	(799)	11,657

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	0.00	—	100.00	100.00	725	24.3	2.8
Year ended March 31, 2023	—	40.00	—	60.00	100.00	725	42.5	2.7
Year ending March 31, 2024 (Forecast)	—	40.00	—	60.00	100.00		36.3	

3. Forecast of non-consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	45,000	1.0	1,350	(19.0)	1,300	(20.9)	900	(18.7)	124.00
Full year	90,000	2.2	3,000	12.5	2,900	12.2	2,000	17.1	275.56

4. Notes

(1) 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:	No
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(2) Number of issued shares (common shares)

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

As of March 31, 2023	7,284,400 shares	As of March 31, 2022	7,282,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	24,991 shares	As of March 31, 2022	24,651 shares
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Average number of shares during the period

Year ended March 31, 2023	7,257,891 shares	Year ended March 31, 2022	7,256,891 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	11,657	11,653
Notes receivable - trade	5,509	206
Electronically recorded monetary claims - operating	2,284	169
Accounts receivable from completed construction contracts and other	25,341	30,695
Real estate for sale	2,216	2,181
Costs on construction contracts in progress	919	873
Prepaid expenses	125	143
Accounts receivable - other	101	47
Other	176	392
Allowance for doubtful accounts	(6)	(3)
Total current assets	48,324	46,360
Non-current assets		
Property, plant and equipment		
Buildings	3,300	3,303
Accumulated depreciation	(2,028)	(2,096)
Buildings, net	1,272	1,206
Structures	220	220
Accumulated depreciation	(203)	(204)
Structures, net	17	16
Vehicles	6	6
Accumulated depreciation	(3)	(4)
Vehicles, net	3	2
Tools, furniture and fixtures	336	317
Accumulated depreciation	(248)	(238)
Tools, furniture and fixtures, net	88	78
Land	4,507	4,507
Leased assets	24	56
Accumulated depreciation	(17)	(20)
Leased assets, net	6	36
Total property, plant and equipment	5,894	5,846
Intangible assets		
Software	97	104
Other	29	5
Total intangible assets	127	109

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	1,468	1,527
Shares of subsidiaries and associates	–	119
Investments in capital	0	0
Distressed receivables	0	0
Long-term prepaid expenses	9	17
Deferred tax assets	1,211	1,126
Guarantee deposits	402	428
Other	178	178
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	3,270	3,397
Total non-current assets	9,292	9,353
Total assets	57,617	55,714

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable - trade	525	169
Electronically recorded obligations - operating	6,319	6,347
Accounts payable for construction contracts	11,225	10,690
Short-term borrowings	1,534	1,605
Lease liabilities	5	10
Accounts payable - other	261	301
Accrued expenses	132	115
Income taxes payable	875	56
Accrued consumption taxes	512	155
Advances received on construction contracts in progress	2,289	1,810
Deposits received	57	37
Provision for warranties for completed construction	133	185
Provision for loss on construction contracts	144	276
Provision for bonuses	569	407
Other	25	79
Total current liabilities	24,613	22,248
Non-current liabilities		
Long-term borrowings	4,363	4,153
Lease liabilities	1	20
Provision for retirement benefits	1,543	1,564
Long-term accounts payable - other	9	9
Long-term deposits received	288	188
Total non-current liabilities	6,206	5,935
Total liabilities	30,819	28,183

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	4,329	4,329
Capital surplus		
Legal capital surplus	214	214
Total capital surplus	214	214
Retained earnings		
Legal retained earnings	498	599
Other retained earnings		
Retained earnings brought forward	21,441	22,031
Total retained earnings	21,939	22,631
Treasury shares	(26)	(27)
Total shareholders' equity	26,456	27,148
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	318	360
Total valuation and translation adjustments	318	360
Share acquisition rights	22	22
Total net assets	26,798	27,531
Total liabilities and net assets	57,617	55,714

Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales		
Net sales of completed construction contracts	83,316	87,646
Sales in real estate business	459	412
Total net sales	83,776	88,059
Cost of sales		
Cost of sales of completed construction contracts	76,114	82,436
Cost of sales in real estate business	274	227
Total cost of sales	76,389	82,663
Gross profit		
Gross profit on completed construction contracts	7,202	5,210
Gross profit - real estate business	185	185
Total gross profit	7,387	5,395
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	175	174
Employees' salaries and allowances	976	994
Retirement payments	3	0
Retirement benefit expenses	49	49
Provision for bonuses	105	79
Legal welfare expenses	176	177
Welfare expenses	43	33
Repair and maintenance expenses	46	52
Stationery expenses	25	28
Communication and transportation expenses	133	132
Power utilities expenses	2	4
Advertising expenses	17	28
Provision of allowance for doubtful accounts	1	–
Entertainment expenses	39	50
Donations	3	4
Rent expenses on land and buildings	164	187
Depreciation	109	99
Taxes and dues	160	136
Insurance expenses	17	18
Miscellaneous expenses	458	475
Total selling, general and administrative expenses	2,712	2,728
Operating profit	4,674	2,667

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Non-operating income		
Interest income	0	0
Dividend income	26	27
Interest on tax refund	0	–
Insurance claim income	13	13
Reversal of allowance for doubtful accounts	–	3
Miscellaneous income	14	7
Total non-operating income	54	52
Non-operating expenses		
Interest expenses	78	76
Loss on sale of notes receivable - trade	5	6
Commission expenses	9	50
Miscellaneous expenses	0	0
Total non-operating expenses	92	133
Ordinary profit	4,636	2,585
Extraordinary income		
Gain on sale of investment securities	125	–
Total extraordinary income	125	–
Extraordinary losses		
Loss on retirement of non-current assets	–	1
Impairment losses	544	–
Total extraordinary losses	544	1
Profit before income taxes	4,217	2,584
Income taxes - current	1,558	808
Income taxes - deferred	(326)	68
Total income taxes	1,231	876
Profit	2,985	1,708

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
				Retained earnings brought forward				
Balance at beginning of period	4,327	212	212	432	19,173	19,606	(26)	24,120
Changes during period								
Issuance of new shares - exercise of share acquisition rights	2	2	2					4
Provision of legal retained earnings				65	(65)	-		-
Dividends of surplus					(652)	(652)		(652)
Profit					2,985	2,985		2,985
Purchase of treasury shares							(0)	(0)
Net changes in items other than shareholders' equity								
Total changes during period	2	2	2	65	2,267	2,332	(0)	2,336
Balance at end of period	4,329	214	214	498	21,441	21,939	(26)	26,456

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	472	472	27	24,619
Changes during period				
Issuance of new shares - exercise of share acquisition rights				4
Provision of legal retained earnings				-
Dividends of surplus				(652)
Profit				2,985
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	(153)	(153)	(4)	(158)
Total changes during period	(153)	(153)	(4)	2,178
Balance at end of period	318	318	22	26,798

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
				Retained earnings brought forward				
Balance at beginning of period	4,329	214	214	498	21,441	21,939	(26)	26,456
Changes during period								
Issuance of new shares - exercise of share acquisition rights	0							0
Provision of legal retained earnings				101	(101)	-		-
Dividends of surplus					(1,016)	(1,016)		(1,016)
Profit					1,708	1,708		1,708
Purchase of treasury shares							(0)	(0)
Net changes in items other than shareholders' equity								
Total changes during period	0			101	590	692	(0)	691
Balance at end of period	4,329	214	214	599	22,031	22,631	(27)	27,148

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	318	318	22	26,798
Changes during period				
Issuance of new shares - exercise of share acquisition rights				0
Provision of legal retained earnings				-
Dividends of surplus				(1,016)
Profit				1,708
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	41	41		41
Total changes during period	41	41		733
Balance at end of period	360	360	22	27,531

Non-consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,217	2,584
Depreciation	200	157
Impairment losses	544	–
Increase (decrease) in allowance for doubtful accounts	(1)	(3)
Increase (decrease) in provision for warranties for completed construction	(114)	52
Increase (decrease) in provision for loss on construction contracts	(1)	131
Increase (decrease) in provision for bonuses	160	(162)
Increase (decrease) in provision for retirement benefits	69	21
Interest and dividend income	(27)	(28)
Insurance claim income	(13)	(13)
Interest expenses	78	76
Loss (gain) on sale of investment securities	(125)	–
Decrease (increase) in notes and accounts receivable-trade and others	(6,602)	2,062
Decrease (increase) in costs on construction contracts in progress	2,704	45
Increase (decrease) in trade payables	2,931	(863)
Increase (decrease) in accrued consumption taxes	(232)	(357)
Increase (decrease) in advances received on construction contracts in progress	(154)	(479)
Other, net	(1,154)	(385)
Subtotal	2,478	2,840
Interest and dividends received	27	28
Proceeds from insurance income	30	83
Interest paid	(77)	(75)
Compensation paid for damage	(91)	–
Income taxes paid	(1,608)	(1,599)
Net cash provided by (used in) operating activities	757	1,276
Cash flows from investing activities		
Purchase of property, plant and equipment	(30)	(40)
Proceeds from earnest related sales of property, plant and equipment	–	56
Purchase of intangible assets	(77)	(9)
Purchase of investment securities	(200)	–
Proceeds from sale of investment securities	201	–
Purchase of shares of subsidiaries and associates	–	(119)
Proceeds from refund of guarantee deposits	5	3
Other, net	(35)	(7)
Net cash provided by (used in) investing activities	(136)	(116)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(28)	88
Proceeds from long-term borrowings	978	914
Repayments of long-term borrowings	(1,089)	(1,142)
Repayments of lease liabilities	(7)	(11)
Dividends paid	(651)	(1,012)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(799)	(1,164)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	(178)	(4)
Cash and cash equivalents at beginning of period	11,835	11,657
Cash and cash equivalents at end of period	11,657	11,653