

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 8, 2023

Company name: NIHON DENGHI CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 1723 URL <https://www.nihondengi.co.jp/>
 Representative: PRESIDENT SHIMADA RYOSUKE
 DIRECTOR, SENIOR EXECUTIVE
 OFFICER,
 Inquiries: DIVISION DIRECTOR OF PLANNING & TAKAMI HIROKAZU TEL 03-5624-1100
 ADMINISTRATION DIVISION
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 29, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	34,308	8.3	4,502	10.5	4,613	11.5	3,167	4.5
Year ended March 31, 2022	31,669	(7.1)	4,074	(11.1)	4,139	(11.2)	3,029	(8.9)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	395.48	—	10.6	11.3	13.1
Year ended March 31, 2022	378.40	—	10.9	10.8	12.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	43,290	31,077	71.8	3,879.63
As of March 31, 2022	38,571	28,865	74.8	3,604.56

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	3,518	(2,201)	(989)	8,487
Year ended March 31, 2022	1,357	(1,435)	(1,067)	8,159

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	10.00	—	104.00	114.00	912	30.1	3.3
Year ended March 31, 2023	—	10.00	—	142.00	152.00	1,217	38.4	4.1
Year ending March 31, 2024 (Forecast)	—	76.00	—	84.00	160.00		40.1	

3. Forecast of consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	35,000	2.0	4,550	1.0	4,650	0.8	3,200	1.0	399.48

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	8,197,500 shares	As of March 31, 2022	8,197,500 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	187,097 shares	As of March 31, 2022	189,399 shares
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Average number of shares during the period

Year ended March 31, 2023	8,009,672 shares	Year ended March 31, 2022	8,007,408 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,259	6,087
Notes receivable, accounts receivable from completed construction contracts and other	8,244	9,962
Electronically recorded monetary claims - operating	3,528	4,520
Securities	6,294	5,398
Costs on construction contracts in progress	800	1,044
Other inventories	22	34
Other	1,156	737
Allowance for doubtful accounts	(1)	(0)
Total current assets	25,305	27,784
Non-current assets		
Property, plant and equipment		
Buildings and structures	707	714
Machinery, vehicles, tools, furniture and fixtures	761	782
Land	293	293
Accumulated depreciation	(867)	(927)
Total property, plant and equipment	895	862
Intangible assets		
Goodwill	71	47
Software	887	734
Other	116	96
Total intangible assets	1,075	878
Investments and other assets		
Investment securities	8,994	11,024
Deferred tax assets	665	797
Other	1,644	1,945
Allowance for doubtful accounts	(8)	(3)
Total investments and other assets	11,295	13,764
Total non-current assets	13,265	15,505
Total assets	38,571	43,290

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	3,749	4,834
Income taxes payable	702	994
Accrued expenses	2,600	3,359
Advances received on construction contracts in progress	1,347	1,518
Provision for warranties for completed construction	27	20
Provision for loss on construction contracts	28	6
Other	498	696
Total current liabilities	8,953	11,431
Non-current liabilities		
Lease liabilities	314	343
Retirement benefit liability	156	159
Asset retirement obligations	83	84
Other	196	193
Total non-current liabilities	751	781
Total liabilities	9,705	12,212
Net assets		
Shareholders' equity		
Share capital	470	470
Capital surplus	323	327
Retained earnings	27,790	30,045
Treasury shares	(370)	(365)
Total shareholders' equity	28,215	30,477
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	650	599
Total accumulated other comprehensive income	650	599
Total net assets	28,865	31,077
Total liabilities and net assets	38,571	43,290

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	31,669	34,308
Cost of sales	20,945	22,705
Gross profit	10,724	11,603
Selling, general and administrative expenses		
Employees' salaries and allowances	3,261	3,533
Retirement benefit expenses	91	93
Legal welfare expenses	485	537
Rent expenses on land and buildings	610	578
Depreciation	328	328
Other	1,872	2,029
Total selling, general and administrative expenses	6,649	7,100
Operating profit	4,074	4,502
Non-operating income		
Interest income	19	25
Dividend income	47	53
Other	25	36
Total non-operating income	92	114
Non-operating expenses		
Loss on cancellation of insurance policies	25	2
Other	1	1
Total non-operating expenses	27	4
Ordinary profit	4,139	4,613
Extraordinary income		
Gain on sale of non-current assets	286	—
Gain on sale of investment securities	18	5
Total extraordinary income	304	5
Extraordinary losses		
Loss on retirement of non-current assets	13	4
Loss on sale of investment securities	—	4
Loss on revision of retirement benefit plan	27	—
Total extraordinary losses	40	8
Profit before income taxes	4,403	4,610
Income taxes - current	1,283	1,551
Income taxes - deferred	89	(109)
Total income taxes	1,373	1,442
Profit	3,029	3,167
Profit attributable to owners of parent	3,029	3,167

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,029	3,167
Other comprehensive income		
Valuation difference on available-for-sale securities	(95)	(50)
Remeasurements of defined benefit plans, net of tax	(27)	–
Total other comprehensive income	(122)	(50)
Comprehensive income	2,907	3,116
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,907	3,116

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	470	319	25,469	(374)	25,885
Cumulative effects of changes in accounting policies			291		291
Restated balance	470	319	25,761	(374)	26,177
Changes during period					
Dividends of surplus			(1,000)		(1,000)
Profit attributable to owners of parent			3,029		3,029
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4		4	8
Net changes in items other than shareholders' equity					
Total changes during period	—	4	2,029	4	2,037
Balance at end of period	470	323	27,790	(370)	28,215

	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	745	27	772	26,658
Cumulative effects of changes in accounting policies				291
Restated balance	745	27	772	26,949
Changes during period				
Dividends of surplus				(1,000)
Profit attributable to owners of parent				3,029
Purchase of treasury shares				(0)
Disposal of treasury shares				8
Net changes in items other than shareholders' equity	(95)	(27)	(122)	(122)
Total changes during period	(95)	(27)	(122)	1,915
Balance at end of period	650	—	650	28,865

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	470	323	27,790	(370)	28,215
Changes during period					
Dividends of surplus			(912)		(912)
Profit attributable to owners of parent			3,167		3,167
Disposal of treasury shares		3		4	7
Net changes in items other than shareholders' equity					
Total changes during period	—	3	2,254	4	2,262
Balance at end of period	470	327	30,045	(365)	30,477

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	650	650	28,865
Changes during period			
Dividends of surplus			(912)
Profit attributable to owners of parent			3,167
Disposal of treasury shares			7
Net changes in items other than shareholders' equity	(50)	(50)	(50)
Total changes during period	(50)	(50)	2,211
Balance at end of period	599	599	31,077

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,403	4,610
Depreciation	368	369
Amortization of goodwill	23	23
Increase (decrease) in retirement benefit liability	(274)	3
Increase (decrease) in provision for warranties for completed construction	(11)	(6)
Increase (decrease) in provision for loss on construction contracts	20	(21)
Interest and dividend income	(67)	(78)
Loss (gain) on sale of investment securities	(18)	(1)
Gain on sale of non-current assets	(286)	—
Decrease (increase) in trade receivables	(1,711)	(2,419)
Decrease (increase) in costs on construction contracts in progress	687	(243)
Decrease (increase) in inventories	5	(11)
Increase (decrease) in trade payables	966	1,085
Increase (decrease) in advances received on construction contracts in progress	314	170
Other, net	(1,160)	1,212
Subtotal	3,259	4,694
Interest and dividends received	63	82
Income taxes paid	(1,965)	(1,257)
Net cash provided by (used in) operating activities	1,357	3,518
Cash flows from investing activities		
Purchase of securities	—	(700)
Proceeds from redemption of securities	—	600
Purchase of property, plant and equipment	(95)	(75)
Proceeds from sale of property, plant and equipment	429	—
Purchase of intangible assets	(26)	(138)
Purchase of investment securities	(2,913)	(2,974)
Proceeds from sale of investment securities	32	100
Proceeds from redemption of investment securities	1,245	1,296
Purchase of insurance funds	(427)	(328)
Proceeds from cancellation of insurance funds	319	11
Payments of leasehold and guarantee deposits	(47)	(9)
Other, net	47	16
Net cash provided by (used in) investing activities	(1,435)	(2,201)
Cash flows from financing activities		
Purchase of treasury shares	(0)	—
Repayments of lease liabilities	(67)	(79)
Dividends paid	(999)	(910)
Net cash provided by (used in) financing activities	(1,067)	(989)
Net increase (decrease) in cash and cash equivalents	(1,145)	327
Cash and cash equivalents at beginning of period	9,305	8,159
Cash and cash equivalents at end of period	8,159	8,487