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February 8, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)

Company name: NIPPON RIETEC CO., LTD.
 Listing: Tokyo Stock Exchange
 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 quarterly securities report: February 13, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	36,398	12.7	461	–	793	–	494	–
December 31, 2022	32,305	(5.2)	(862)	–	(667)	–	(535)	–

Note: Comprehensive income For the nine months ended December 31, 2023 ¥1,152 million [–%]
 For the nine months ended December 31, 2022 ¥(447) million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	19.84	–
December 31, 2022	(21.29)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	85,912	57,012	66.4
March 31, 2023	82,853	56,783	68.5

Reference: Equity
 As of December 31, 2023: ¥57,012 million
 As of March 31, 2023: ¥56,783 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	–	–	27.00	27.00
Fiscal year ending March 31, 2024	–	–	–		
Fiscal year ending March 31, 2024 (Forecast)				32.00	32.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated earnings forecasts for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	55,600	3.5	3,100	15.3	3,500	13.6	2,500	17.0	101.01

Note: Revisions to the earnings forecasts most recently announced: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: – companies

Excluded: – companies

(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) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes 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 December 31, 2023	25,617,717 shares
As of March 31, 2023	25,617,717 shares

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

As of December 31, 2023	866,465 shares
As of March 31, 2023	666,465 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	24,911,252 shares
Nine months ended December 31, 2022	25,151,301 shares

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

* 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.

Quarterly consolidated financial statements**(1) Quarterly consolidated balance sheet**

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	7,851,390	6,434,777
Notes receivable, accounts receivable from completed construction contracts and other	37,238,887	38,207,995
Costs on construction contracts in progress	725,214	2,694,202
Merchandise and finished goods	91,445	78,489
Work in process	7,158	7,814
Raw materials and supplies	278,813	325,045
Other	337,487	1,180,896
Total current assets	46,530,397	48,929,221
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,318,230	9,013,277
Machinery and vehicles, net	282,767	362,253
Tools, furniture and fixtures, net	261,335	242,600
Land	8,132,764	8,080,474
Leased assets, net	2,003,535	2,015,089
Construction in progress	53,133	598,388
Total property, plant and equipment	20,051,767	20,312,083
Intangible assets	581,609	471,387
Investments and other assets		
Investment securities	14,664,222	15,516,846
Other	1,030,252	687,236
Allowance for doubtful accounts	(4,425)	(4,425)
Total investments and other assets	15,690,050	16,199,658
Total non-current assets	36,323,427	36,983,129
Total assets	82,853,824	85,912,351

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,365,237	5,229,810
Electronically recorded obligations - operating	2,902,158	2,981,833
Short-term borrowings	–	6,000,000
Income taxes payable	1,081,965	58,645
Advances received on construction contracts in progress	227,737	503,530
Provision for warranties for completed construction	2,645	296
Provision for bonuses	1,423,803	617,292
Other	5,347,357	5,582,973
Total current liabilities	18,350,905	20,974,381
Non-current liabilities		
Retirement benefit liability	5,526,060	5,621,788
Provision for retirement benefits for directors (and other officers)	32,025	20,981
Other	2,161,211	2,283,096
Total non-current liabilities	7,719,297	7,925,867
Total liabilities	26,070,202	28,900,249
Net assets		
Shareholders' equity		
Share capital	1,430,962	1,430,962
Capital surplus	3,205,423	3,205,423
Retained earnings	51,025,267	50,845,845
Treasury shares	(518,943)	(769,543)
Total shareholders' equity	55,142,709	54,712,687
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,721,278	2,319,506
Remeasurements of defined benefit plans	(80,365)	(20,091)
Total accumulated other comprehensive income	1,640,912	2,299,414
Total net assets	56,783,621	57,012,102
Total liabilities and net assets	82,853,824	85,912,351

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	32,305,550	36,398,877
Cost of sales	29,478,922	32,173,193
Gross profit	2,826,627	4,225,684
Selling, general and administrative expenses	3,688,884	3,764,423
Operating profit (loss)	(862,256)	461,260
Non-operating income		
Interest income	467	494
Dividend income	122,001	131,441
Gain on sale of goods	117,792	139,617
Share of profit of entities accounted for using equity method	–	63,811
Other	51,196	49,677
Total non-operating income	291,457	385,041
Non-operating expenses		
Interest expenses	40,512	41,469
Share of loss of entities accounted for using equity method	22,224	–
Other	33,681	10,969
Total non-operating expenses	96,417	52,439
Ordinary profit (loss)	(667,216)	793,862
Extraordinary income		
Gain on sale of non-current assets	1,174	2,251
Gain on sale of investment securities	100	–
Total extraordinary income	1,275	2,251
Extraordinary losses		
Loss on sale and retirement of non-current assets	44,783	41,644
Total extraordinary losses	44,783	41,644
Profit (loss) before income taxes	(710,725)	754,469
Income taxes - current	42,504	61,517
Income taxes - deferred	(217,724)	198,689
Total income taxes	(175,219)	260,207
Profit (loss)	(535,505)	494,261
Profit attributable to non-controlling interests	–	–
Profit (loss) attributable to owners of parent	(535,505)	494,261

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit (loss)	(535,505)	494,261
Other comprehensive income		
Valuation difference on available-for-sale securities	84,743	585,875
Remeasurements of defined benefit plans, net of tax	12,199	60,274
Share of other comprehensive income of entities accounted for using equity method	(9,000)	12,352
Total other comprehensive income	87,942	658,502
Comprehensive income	(447,563)	1,152,764
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(447,563)	1,152,764
Comprehensive income attributable to non- controlling interests	—	—