

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

January 31, 2023

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 to file Quarterly Securities Report: February 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	35,221	3.1	1,465	(8.9)	1,642	(6.3)	1,016	(51.9)
Nine months ended December 31, 2021	34,154	(0.2)	1,609	(17.1)	1,753	(14.4)	2,112	66.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	29.69		29.25	
Nine months ended December 31, 2021	60.81		59.83	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	33,820	20,441	59.2
As of March 31, 2022	35,140	20,482	57.2

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	–	27.50	–	14.00	41.50
Year ending March 31, 2023	–	14.00	–		
Year ending March 31, 2023 (Forecast)				14.00	28.00

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	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 nine months ended December 31, 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: Yes
- (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 December 31, 2022	35,784,000 shares	As of March 31, 2022	35,784,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	1,533,867 shares	As of March 31, 2022	1,378,717 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2022	34,238,812 shares	Nine months ended December 31, 2021	34,742,396 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	7,253	5,866
Notes receivable, accounts receivable from completed construction contracts and other	12,140	10,532
Electronically recorded monetary claims - operating	730	835
Inventories	657	2,078
Other	883	838
Allowance for doubtful accounts	(11)	(11)
Total current assets	21,653	20,139
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,845	2,781
Land	4,046	4,480
Construction in progress	10	6
Other, net	1,336	1,254
Total property, plant and equipment	8,238	8,522
Intangible assets		
Software	49	55
Other	26	18
Total intangible assets	76	74
Investments and other assets		
Investment securities	4,412	4,326
Other	765	758
Allowance for doubtful accounts	(5)	(1)
Total investments and other assets	5,171	5,084
Total non-current assets	13,487	13,681
Total assets	35,140	33,820

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	4,832	3,992
Electronically recorded obligations - operating	1,487	1,542
Short-term borrowings	320	1,027
Current portion of long-term borrowings	176	166
Accounts payable - other	394	179
Accrued expenses	1,771	1,351
Income taxes payable	938	74
Provision for bonuses for directors (and other officers)	35	–
Provision for loss on orders received	106	79
Other	884	1,308
Total current liabilities	10,948	9,721
Non-current liabilities		
Long-term borrowings	357	234
Provision for retirement benefits for directors (and other officers)	120	142
Provision for executive officers' retirement benefits	35	40
Retirement benefit liability	3,109	3,159
Asset retirement obligations	48	49
Other	37	31
Total non-current liabilities	3,709	3,657
Total liabilities	14,657	13,379
Net assets		
Shareholders' equity		
Share capital	1,139	1,139
Capital surplus	1,168	1,163
Retained earnings	16,482	16,535
Treasury shares	(807)	(946)
Total shareholders' equity	17,983	17,891
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,337	2,246
Foreign currency translation adjustment	9	102
Remeasurements of defined benefit plans	(235)	(208)
Total accumulated other comprehensive income	2,111	2,140
Share acquisition rights	241	235
Non-controlling interests	145	173
Total net assets	20,482	20,441
Total liabilities and net assets	35,140	33,820

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	34,154	35,221
Cost of sales	28,050	29,090
Gross profit	6,103	6,131
Selling, general and administrative expenses	4,494	4,665
Operating profit	1,609	1,465
Non-operating income		
Interest income	6	9
Dividend income	85	101
Dividend income of insurance	6	9
Foreign exchange gains	13	44
Other	40	20
Total non-operating income	152	185
Non-operating expenses		
Interest expenses	6	6
Other	2	1
Total non-operating expenses	8	8
Ordinary profit	1,753	1,642
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on sale of investment securities	1,391	–
Other	0	–
Total extraordinary income	1,392	1
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	1	0
Other	3	–
Total extraordinary losses	4	0
Profit before income taxes	3,141	1,642
Income taxes	1,018	615
Profit	2,122	1,027
Profit attributable to non-controlling interests	10	10
Profit attributable to owners of parent	2,112	1,016

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	2,122	1,027
Other comprehensive income		
Valuation difference on available-for-sale securities	(534)	(90)
Foreign currency translation adjustment	54	110
Remeasurements of defined benefit plans, net of tax	24	26
Total other comprehensive income	(455)	46
Comprehensive income	1,667	1,073
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,647	1,045
Comprehensive income attributable to non-controlling interests	20	28