

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: Nippon Air Conditioning Services Co., Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 4658 URL <https://www.nikku.co.jp/>
 Representative: President & Representative Director Yoji Tanaka
 Executive Officer
 Inquiries: Accounting Department Director Tomoaki Yokoi TEL 052-773-2511
 Scheduled date of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to file Securities Report: June 27, 2022
 Scheduled date to commence dividend payments: June 27, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	49,886	1.5	2,617	(13.0)	2,801	(10.8)	2,821	41.2
Year ended March 31, 2021	49,152	(1.1)	3,007	(3.2)	3,142	(2.3)	1,998	5.2

	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, 2022	81.35	80.05	14.1	8.0	5.2
Year ended March 31, 2021	56.75	55.77	10.5	9.3	6.1

(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, 2022	35,140	20,482	57.2	584.08
As of March 31, 2021	34,906	20,384	57.4	572.85

(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, 2022	1,781	971	(2,366)	6,649
Year ended March 31, 2021	2,726	(267)	(1,813)	6,227

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, 2021	–	12.50	–	16.00	28.50	1,001	50.2	5.2
Year ended March 31, 2022	–	27.50	–	14.00	41.50	1,437	51.0	7.2
Year ending March 31, 2023 (Forecast)	–	14.00	–	14.00	28.00		50.7	

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	52,000	4.2	2,900	10.8	3,000	7.1	1,900	(32.7)	55.22

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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, 2022	35,784,000 shares	As of March 31, 2021	35,784,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	1,378,717 shares	As of March 31, 2021	828,917 shares
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Average number of shares during the period

Year ended March 31, 2022	34,681,352 shares	Year ended March 31, 2021	35,217,553 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	6,686	7,253
Notes receivable, accounts receivable from completed construction contracts and other	11,461	–
Notes receivable - trade	–	155
Electronically recorded monetary claims - operating	844	730
Accounts receivable - trade	–	6,763
Accounts receivable from completed construction contracts	–	3,981
Contract assets	–	1,240
Costs on construction contracts in progress	469	637
Raw materials and supplies	20	19
Accounts receivable - other	340	471
Other	344	411
Allowance for doubtful accounts	(10)	(11)
Total current assets	20,156	21,653
Non-current assets		
Property, plant and equipment		
Buildings	5,971	6,084
Accumulated depreciation	(3,098)	(3,238)
Buildings, net	2,873	2,845
Machinery and equipment	1,829	1,839
Accumulated depreciation	(616)	(724)
Machinery and equipment, net	1,212	1,115
Land	3,959	4,046
Construction in progress	3	10
Other	1,218	1,260
Accumulated depreciation	(982)	(1,038)
Other, net	235	221
Total property, plant and equipment	8,284	8,238
Intangible assets		
Software	135	49
Other	18	26
Total intangible assets	153	76
Investments and other assets		
Investment securities	5,620	4,412
Deferred tax assets	480	529
Other	216	235
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	6,311	5,171
Total non-current assets	14,750	13,487
Total assets	34,906	35,140

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	4,637	4,832
Electronically recorded obligations - operating	1,307	1,487
Short-term borrowings	470	320
Current portion of long-term borrowings	185	176
Accounts payable - other	275	394
Accrued expenses	1,919	1,771
Income taxes payable	506	938
Advances received on construction contracts in progress	98	–
Contract liabilities	–	398
Provision for bonuses for directors (and other officers)	57	35
Provision for loss on orders received	11	106
Other	890	486
Total current liabilities	10,360	10,948
Non-current liabilities		
Long-term borrowings	534	357
Deferred tax liabilities	398	2
Provision for retirement benefits for directors (and other officers)	228	120
Provision for executive officers' retirement benefits	27	35
Retirement benefit liability	2,901	3,109
Asset retirement obligations	48	48
Other	23	34
Total non-current liabilities	4,161	3,709
Total liabilities	14,522	14,657
Net assets		
Shareholders' equity		
Share capital	1,139	1,139
Capital surplus	1,174	1,168
Retained earnings	15,178	16,482
Treasury shares	(359)	(807)
Total shareholders' equity	17,132	17,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,150	2,337
Foreign currency translation adjustment	(46)	9
Remeasurements of defined benefit plans	(213)	(235)
Total accumulated other comprehensive income	2,891	2,111
Share acquisition rights	241	241
Non-controlling interests	118	145
Total net assets	20,384	20,482
Total liabilities and net assets	34,906	35,140

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	49,152	49,886
Cost of sales	40,035	41,080
Gross profit	9,116	8,806
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	457	430
Share-based payment expenses	45	38
Salaries, allowances and bonuses	3,623	3,692
Provision for bonuses for directors (and other officers)	57	35
Retirement benefit expenses	94	104
Provision for retirement benefits for directors (and other officers)	26	31
Provision for executive officers' retirement benefits	9	7
Other	1,794	1,847
Total selling, general and administrative expenses	6,108	6,189
Operating profit	3,007	2,617
Non-operating income		
Interest income	7	8
Dividend income	85	85
Dividend income of insurance	1	6
Insurance claim income	6	13
Foreign exchange gains	21	45
Subsidy income	20	14
Other	14	22
Total non-operating income	156	196
Non-operating expenses		
Interest expenses	9	8
Financing expenses	0	0
Provision of allowance for doubtful accounts	8	–
Commission expenses	1	2
Other	1	0
Total non-operating expenses	21	11
Ordinary profit	3,142	2,801
Extraordinary income		
Gain on sale of non-current assets	2	0
Gain on sale of investment securities	–	1,391
Other	0	0
Total extraordinary income	3	1,393

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	1	2
Impairment losses	5	10
Other	0	3
Total extraordinary losses	7	16
Profit before income taxes	3,138	4,178
Income taxes - current	1,067	1,416
Income taxes - deferred	59	(70)
Total income taxes	1,127	1,345
Profit	2,010	2,832
Profit attributable to non-controlling interests	12	11
Profit attributable to owners of parent	1,998	2,821

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	2,010	2,832
Other comprehensive income		
Valuation difference on available-for-sale securities	1,212	(813)
Foreign currency translation adjustment	(26)	71
Remeasurements of defined benefit plans, net of tax	(20)	(22)
Total other comprehensive income	1,166	(763)
Comprehensive income	3,177	2,069
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,162	2,041
Comprehensive income attributable to non-controlling interests	14	27

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,139	1,133	14,170	(68)	16,374
Changes during period					
Dividends of surplus			(988)		(988)
Profit attributable to owners of parent			1,998		1,998
Purchase of treasury shares				(306)	(306)
Disposal of treasury shares		41		16	57
Other			(2)		(2)
Net changes in items other than shareholders' equity					
Total changes during period	-	41	1,007	(290)	758
Balance at end of period	1,139	1,174	15,178	(359)	17,132

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,938	(18)	(193)	1,727	253	104	18,459
Changes during period							
Dividends of surplus							(988)
Profit attributable to owners of parent							1,998
Purchase of treasury shares							(306)
Disposal of treasury shares							57
Other							(2)
Net changes in items other than shareholders' equity	1,212	(28)	(20)	1,164	(11)	13	1,166
Total changes during period	1,212	(28)	(20)	1,164	(11)	13	1,924
Balance at end of period	3,150	(46)	(213)	2,891	241	118	20,384

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	1,139	1,174	15,178	(359)	17,132
Changes during period					
Dividends of surplus			(1,514)		(1,514)
Profit attributable to owners of parent			2,821		2,821
Purchase of treasury shares				(500)	(500)
Disposal of treasury shares		(5)		52	47
Other			(2)		(2)
Net changes in items other than shareholders' equity					
Total changes during period	–	(5)	1,304	(447)	851
Balance at end of period	1,139	1,168	16,482	(807)	17,983

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,150	(46)	(213)	2,891	241	118	20,384
Changes during period							
Dividends of surplus							(1,514)
Profit attributable to owners of parent							2,821
Purchase of treasury shares							(500)
Disposal of treasury shares							47
Other							(2)
Net changes in items other than shareholders' equity	(813)	55	(22)	(779)	(0)	27	(752)
Total changes during period	(813)	55	(22)	(779)	(0)	27	98
Balance at end of period	2,337	9	(235)	2,111	241	145	20,482

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,138	4,178
Depreciation	449	452
Impairment losses	5	10
Increase (decrease) in allowance for doubtful accounts	9	0
Increase (decrease) in provision for bonuses for directors (and other officers)	8	(21)
Increase (decrease) in provision for loss on orders received	(18)	94
Increase (decrease) in provision for retirement benefits for directors (and other officers)	26	(107)
Increase (decrease) in provision for retirement benefits for executive officers	9	7
Increase (decrease) in retirement benefit liability	127	176
Interest and dividend income	(92)	(94)
Interest expenses	9	8
Loss (gain) on sale of investment securities	–	(1,391)
Share-based payment expenses	45	38
Decrease (increase) in trade receivables	(14)	(539)
Decrease (increase) in inventories	182	(164)
Increase (decrease) in trade payables	248	363
Decrease (increase) in other current assets	(71)	(186)
Increase (decrease) in other current liabilities	(104)	(109)
Other, net	(2)	(10)
Subtotal	3,958	2,704
Interest and dividends received	104	81
Interest paid	(9)	(8)
Income taxes paid	(1,327)	(995)
Net cash provided by (used in) operating activities	2,726	1,781
Cash flows from investing activities		
Purchase of property, plant and equipment	(175)	(292)
Proceeds from sale of property, plant and equipment	24	2
Purchase of intangible assets	(14)	(20)
Purchase of investment securities	(34)	(37)
Proceeds from sale of investment securities	–	1,449
Loan advances	(4)	(5)
Proceeds from collection of loans receivable	9	3
Other payments	(145)	(211)
Other proceeds	72	83
Net cash provided by (used in) investing activities	(267)	971
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(62)	(150)
Repayments of long-term borrowings	(448)	(185)
Dividends paid	(988)	(1,523)
Purchase of treasury shares	(306)	(500)
Other, net	(7)	(7)
Net cash provided by (used in) financing activities	(1,813)	(2,366)
Effect of exchange rate change on cash and cash equivalents	(28)	36
Net increase (decrease) in cash and cash equivalents	615	422
Cash and cash equivalents at beginning of period	5,611	6,227
Cash and cash equivalents at end of period	6,227	6,649