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June 9, 2023

Consolidated Financial Results for the Six Months Ended April 30, 2023 (Under Japanese GAAP)



Company name: NIHON HOUSE HOLDINGS Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 1873
 URL: <http://www.nihonhouse-hd.co.jp/>
 Representative: Kazuyuki Narita: Chairman and Representative Director, Group CEO
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 Scheduled date to file quarterly securities report: June 12, 2023
 Scheduled date to commence dividend payments: July 10, 2023
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended April 30, 2023 (from November 1, 2022 to April 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	%
Six months ended								
April 30, 2023	13,235	(14.6)	(1,853)	—	(1,987)	—	(2,025)	—
April 30, 2022	15,494	7.3	(583)	—	(655)	—	(726)	—

Note: Comprehensive income For the six months ended April 30, 2023: ¥(2,021) million [—%]
 For the six months ended April 30, 2022: ¥(614) million [—%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
April 30, 2023	(50.64)	—
April 30, 2022	(18.17)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
April 30, 2023	48,396	20,818	42.3
October 31, 2022	47,540	23,239	48.2

Reference: Shareholders' equity
 As of April 30, 2023: ¥ 20,483 million
 As of October 31, 2022: ¥ 22,915 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2022	—	10.00	—	10.00	20.00
Fiscal year ending October 31, 2023	—	6.00			
Fiscal year ending October 31, 2023 (Forecast)			—	6.00	12.00

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

3. Consolidated financial results forecasts for the fiscal year ending October 31, 2023 (from November 1, 2022 to October 31, 2023)

(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	40,200	(6.0)	2,440	(3.3)	2,170	(6.9)	1,210	(17.9)	30.25

Note: Revisions to the financial result forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (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) Change in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Change in accounting policies other than (i): None
 - (iii) Change 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 April 30, 2023	40,000,000 shares
As of October 31, 2022	40,000,000 shares

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

As of April 30, 2023	1,593 shares
As of October 31, 2022	1,593 shares

- (iii) Average number of shares outstanding during the period (cumulative)

Six months ended April 30, 2023	39,998,407 shares
Six months ended April 30, 2022	39,998,407 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanation of proper use of financial results forecasts and other special matters (Note on forward-looking statements, etc.)

Forward-looking statements, including the financial results forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ substantially due to various factors.

Quarterly Consolidated Financial Statements and Principal Notes
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of October 31, 2022	As of April 30, 2023
Assets		
Current assets		
Cash and deposits	7,384	8,021
Notes receivable, accounts receivable from completed construction contracts and other	2,686	1,373
Costs on construction contracts in progress	510	868
Real estate for sale	4,221	4,333
Merchandise and finished goods	80	98
Raw materials and supplies	640	667
Other	756	1,517
Allowance for doubtful accounts	(3)	(3)
Total current assets	16,277	16,877
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,184	45,725
Machinery, vehicles, tools, furniture and fixtures	4,206	4,393
Land	10,299	10,292
Leased assets	3,913	4,035
Construction in progress	2,195	247
Accumulated depreciation and impairment	(36,275)	(36,792)
Total property, plant and equipment	27,524	27,902
Intangible assets	701	490
Investments and other assets		
Investment securities	229	233
Long-term loans receivable	231	308
Retirement benefit asset	442	482
Deferred tax assets	1,221	1,226
Distressed receivables	8	8
Other	1,098	1,068
Allowance for doubtful accounts	(253)	(253)
Total investments and other assets	2,978	3,075
Total non-current assets	31,203	31,469
Deferred assets		
Bond issuance costs	59	49
Total deferred assets	59	49
Total assets	47,540	48,396

(Millions of yen)

	As of October 31, 2022	As of April 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	5,382	3,080
Short-term borrowings	2,320	6,833
Current portion of bonds payable	120	120
Current portion of long-term borrowings	1,658	1,660
Lease liabilities	361	343
Income taxes payable	387	75
Advances received on construction contracts in progress	1,398	2,388
Provision for warranties for completed construction	160	156
Provision for bonuses	496	362
Other	2,599	3,120
Total current liabilities	14,884	18,140
Non-current liabilities		
Bonds payable	1,880	1,760
Long-term borrowings	4,827	4,672
Lease liabilities	649	882
Deferred tax liabilities	22	22
Provision for retirement benefits for directors (and other officers)	799	826
Retirement benefit liability	79	84
Asset retirement obligations	342	344
Other	815	845
Total non-current liabilities	9,417	9,437
Total liabilities	24,301	27,578
Net assets		
Shareholders' equity		
Share capital	3,873	3,873
Capital surplus	20	20
Retained earnings	19,053	16,628
Treasury shares	(0)	(0)
Total shareholders' equity	22,947	20,521
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	7
Deferred gains or losses on hedges	(13)	(21)
Remeasurements of defined benefit plans	(20)	(23)
Total accumulated other comprehensive income	(31)	(37)
Non-controlling interests	324	334
Total net assets	23,239	20,818
Total liabilities and net assets	47,540	48,396

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended April 30

(Millions of yen)

	For the six months ended April 30, 2022	For the six months ended April 30, 2023
Net sales	15,494	13,235
Cost of sales	9,943	8,783
Gross profit	5,551	4,451
Selling, general and administrative expenses	6,135	6,305
Operating loss	(583)	(1,853)
Non-operating income		
Interest income	2	2
Subsidies for employment adjustment	55	—
Reversal of allowance for doubtful accounts	0	0
Miscellaneous income	18	24
Total non-operating income	75	26
Non-operating expenses		
Interest expenses	99	110
Miscellaneous expenses	47	50
Total non-operating expenses	147	160
Ordinary loss	(655)	(1,987)
Extraordinary income		
Gain on sale of non-current assets	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on retirement of non-current assets	6	2
Other	0	—
Total extraordinary losses	7	2
Loss before income taxes	(662)	(1,990)
Income taxes - current	57	27
Income taxes - deferred	(2)	(1)
Total income taxes	54	25
Net loss	(716)	(2,015)
Profit attributable to non-controlling interests	10	10
Net loss attributable to owners of parent	(726)	(2,025)

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended April 30

(Millions of yen)

	For the six months ended April 30, 2022	For the six months ended April 30, 2023
Net loss	(716)	(2,015)
Other comprehensive income		
Valuation difference on available-for-sale securities	1	3
Deferred gains or losses on hedges	95	(8)
Remeasurements of defined benefit plans, net of tax	4	(2)
Total other comprehensive income	101	(6)
Comprehensive income	(614)	(2,021)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(625)	(2,031)
Comprehensive income attributable to non-controlling interests	10	10

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended April 30, 2022	For the six months ended April 30, 2023
Cash flows from operating activities		
Loss before income taxes	(662)	(1,990)
Depreciation	612	722
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	(81)	(134)
Increase (decrease) in provision for warranties for completed construction	6	(3)
Increase (decrease) in retirement benefit liability	(68)	(35)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(5)	26
Interest and dividend income	(2)	(2)
Interest expenses	99	110
Loss (gain) on sale and retirement of non-current assets	7	2
Subsidies for employment adjustment	(55)	—
Decrease (increase) in trade receivables	416	1,313
Decrease (increase) in costs on construction contracts in progress	(424)	(357)
Decrease (increase) in other inventories	(1,291)	(156)
Increase (decrease) in trade payables	(1,193)	(2,385)
Increase (decrease) in advances received on construction contracts in progress	1,293	990
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(37)	(55)
Other, net	15	(175)
Subtotal	(1,371)	(2,131)
Interest and dividends received	2	2
Interest paid	(98)	(109)
Subsidies for employment adjustment received	55	—
Income taxes paid	(348)	(289)
Income taxes refund	0	0
Net cash provided by (used in) operating activities	(1,760)	(2,527)
Cash flows from investing activities		
Payments into time deposits	(378)	(377)
Proceeds from withdrawal of time deposits	379	377
Purchase of property, plant and equipment and intangible assets	(1,557)	(730)
Disbursement of loans	—	(87)
Proceeds from collection of loans receivable	0	9
Other, net	(75)	(26)
Net cash provided by (used in) investing activities	(1,631)	(834)

(Millions of yen)

	For the six months ended April 30, 2022	For the six months ended April 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,570	4,513
Proceeds from long-term borrowings	3,230	70
Repayments of long-term borrowings	(861)	(223)
Proceeds from sale-and-leaseback payable	67	379
Repayments of lease liabilities	(207)	(219)
Commission for syndicate loan	(1)	(1)
Redemption of bonds	—	(120)
Dividends paid	(394)	(399)
Net cash provided by (used in) financing activities	5,402	3,999
Net increase (decrease) in cash and cash equivalents	2,010	637
Cash and cash equivalents at beginning of period	5,596	7,231
Cash and cash equivalents at end of period	7,607	7,869