

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 4, 2022

Company name: NITTOC CONSTRUCTION CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1929 URL <https://www.nittoc.co.jp>
 Representative: President & Representative Director Yasuo Wada
 Manager,
 Inquiries: Accounting Department, Masakazu Itabashi TEL 03-5645-5047
 Administration Division
 Scheduled date to file Quarterly Securities Report: November 10, 2022
 Scheduled date to commence dividend payments: November 30, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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 September 30, 2022	32,752	9.9	2,067	50.4	2,137	50.9	1,349	43.8
Six months ended September 30, 2021	29,811	–	1,374	–	1,416	–	938	–

Note: Comprehensive income Six months ended September 30, 2022 ¥1,503 million [52.5%]
 Six months ended September 30, 2021 ¥985 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	32.35		–	
Six months ended September 30, 2021	22.49		–	

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the previous fiscal year, and each figure for the first six months of the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant revised ASBJ regulations. The percentage of year-on-year change is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	50,105	30,778	60.9	731.53
As of March 31, 2022	51,712	30,610	58.8	729.42

Reference: Equity As of September 30, 2022 ¥30,509 million
 As of March 31, 2022 ¥30,422 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	8.00	–	32.00	40.00
Year ending March 31, 2023	–	20.00			
Year ending March 31, 2023 (Forecast)			–	25.00	45.00

Notes: 1. Revision of cash dividend forecast most recently announced: No

2. Breakdown of fiscal year-end dividends for the fiscal year ending March 31, 2023 (forecast):

Ordinary dividend of ¥20.00, and commemorative dividend of ¥5.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	68,500	3.7	4,600	1.7	4,550	(1.6)	3,050	(8.4)	73.13

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2022	41,708,367 shares	As of March 31, 2022	41,708,367 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,845 shares	As of March 31, 2022	1,321 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	41,706,795 shares	Six months ended September 30, 2021	41,708,063 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

Financial results forecasts are based on information available to the Company at the time of release of this document. Actual financial results may differ from the forecast figures due to various factors going forward.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	20,723	20,662
Notes receivable, accounts receivable from completed construction contracts and other	17,934	16,771
Electronically recorded monetary claims - operating	2,563	2,537
Merchandise and finished goods	25	22
Real estate for sale	0	0
Costs on construction contracts in progress	301	486
Raw materials and supplies	285	262
Other	693	418
Allowance for doubtful accounts	(2)	(1)
Total current assets	42,526	41,160
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,639	1,613
Machinery, vehicles, tools, furniture and fixtures, net	1,314	1,219
Land	2,578	2,578
Leased assets, net	0	–
Construction in progress	253	302
Other, net	2	2
Total property, plant and equipment	5,787	5,715
Intangible assets	607	574
Investments and other assets		
Investment securities	417	439
Deferred tax assets	2,003	1,856
Other	403	383
Allowance for doubtful accounts	(32)	(24)
Total investments and other assets	2,791	2,655
Total non-current assets	9,185	8,945
Total assets	51,712	50,105

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	11,921	10,690
Short-term borrowings	–	190
Advances received on construction contracts in progress	593	695
Lease liabilities	0	2
Income taxes payable	555	647
Provision for warranties for completed construction	25	27
Provision for loss on construction contracts	168	6
Provision for bonuses	1,150	1,112
Provision for bonuses for directors (and other officers)	33	–
Other	2,341	1,583
Total current liabilities	16,790	14,957
Non-current liabilities		
Lease liabilities	4	–
Retirement benefit liability	4,209	4,271
Other	97	97
Total non-current liabilities	4,311	4,368
Total liabilities	21,101	19,326
Net assets		
Shareholders' equity		
Share capital	6,052	6,052
Capital surplus	1,753	1,753
Retained earnings	22,560	22,575
Treasury shares	(0)	(1)
Total shareholders' equity	30,365	30,379
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	112	125
Foreign currency translation adjustment	3	49
Remeasurements of defined benefit plans	(58)	(44)
Total accumulated other comprehensive income	56	130
Non-controlling interests	188	269
Total net assets	30,610	30,778
Total liabilities and net assets	51,712	50,105

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales		
Net sales of completed construction contracts	29,702	32,635
Sales in other businesses	109	116
Total net sales	29,811	32,752
Cost of sales		
Cost of sales of completed construction contracts	24,456	26,541
Cost of sales in other businesses	59	61
Total cost of sales	24,516	26,603
Gross profit		
Gross profit on completed construction contracts	5,245	6,094
Gross profit - other business	49	54
Total gross profit	5,295	6,148
Selling, general and administrative expenses	3,920	4,081
Operating profit	1,374	2,067
Non-operating income		
Interest income	4	2
Dividend income	18	6
license income	10	7
Foreign exchange gains	5	64
Other	21	8
Total non-operating income	60	88
Non-operating expenses		
Interest expenses	3	6
Guarantee commission	11	8
Other	3	3
Total non-operating expenses	18	18
Ordinary profit	1,416	2,137
Extraordinary income		
Gain on sale of non-current assets	0	–
Total extraordinary income	0	–
Extraordinary losses		
Loss on sale and retirement of non-current assets	2	2
Total extraordinary losses	2	2
Profit before income taxes	1,414	2,134
Income taxes - current	212	594
Income taxes - deferred	271	134
Total income taxes	484	729
Profit	929	1,405
Profit (loss) attributable to non-controlling interests	(8)	55
Profit attributable to owners of parent	938	1,349

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	929	1,405
Other comprehensive income		
Valuation difference on available-for-sale securities	25	13
Foreign currency translation adjustment	12	70
Remeasurements of defined benefit plans, net of tax	17	14
Total other comprehensive income	55	98
Comprehensive income	985	1,503
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	989	1,422
Comprehensive income attributable to non-controlling interests	(4)	80

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,414	2,134
Depreciation	207	282
Increase (decrease) in allowance for doubtful accounts	(15)	(9)
Increase (decrease) in provision for warranties for completed construction	(0)	2
Increase (decrease) in provision for loss on construction contracts	(85)	(161)
Increase (decrease) in provision for bonuses	(485)	(37)
Increase (decrease) in retirement benefit liability	152	82
Interest and dividend income	(23)	(8)
Interest expenses	3	6
Foreign exchange losses (gains)	(4)	(59)
Loss (gain) on sale of property, plant and equipment	2	–
Loss on retirement of non-current assets	0	2
Decrease (increase) in trade receivables	4,350	1,304
Decrease (increase) in costs on construction contracts in progress	18	(184)
Decrease (increase) in other assets	(158)	261
Increase (decrease) in trade payables	(527)	(1,248)
Increase (decrease) in advances received on construction contracts in progress	(1,143)	96
Increase (decrease) in accrued consumption taxes	78	(120)
Increase (decrease) in other liabilities	(195)	(395)
Subtotal	3,588	1,949
Interest and dividends received	23	8
Interest paid	(4)	(3)
Income taxes paid	(1,296)	(592)
Net cash provided by (used in) operating activities	2,311	1,361
Cash flows from investing activities		
Purchase of investment securities	(2)	(3)
Purchase of property, plant and equipment	(305)	(343)
Proceeds from sale of property, plant and equipment	75	–
Purchase of intangible assets	(255)	(27)
Payments for asset retirement obligations	(9)	–
Payments of guarantee deposits	(11)	(3)
Proceeds from refund of guarantee deposits	4	6
Other payments	(0)	(0)
Other proceeds	2	10
Net cash provided by (used in) investing activities	(501)	(360)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	–	182
Repayments of long-term borrowings	(137)	–
Repayments of lease liabilities	(6)	(2)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,167)	(1,332)
Net cash provided by (used in) financing activities	(1,311)	(1,153)
Effect of exchange rate change on cash and cash equivalents	8	92
Net increase (decrease) in cash and cash equivalents	507	(60)
Cash and cash equivalents at beginning of period	17,722	20,723
Cash and cash equivalents at end of period	18,229	20,662