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May 12, 2022

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

Company name: NIPPON RIETEC CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 1938  
 URL: <https://www.j-rietec.co.jp/>  
 Representative: Shoji Tanabe, Representative Director and President  
 Inquiries: Masaaki Sawamura, Director and General Manager of Finance Department  
 Telephone: +81-3-6880-2710  
 Scheduled date of annual general meeting of shareholders: June 24, 2022  
 Scheduled date to commence dividend payments: June 27, 2022  
 Scheduled date to file annual securities report: June 24, 2022  
 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, 2022 (from April 1, 2021 to March 31, 2022)

#### (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, 2022	53,231	(3.6)	3,068	(27.3)	3,304	(30.7)	2,403	(26.7)
March 31, 2021	55,200	(10.4)	4,220	(6.8)	4,765	(7.5)	3,278	(9.8)

Note: Comprehensive income For the fiscal year ended March 31, 2022 ¥1,795 million [(47.7)%]  
 For the fiscal year ended March 31, 2021 ¥3,430 million [8.1%]

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, 2022	95.55	–	4.4	4.1	5.8
March 31, 2021	130.35	–	6.2	5.9	7.6

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2022 ¥65 million  
 For the fiscal year ended March 31, 2021 ¥344 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, 2022	79,857	55,504	69.5	2,206.82
March 31, 2021	80,618	54,637	67.8	2,172.34

Reference: Equity

As of March 31, 2022: ¥55,504 million

As of March 31, 2021: ¥54,637 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, 2022	2,625	(455)	(1,088)	7,828
March 31, 2021	3,069	(1,520)	(2,017)	6,747

## 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, 2021	–	–	–	27.00	27.00	679	20.7	1.3
Fiscal year ended March 31, 2022	–	–	–	27.00	27.00	679	28.3	1.2
Fiscal year ending March 31, 2023 (Forecast)	–	–	–	27.00	27.00		30.9	

Breakdown of the year-end dividend for the fiscal year ended March 31, 2021: Ordinary dividend of ¥27.00

Breakdown of the year-end dividend for the fiscal year ended March 31, 2022: Ordinary dividend of ¥27.00

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

## 3. Consolidated earnings forecasts for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	54,000	1.4	2,900	(5.5)	3,140	(5.0)	2,200	(8.5)	87.47

**\* 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: Yes

(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, 2022	25,617,717 shares
As of March 31, 2021	25,617,717 shares

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

As of March 31, 2022	466,416 shares
As of March 31, 2021	466,377 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	25,151,316 shares
Fiscal year ended March 31, 2021	25,151,386 shares

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)**

**(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, 2022	47,250	(2.2)	2,770	(22.5)	2,990	(22.0)	2,209	(14.5)
March 31, 2021	48,293	(12.7)	3,576	(11.7)	3,833	(6.0)	2,583	(4.8)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2022	87.86	–
March 31, 2021	102.74	–

**(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, 2022	64,824	42,438	65.5	1,687.32
March 31, 2021	65,344	41,640	63.7	1,655.58

Reference: Equity

As of March 31, 2022

¥42,438 million

As of March 31, 2021

¥41,640 million

**2. Non-consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)**

(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, 2023	47,500	0.5	2,624	(12.2)	1,824	(17.5)	72.52

\* 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. Results may differ from the consolidated forecasts due to various factors.

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

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	6,760,302	7,841,834
Notes receivable, accounts receivable from completed construction contracts and other	35,909,014	35,052,626
Costs on construction contracts in progress	997,169	667,010
Merchandise and finished goods	51,287	85,021
Work in process	9,146	7,728
Raw materials and supplies	234,941	250,867
Other	475,229	199,692
Total current assets	44,437,092	44,104,781
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,599,954	15,493,262
Machinery, vehicles, tools, furniture and fixtures	4,261,075	4,522,550
Land	7,977,012	8,132,696
Leased assets	2,287,791	2,657,473
Construction in progress	111,658	112,402
Accumulated depreciation	(10,435,926)	(11,048,109)
Total property, plant and equipment	19,801,566	19,870,274
Intangible assets	420,057	605,945
Investments and other assets		
Investment securities	15,124,976	14,397,294
Deferred tax assets	460,614	501,475
Other	389,242	382,325
Allowance for doubtful accounts	(15,505)	(4,425)
Total investments and other assets	15,959,329	15,276,669
Total non-current assets	36,180,953	35,752,889
Total assets	80,618,046	79,857,670

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,494,231	6,750,303
Electronically recorded obligations - operating	2,873,617	2,719,159
Income taxes payable	1,403,963	825,223
Advances received on construction contracts in progress	128,385	110,265
Provision for warranties for completed construction	8,986	7,708
Provision for bonuses	1,870,451	1,205,657
Provision for bonuses for directors (and other officers)	66,229	55,654
Other	5,237,318	5,459,709
Total current liabilities	19,083,184	17,133,682
Non-current liabilities		
Lease liabilities	1,324,839	1,489,875
Provision for retirement benefits for directors (and other officers)	32,722	31,387
Retirement benefit liability	5,165,885	5,317,423
Other	374,153	380,956
Total non-current liabilities	6,897,601	7,219,642
Total liabilities	25,980,785	24,353,325
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,430,962	1,430,962
Capital surplus	3,205,423	3,205,423
Retained earnings	48,092,631	49,567,246
Treasury shares	(343,434)	(343,500)
Total shareholders' equity	52,385,582	53,860,131
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,157,182	1,660,479
Remeasurements of defined benefit plans	94,495	(16,265)
Total accumulated other comprehensive income	2,251,677	1,644,213
Total net assets	54,637,260	55,504,345
<b>Total liabilities and net assets</b>	<b>80,618,046</b>	<b>79,857,670</b>

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

## Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales		
Net sales of completed construction contracts	51,788,537	50,380,940
Net sales in sideline businesses	3,035,845	2,461,173
Net sales in real estate business	376,474	389,209
Total net sales	55,200,858	53,231,323
Cost of sales		
Cost of sales of completed construction contracts	43,854,293	43,363,910
Cost of sales in sideline businesses	2,313,129	1,965,154
Cost of sales in real estate business	195,097	191,646
Total cost of sales	46,362,520	45,520,712
Gross profit		
Gross profit on completed construction contracts	7,934,244	7,017,029
Gross profit on sideline business	722,716	496,018
Gross profit on real estate business	181,377	197,562
Total gross profit	8,838,337	7,710,610
Selling, general and administrative expenses	4,617,565	4,641,973
Operating profit	4,220,772	3,068,637
Non-operating income		
Interest income	1,179	574
Dividend income	140,411	136,127
Gain on sale of goods	7,511	49,213
Share of profit of entities accounted for using equity method	344,945	65,831
Miscellaneous income	121,620	78,745
Total non-operating income	615,668	330,491
Non-operating expenses		
Interest expenses	50,321	63,841
Miscellaneous expenses	20,882	30,611
Total non-operating expenses	71,203	94,452
Ordinary profit	4,765,237	3,304,676
Extraordinary income		
Gain on sale of non-current assets	7,424	40,383
Gain on sale of investment securities	–	184,826
National subsidies	–	27,473
Total extraordinary income	7,424	252,683
Extraordinary losses		
Loss on sale and retirement of non-current assets	62,607	18,187
Total extraordinary losses	62,607	18,187
Profit before income taxes	4,710,054	3,539,172
Income taxes - current	1,469,245	805,014
Income taxes - deferred	(37,732)	331,004
Total income taxes	1,431,513	1,136,018
Profit	3,278,540	2,403,153
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	3,278,540	2,403,153

## Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	3,278,540	2,403,153
Other comprehensive income		
Valuation difference on available-for-sale securities	92,353	(483,319)
Remeasurements of defined benefit plans, net of tax	63,873	(110,761)
Share of other comprehensive income of entities accounted for using equity method	(4,348)	(13,383)
Total other comprehensive income	151,878	(607,463)
Comprehensive income	3,430,419	1,795,689
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,430,419	1,795,689
Comprehensive income attributable to non- controlling interests	—	—

**(3) Consolidated statement of changes in equity**

Fiscal year ended March 31, 2021

(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	45,493,181	(343,046)	49,786,520
Cumulative effects of changes in accounting policies					
Restated balance	1,430,962	3,205,423	45,493,181	(343,046)	49,786,520
Changes during period					
Dividends of surplus			(679,090)		(679,090)
Profit attributable to owners of parent			3,278,540		3,278,540
Purchase of treasury shares				(388)	(388)
Net changes in items other than shareholders' equity					
Total changes during period			2,599,450	(388)	2,599,062
Balance at end of period	1,430,962	3,205,423	48,092,631	(343,434)	52,385,582

	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	2,069,177	30,621	2,099,799	51,886,320
Cumulative effects of changes in accounting policies				
Restated balance	2,069,177	30,621	2,099,799	51,886,320
Changes during period				
Dividends of surplus				(679,090)
Profit attributable to owners of parent				3,278,540
Purchase of treasury shares				(388)
Net changes in items other than shareholders' equity	88,004	63,873	151,878	151,878
Total changes during period	88,004	63,873	151,878	2,750,940
Balance at end of period	2,157,182	94,495	2,251,677	54,637,260

Fiscal year ended March 31, 2022

(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	48,092,631	(343,434)	52,385,582
Cumulative effects of changes in accounting policies			(249,452)		(249,452)
Restated balance	1,430,962	3,205,423	47,843,179	(343,434)	52,136,130
Changes during period					
Dividends of surplus			(679,086)		(679,086)
Profit attributable to owners of parent			2,403,153		2,403,153
Purchase of treasury shares				(65)	(65)
Net changes in items other than shareholders' equity					
Total changes during period			1,724,066	(65)	1,724,001
Balance at end of period	1,430,962	3,205,423	49,567,246	(343,500)	53,860,131

	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	2,157,182	94,495	2,251,677	54,637,260
Cumulative effects of changes in accounting policies				(249,452)
Restated balance	2,157,182	94,495	2,251,677	54,387,808
Changes during period				
Dividends of surplus				(679,086)
Profit attributable to owners of parent				2,403,153
Purchase of treasury shares				(65)
Net changes in items other than shareholders' equity	(496,702)	(110,761)	(607,463)	(607,463)
Total changes during period	(496,702)	(110,761)	(607,463)	1,116,537
Balance at end of period	1,660,479	(16,265)	1,644,213	55,504,345

**(4) Consolidated statement of cash flows**

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,710,054	3,539,172
Depreciation	1,065,818	1,246,689
Increase (decrease) in provision for bonuses	117,194	(664,793)
Increase (decrease) in provision for bonuses for directors (and other officers)	1,779	(10,574)
Increase (decrease) in provision for warranties for completed construction	161	(1,277)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3,724	(1,334)
Increase (decrease) in retirement benefit liability	(46,746)	(8,059)
Interest and dividend income	(141,591)	(136,702)
Interest expenses	50,321	63,841
Share of loss (profit) of entities accounted for using equity method	(344,945)	(65,831)
Loss (gain) on sale and retirement of property, plant and equipment	55,183	(22,196)
Loss (gain) on sale of investment securities	–	(184,826)
National subsidies	–	(27,473)
Decrease (increase) in trade receivables	362,682	771,191
Decrease (increase) in costs on construction contracts in progress	(114,191)	55,345
Decrease (increase) in other assets	(114,436)	229,998
Increase (decrease) in trade payables	(960,391)	(897,271)
Increase (decrease) in accrued expenses	9,930	(15,759)
Increase (decrease) in advances received on construction contracts in progress	(182,566)	(26,014)
Increase (decrease) in other liabilities	44,077	36,288
Subtotal	4,516,058	3,880,411
Interest and dividends received	205,909	196,624
Interest paid	(50,248)	(64,096)
Income taxes paid	(1,602,617)	(1,387,523)
Net cash provided by (used in) operating activities	3,069,102	2,625,416
<b>Cash flows from investing activities</b>		
Payments into time deposits	(13,007)	(13,007)
Proceeds from withdrawal of time deposits	13,006	13,007
Purchase of property, plant and equipment	(1,288,712)	(537,927)
Proceeds from sale of property, plant and equipment	27,507	168,156
Proceeds from deposits for sale of property, plant and equipment	16,000	–
Payments for retirement of property, plant and equipment	(51,805)	(14,292)
Purchase of intangible assets	(231,708)	(308,771)
Purchase of investment securities	(1,536)	(1,572)
Proceeds from sale of investment securities	–	210,250
Loan advances	(14,200)	(19,417)
Proceeds from collection of loans receivable	22,922	20,560
Proceeds from national subsidies	–	27,473
Other	930	500
Net cash provided by (used in) investing activities	(1,520,603)	(455,039)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(1,050,000)	–
Repayments of finance lease liabilities	(288,874)	(411,194)
Purchase of treasury shares	(388)	(65)
Dividends paid	(677,943)	(677,584)
Net cash provided by (used in) financing activities	(2,017,206)	(1,088,844)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(468,707)	1,081,531
Cash and cash equivalents at beginning of period	7,216,003	6,747,295
Cash and cash equivalents at end of period	6,747,295	7,828,827