

Translation

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

May 12, 2023

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 of ordinary general meeting of shareholders: June 23, 2023  
 Scheduled date to file Securities Report: June 26, 2023  
 Scheduled date to commence dividend payments: June 26, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (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	%
Year ended March 31, 2023	52,886	6.0	2,847	8.8	3,051	8.9	1,940	(31.2)
Year ended March 31, 2022	49,886	1.5	2,617	(13.0)	2,801	(10.8)	2,821	41.2

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	56.67	55.84	9.4	8.4	5.4
Year ended March 31, 2022	81.35	80.05	14.1	8.0	5.2

#### (2) 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	37,561	21,705	56.8	622.02
As of March 31, 2022	35,140	20,482	57.2	584.08

#### (3) 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	921	(697)	(1,016)	5,885
Year ended March 31, 2022	1,781	971	(2,366)	6,649

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (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	–	27.50	–	14.00	41.50	1,437	51.0	7.2
Year ended March 31, 2023	–	14.00	–	14.00	28.00	959	49.4	4.6
Year ending March 31, 2024 (Forecast)	–	15.00	–	15.00	30.00		51.4	

3. Forecast of 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 attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	56,000	5.9	3,000	5.4	3,100	1.6	2,000	3.1	58.35

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: Yes

Restatement of prior period financial statements: No

(3) 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	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 March 31, 2023	1,509,467 shares	As of March 31, 2022	1,378,717 shares
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Average number of shares during the period

Year ended March 31, 2023	34,243,961 shares	Year ended March 31, 2022	34,681,352 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	7,253	6,582
Notes receivable - trade	155	197
Electronically recorded monetary claims - operating	730	1,025
Accounts receivable - trade	6,763	7,268
Accounts receivable from completed construction contracts	3,981	5,743
Contract assets	1,240	1,299
Costs on construction contracts in progress	637	675
Raw materials and supplies	19	51
Accounts receivable - other	471	221
Other	411	392
Allowance for doubtful accounts	(11)	(10)
<b>Total current assets</b>	<b>21,653</b>	<b>23,445</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	6,084	6,125
Accumulated depreciation	(3,238)	(3,376)
Buildings, net	2,845	2,748
Machinery and equipment	1,839	1,839
Accumulated depreciation	(724)	(832)
Machinery and equipment, net	1,115	1,006
Land	4,046	4,480
Construction in progress	10	7
Other	1,260	1,319
Accumulated depreciation	(1,038)	(1,114)
Other, net	221	205
<b>Total property, plant and equipment</b>	<b>8,238</b>	<b>8,448</b>
<b>Intangible assets</b>		
Software	49	52
Other	26	21
<b>Total intangible assets</b>	<b>76</b>	<b>74</b>
<b>Investments and other assets</b>		
Investment securities	4,412	4,859
Deferred tax assets	529	496
Other	235	237
Allowance for doubtful accounts	(5)	(1)
<b>Total investments and other assets</b>	<b>5,171</b>	<b>5,592</b>
<b>Total non-current assets</b>	<b>13,487</b>	<b>14,115</b>
<b>Total assets</b>	<b>35,140</b>	<b>37,561</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	4,832	5,797
Electronically recorded obligations - operating	1,487	1,703
Short-term borrowings	320	640
Current portion of long-term borrowings	176	157
Accounts payable - other	394	362
Accrued expenses	1,771	1,982
Income taxes payable	938	378
Contract liabilities	398	473
Provision for bonuses for directors (and other officers)	35	47
Provision for loss on orders received	106	78
Other	486	615
Total current liabilities	10,948	12,237
Non-current liabilities		
Long-term borrowings	357	200
Deferred tax liabilities	2	115
Provision for retirement benefits for directors (and other officers)	120	66
Provision for executive officers' retirement benefits	35	35
Retirement benefit liability	3,109	3,124
Asset retirement obligations	48	49
Other	34	26
Total non-current liabilities	3,709	3,617
Total liabilities	14,657	15,855
Net assets		
Shareholders' equity		
Share capital	1,139	1,139
Capital surplus	1,168	1,159
Retained earnings	16,482	17,459
Treasury shares	(807)	(931)
Total shareholders' equity	17,983	18,827
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,337	2,614
Foreign currency translation adjustment	9	39
Remeasurements of defined benefit plans	(235)	(162)
Total accumulated other comprehensive income	2,111	2,491
Share acquisition rights	241	223
Non-controlling interests	145	162
Total net assets	20,482	21,705
Total liabilities and net assets	35,140	37,561

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	49,886	52,886
Cost of sales	41,080	43,557
Gross profit	8,806	9,329
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	430	453
Share-based payment expenses	38	39
Salaries, allowances and bonuses	3,692	3,841
Provision for bonuses for directors (and other officers)	35	47
Retirement benefit expenses	104	111
Provision for retirement benefits for directors (and other officers)	31	30
Provision for executive officers' retirement benefits	7	7
Other	1,847	1,950
Total selling, general and administrative expenses	6,189	6,481
Operating profit	2,617	2,847
Non-operating income		
Interest income	8	11
Dividend income	85	101
Dividend income of insurance	6	9
Insurance claim income	13	5
Foreign exchange gains	45	61
Subsidy income	14	1
Other	22	24
Total non-operating income	196	216
Non-operating expenses		
Interest expenses	8	8
Financing expenses	0	0
Commission expenses	2	0
Other	0	2
Total non-operating expenses	11	12
Ordinary profit	2,801	3,051
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on sale of investment securities	1,391	–
Other	0	–
Total extraordinary income	1,393	1

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	2	2
Impairment losses	10	1
Compensation for damage	–	61
Loss on reversal of foreign currency translation adjustment	–	14
Other	3	0
Total extraordinary losses	16	79
Profit before income taxes	4,178	2,972
Income taxes - current	1,416	1,031
Income taxes - deferred	(70)	(9)
Total income taxes	1,345	1,022
Profit	2,832	1,950
Profit attributable to non-controlling interests	11	10
Profit attributable to owners of parent	2,821	1,940

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,832	1,950
Other comprehensive income		
Valuation difference on available-for-sale securities	(813)	276
Foreign currency translation adjustment	71	37
Remeasurements of defined benefit plans, net of tax	(22)	72
Total other comprehensive income	(763)	387
Comprehensive income	2,069	2,338
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,041	2,320
Comprehensive income attributable to non-controlling interests	27	17

## 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
Balance at beginning of period	1,139	1,174	15,178	(359)	17,132
Changes during period					
Dividends of surplus			(1,514)		(1,514)
Profit attributable to owners of parent			2,821		2,821
Purchase of treasury shares				(500)	(500)
Disposal of treasury shares		(5)		52	47
Other			(2)		(2)
Net changes in items other than shareholders' equity					
Total changes during period	-	(5)	1,304	(447)	851
Balance at end of period	1,139	1,168	16,482	(807)	17,983

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,150	(46)	(213)	2,891	241	118	20,384
Changes during period							
Dividends of surplus							(1,514)
Profit attributable to owners of parent							2,821
Purchase of treasury shares							(500)
Disposal of treasury shares							47
Other							(2)
Net changes in items other than shareholders' equity	(813)	55	(22)	(779)	(0)	27	(752)
Total changes during period	(813)	55	(22)	(779)	(0)	27	98
Balance at end of period	2,337	9	(235)	2,111	241	145	20,482



Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,139	1,168	16,482	(807)	17,983
Changes during period					
Dividends of surplus			(960)		(960)
Profit attributable to owners of parent			1,940		1,940
Purchase of treasury shares				(192)	(192)
Disposal of treasury shares		(9)		68	59
Other			(2)		(2)
Net changes in items other than shareholders' equity					
Total changes during period	–	(9)	977	(123)	843
Balance at end of period	1,139	1,159	17,459	(931)	18,827

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,337	9	(235)	2,111	241	145	20,482
Changes during period							
Dividends of surplus							(960)
Profit attributable to owners of parent							1,940
Purchase of treasury shares							(192)
Disposal of treasury shares							59
Other							(2)
Net changes in items other than shareholders' equity	276	30	72	380	(17)	17	379
Total changes during period	276	30	72	380	(17)	17	1,223
Balance at end of period	2,614	39	(162)	2,491	223	162	21,705

## 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	4,178	2,972
Depreciation	452	380
Impairment losses	10	1
Increase (decrease) in allowance for doubtful accounts	0	(4)
Increase (decrease) in provision for bonuses for directors (and other officers)	(21)	11
Increase (decrease) in provision for loss on orders received	94	(28)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(107)	(53)
Increase (decrease) in provision for retirement benefits for executive officers	7	0
Increase (decrease) in retirement benefit liability	176	119
Interest and dividend income	(94)	(113)
Interest expenses	8	8
Loss (gain) on sale of investment securities	(1,391)	–
Share-based payment expenses	38	39
Loss on reversal of foreign currency translation adjustment	–	14
Decrease (increase) in trade receivables	(539)	(2,633)
Decrease (increase) in inventories	(164)	(68)
Increase (decrease) in trade payables	363	1,169
Decrease (increase) in other current assets	(186)	274
Increase (decrease) in other current liabilities	(109)	333
Other, net	(10)	(36)
Subtotal	2,704	2,387
Interest and dividends received	81	113
Interest paid	(8)	(9)
Income taxes paid	(995)	(1,570)
Net cash provided by (used in) operating activities	1,781	921
Cash flows from investing activities		
Purchase of property, plant and equipment	(292)	(553)
Proceeds from sale of property, plant and equipment	2	1
Purchase of intangible assets	(20)	(33)
Purchase of investment securities	(37)	(47)
Proceeds from sale of investment securities	1,449	–
Loan advances	(5)	(4)
Proceeds from collection of loans receivable	3	4
Other payments	(211)	(134)
Other proceeds	83	70
Net cash provided by (used in) investing activities	971	(697)

(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	(150)	320
Repayments of long-term borrowings	(185)	(176)
Dividends paid	(1,523)	(958)
Purchase of treasury shares	(500)	(192)
Other, net	(7)	(8)
Net cash provided by (used in) financing activities	(2,366)	(1,016)
Effect of exchange rate change on cash and cash equivalents	36	28
Net increase (decrease) in cash and cash equivalents	422	(764)
Cash and cash equivalents at beginning of period	6,227	6,649
Cash and cash equivalents at end of period	6,649	5,885