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May 14, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (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
 Inquiries: Seibun Suzuki, Executive Officer and General Manager of Finance Department
 Telephone: +81-3-6880-2710
 Scheduled date of annual general meeting of shareholders: June 26, 2024
 Scheduled date to commence dividend payments: June 27, 2024
 Scheduled date to file annual securities report: June 26, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	58,542	8.9	3,432	27.7	3,910	26.9	2,770	29.6
March 31, 2023	53,745	1.0	2,688	(12.4)	3,081	(6.7)	2,137	(11.1)

Note: Comprehensive income For the fiscal year ended March 31, 2024 ¥3,916 million [83.5%]
 For the fiscal year ended March 31, 2023 ¥2,133 million [18.8%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2024	111.37	—	4.8	4.6	5.9
March 31, 2023	85.07	—	3.8	3.8	5.0

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2024 ¥315 million
 For the fiscal year ended March 31, 2023 ¥270 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	87,315	59,775	68.5	2,415.07
March 31, 2023	82,853	56,783	68.5	2,275.78

Reference: Equity

As of March 31, 2024: ¥59,775 million

As of March 31, 2023: ¥56,783 million

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	3,864	(1,849)	(960)	8,892
March 31, 2023	2,168	(830)	(1,327)	7,838

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	–	–	27.00	27.00	673	31.7	1.2
Fiscal year ended March 31, 2024	–	–	–	35.00	35.00	866	31.4	1.5
Fiscal year ending March 31, 2025 (Forecast)	–	–	–	36.00	36.00		31.8	

Breakdown of the year-end dividend for the fiscal year ended March 31, 2023: Ordinary dividend of ¥27.00

Breakdown of the year-end dividend for the fiscal year ended March 31, 2024: Ordinary dividend of ¥35.00

Breakdown of the year-end dividend forecast for the fiscal year ending March 31, 2025: Ordinary dividend of ¥36.00

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	63,700	8.8	3,500	2.0	4,000	2.3	2,800	1.1	113.13

*** 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) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2024	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 March 31, 2024	866,465 shares
As of March 31, 2023	666,465 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	24,874,328 shares
Fiscal year ended March 31, 2023	25,120,520 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	%
Fiscal year ended								
March 31, 2024	51,084	8.2	2,794	21.8	3,018	22.4	2,114	26.0
March 31, 2023	47,197	(0.1)	2,293	(17.2)	2,466	(17.5)	1,678	(24.1)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	85.00	–
March 31, 2023	66.80	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	70,742	45,464	64.3	1,836.87
March 31, 2023	67,274	43,328	64.4	1,736.53

Reference: Equity

As of March 31, 2024

¥45,464 million

As of March 31, 2023

¥43,328 million

2. Non-consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	55,800	9.2	3,300	9.3	2,300	8.8	92.93

* Financial results reports are exempt from audit 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.

Consolidated financial statements**(1) Consolidated balance sheet**

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	7,851,390	8,905,864
Notes receivable, accounts receivable from completed construction contracts and other	37,238,887	38,019,556
Costs on construction contracts in progress	725,214	747,401
Merchandise and finished goods	91,445	84,681
Work in process	7,158	6,796
Raw materials and supplies	278,813	313,005
Other	337,487	820,886
Total current assets	46,530,397	48,898,193
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,775,565	15,834,260
Machinery, vehicles, tools, furniture and fixtures	4,713,529	4,920,693
Land	8,132,764	9,030,936
Leased assets	3,236,932	3,460,978
Construction in progress	53,133	364,912
Accumulated depreciation	(11,860,158)	(12,637,909)
Total property, plant and equipment	20,051,767	20,973,872
Intangible assets	581,609	437,339
Investments and other assets		
Investment securities	14,664,222	16,285,910
Deferred tax assets	623,585	302,230
Other	406,666	422,541
Allowance for doubtful accounts	(4,425)	(4,425)
Total investments and other assets	15,690,050	17,006,258
Total non-current assets	36,323,427	38,417,469
Total assets	82,853,824	87,315,663

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,365,237	7,435,563
Electronically recorded obligations - operating	2,902,158	3,069,936
Short-term borrowings	–	500,000
Income taxes payable	1,081,965	1,305,823
Advances received on construction contracts in progress	227,737	338,802
Provision for warranties for completed construction	2,645	301
Provision for bonuses	1,423,803	1,679,044
Provision for bonuses for directors (and other officers)	70,255	73,812
Other	5,277,102	5,611,656
Total current liabilities	18,350,905	20,014,939
Non-current liabilities		
Lease liabilities	1,788,888	1,630,285
Provision for retirement benefits for directors (and other officers)	32,025	22,849
Retirement benefit liability	5,526,060	5,509,752
Other	372,322	361,937
Total non-current liabilities	7,719,297	7,524,824
Total liabilities	26,070,202	27,539,764
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	53,121,873
Treasury shares	(518,943)	(769,543)
Total shareholders' equity	55,142,709	56,988,715
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,721,278	2,687,740
Remeasurements of defined benefit plans	(80,365)	99,443
Total accumulated other comprehensive income	1,640,912	2,787,183
Total net assets	56,783,621	59,775,898
Total liabilities and net assets	82,853,824	87,315,663

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

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales		
Net sales of completed construction contracts	50,525,222	55,026,714
Net sales in sideline businesses	2,824,691	3,126,322
Net sales in real estate business	395,232	389,649
Total net sales	53,745,147	58,542,686
Cost of sales		
Cost of sales of completed construction contracts	43,673,500	47,383,800
Cost of sales in sideline businesses	2,176,094	2,292,479
Cost of sales in real estate business	194,331	194,557
Total cost of sales	46,043,925	49,870,837
Gross profit		
Gross profit on completed construction contracts	6,851,722	7,642,913
Gross profit on sideline business	648,597	833,842
Gross profit on real estate business	200,901	195,092
Total gross profit	7,701,221	8,671,848
Selling, general and administrative expenses	5,012,892	5,239,184
Operating profit	2,688,328	3,432,664
Non-operating income		
Interest income	761	669
Dividend income	129,183	140,228
Gain on sale of goods	13,686	44,836
Share of profit of entities accounted for using equity method	270,284	315,275
Miscellaneous income	77,893	75,747
Total non-operating income	491,809	576,757
Non-operating expenses		
Interest expenses	60,279	61,561
Miscellaneous expenses	38,146	37,665
Total non-operating expenses	98,426	99,227
Ordinary profit	3,081,712	3,910,194
Extraordinary income		
Gain on sale of non-current assets	2,174	21,981
Gain on sale of investment securities	46,038	11,555
National subsidies	1,273	–
Total extraordinary income	49,486	33,537
Extraordinary losses		
Loss on sale and retirement of non-current assets	58,828	48,762
Total extraordinary losses	58,828	48,762
Profit before income taxes	3,072,370	3,894,969
Income taxes - current	1,058,550	1,294,163
Income taxes - deferred	(123,285)	(169,483)
Total income taxes	935,264	1,124,679
Profit	2,137,106	2,770,289
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	2,137,106	2,770,289

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	2,137,106	2,770,289
Other comprehensive income		
Valuation difference on available-for-sale securities	66,562	946,276
Remeasurements of defined benefit plans, net of tax	(64,099)	179,808
Share of other comprehensive income of entities accounted for using equity method	(5,764)	20,185
Total other comprehensive income	(3,301)	1,146,271
Comprehensive income	2,133,804	3,916,560
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,133,804	3,916,560
Comprehensive income attributable to non- controlling interests	—	—

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,430,962	3,205,423	49,567,246	(343,500)	53,860,131
Changes during period					
Dividends of surplus			(679,085)		(679,085)
Profit attributable to owners of parent			2,137,106		2,137,106
Purchase of treasury shares				(175,443)	(175,443)
Net changes in items other than shareholders' equity					
Total changes during period			1,458,020	(175,443)	1,282,577
Balance at end of period	1,430,962	3,205,423	51,025,267	(518,943)	55,142,709

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,660,479	(16,265)	1,644,213	55,504,345
Changes during period				
Dividends of surplus				(679,085)
Profit attributable to owners of parent				2,137,106
Purchase of treasury shares				(175,443)
Net changes in items other than shareholders' equity	60,798	(64,099)	(3,301)	(3,301)
Total changes during period	60,798	(64,099)	(3,301)	1,279,276
Balance at end of period	1,721,278	(80,365)	1,640,912	56,783,621

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,430,962	3,205,423	51,025,267	(518,943)	55,142,709
Changes during period					
Dividends of surplus			(673,683)		(673,683)
Profit attributable to owners of parent			2,770,289		2,770,289
Purchase of treasury shares				(250,600)	(250,600)
Net changes in items other than shareholders' equity					
Total changes during period			2,096,605	(250,600)	1,846,005
Balance at end of period	1,430,962	3,205,423	53,121,873	(769,543)	56,988,715

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,721,278	(80,365)	1,640,912	56,783,621
Changes during period				
Dividends of surplus				(673,683)
Profit attributable to owners of parent				2,770,289
Purchase of treasury shares				(250,600)
Net changes in items other than shareholders' equity	966,462	179,808	1,146,271	1,146,271
Total changes during period	966,462	179,808	1,146,271	2,992,276
Balance at end of period	2,687,740	99,443	2,787,183	59,775,898

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,072,370	3,894,969
Depreciation	1,377,314	1,430,828
Increase (decrease) in provision for bonuses	218,145	255,240
Increase (decrease) in provision for bonuses for directors (and other officers)	14,600	3,557
Increase (decrease) in provision for warranties for completed construction	(5,062)	(2,343)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	638	(9,175)
Increase (decrease) in retirement benefit liability	116,273	242,782
Interest and dividend income	(129,945)	(140,898)
Interest expenses	60,279	61,561
Share of loss (profit) of entities accounted for using equity method	(270,284)	(315,275)
Loss (gain) on sale and retirement of property, plant and equipment	56,653	26,780
Loss (gain) on sale of investment securities	(46,038)	(11,555)
National subsidies	(1,273)	-
Decrease (increase) in trade receivables	(2,186,260)	(780,668)
Decrease (increase) in costs on construction contracts in progress	(58,203)	(22,187)
Decrease (increase) in other assets	(189,249)	(525,337)
Increase (decrease) in trade payables	798,614	238,103
Increase (decrease) in accrued expenses	(8,832)	133,291
Increase (decrease) in advances received on construction contracts in progress	117,472	111,064
Increase (decrease) in other liabilities	(94,972)	198,534
Subtotal	2,842,238	4,789,272
Interest and dividends received	188,943	208,576
Interest paid	(60,279)	(61,538)
Income taxes paid	(802,681)	(1,071,777)
Net cash provided by (used in) operating activities	2,168,220	3,864,532
Cash flows from investing activities		
Payments into time deposits	(13,007)	(13,007)
Proceeds from withdrawal of time deposits	13,007	13,007
Purchase of property, plant and equipment	(743,333)	(2,019,405)
Proceeds from sale of property, plant and equipment	2,174	189,733
Proceeds from deposits for sale of property, plant and equipment	7,700	-
Payments for retirement of property, plant and equipment	(29,995)	(22,957)
Purchase of intangible assets	(142,615)	(26,112)
Proceeds from sale of investment securities	80,622	21,077
Loan advances	(74,900)	(64,210)
Proceeds from collection of loans receivable	68,324	71,560
Proceeds from national subsidies	1,273	-
Other	(100)	695
Net cash provided by (used in) investing activities	(830,850)	(1,849,618)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowing	–	500,000
Repayments of finance lease liabilities	(473,801)	(529,282)
Purchase of treasury shares	(175,443)	(250,600)
Dividends paid	(678,570)	(680,557)
Net cash provided by (used in) financing activities	(1,327,814)	(960,439)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	9,555	1,054,474
Cash and cash equivalents at beginning of period	7,828,827	7,838,382
Cash and cash equivalents at end of period	7,838,382	8,892,857