



July 25, 2023

Consolidated Financial Results for the Three Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: THE NIPPON ROAD CO., LTD.
 Listing: Tokyo Stock Exchange Prime Market
 Securities code: 1884
 URL: <https://www.nipponroad.co.jp/>
 Representative: Toshiyuki Ishii, Representative Director and President
 Inquiries: Minoru Kaiho, General Manager, Accounting Department, Administration Division
 Telephone: +81-3-3571-4051
 Scheduled date to file quarterly securities report: July 28, 2023
 Scheduled date of commencing dividend payments: —
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2023	35,296	5.1	974	—	1,034	—	620	—
June 30, 2022	33,581	(3.7)	(725)	—	(571)	—	(475)	—

Note: Comprehensive income For the three months ended June 30, 2023: ¥714 million [— %]
 For the three months ended June 30, 2022: ¥(393) million [— %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	70.63	—
June 30, 2022	(54.06)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	149,755	95,161	63.4
March 31, 2023	151,850	96,909	63.7

Reference: Equity
 As of June 30, 2023: ¥95,010 million
 As of March 31, 2023: ¥96,762 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	—	—	280.00	280.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		—	—	60.00	—

Note: Revisions to the forecast of cash dividends most recently announced: Yes

As the Company plans to implement a share split at a rate of five shares per share of common shares with October 1, 2023 as the effective date, the amount stated for the above annual dividends per share for the fiscal year ending March 31, 2024 (forecast) takes into consideration the impacts of said share split. Please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of future forecast information such as consolidated financial results forecast” on page 3 for more information.

3. Consolidated financial results forecast for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	164,000	5.6	10,000	75.6	10,100	70.6	6,500	14.0	147.91

Note: Revisions to the financial results forecast most recently announced: None

As the Company plans to implement a share split at a rate of five shares per share of common shares with October 1, 2023 as the effective date, the amount stated for the above basic earnings per share for the consolidated financial results forecast for the fiscal year ending March 31, 2024 takes into consideration the impacts of said share split. Please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of future forecast information such as consolidated financial results forecast” on page 3 for more information.

*** 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) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to reasons other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

- (4) Number of issued shares (common shares)

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

As of June 30, 2023	8,789,268 shares
As of March 31, 2023	8,789,268 shares

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

As of June 30, 2023	411 shares
As of March 31, 2023	409 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	8,788,858 shares
Three months ended June 30, 2022	8,789,206 shares

- * Quarterly financial results reports are exempt from quarterly review by certified public accountants or an audit corporation.

- * Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements, etc.)

Financial results forecasts and other forward-looking statements provided in these materials are based on information available to the Company and certain other assumptions deemed reasonable as of the date of publication of this document, and do not represent any guarantee that the Company will achieve these results. Actual financial results and other aspects of business performance may differ significantly from these forecasts owing to various factors. Please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of future forecast information such as consolidated financial results forecast” on page 3 of the attached materials for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of operating results

The Japanese economy in the three months under review showed signs of recovery, mainly in domestic demand such as personal consumption and capital investment as the economy normalizes.

In the construction industry, the main business of the Group (the Company and its consolidated subsidiaries), while government construction investment is expected to continue to steadily increase to above ¥20 trillion, private sector construction investment continued to improve, despite concerns such as the rise in raw material prices, as capital investment for corporations increased.

Under such circumstances, although the Group as a whole conducted proactive and strategic sales that were compatible with area environments in order to secure orders by enhancing integration accuracy and proposals of technology for government projects and increasing the number of high quality orders for private sector projects, the amount of construction orders received was ¥32,095 million (down 2.3% year-on-year), the amount of construction sales was ¥28,889 million (up 5.1% year-on-year), and total net sales including finished goods, etc., were ¥35,296 million (up 5.1% year-on-year).

Concerning profits, due to increased profitability with thorough construction management in the Construction Business, operating income was ¥974 million (¥725 million operating loss in the previous corresponding period), ordinary income was ¥1,034 million (¥571 million ordinary loss in the previous corresponding period), and profit attributable to owners of parent amounted to ¥620 million (¥475 million loss attributable to owners of parent in the previous corresponding period).

Business performance by segment is as follows. (Business performance by segment includes inter-segment net sales and transfers.)

(Construction Business)

As the Group's key division, net sales amounted to ¥28,891 million (up 5.1% year-on-year) and operating income was ¥1,407 million (¥72 million operating income in the previous corresponding period) in the Construction Business.

(Manufacturing & Sales Business)

Net sales amounted to ¥6,782 million (up 2.0% year-on-year) and operating income was ¥226 million (¥215 million operating loss in the previous corresponding period).

(Leasing Business)

Net sales amounted to ¥1,675 million (up 6.6% year-on-year) and operating income was ¥122 million (up 4.8% year-on-year).

(Other)

Net sales amounted to ¥352 million (up 1.2% year-on-year) and operating income was ¥119 million (up 1.8% year-on-year).

(2) Explanation of financial position

(Assets)

Total assets as of the end of the three months under review amounted to ¥149,755 million (down ¥2,094 million year-on-year). The main factors were an increase of ¥5,891 million in cash and deposits and a decrease of ¥8,196 million in notes receivable, accounts receivable from completed construction contracts and other.

(Liabilities)

Total liabilities as of the end of the three months under review amounted to ¥54,593 million (down ¥347 million year-on-year). The main factors were increases of ¥1,604 million in advances received on uncompleted construction contracts and ¥3,300 million in loans payable due to renewal of loans payable and a decrease of ¥4,694 million in notes payable, accounts payable for construction contracts and other.

(Net assets)

Total net assets as of the end of the three months under review totaled ¥95,161 million (down ¥1,747 million year-on-year). The main factors were a recording of ¥620 million to profit attributable to owners of parent and a payment of ¥2,460 million in shareholder dividends.

(3) Explanation of future forecast information such as consolidated financial results forecast

The full year financial results forecast for the fiscal year ending March 31, 2024 has not been changed from the financial results forecast announced on May 11, 2023.

In the future, if the financial results forecast requires revisions, they will be promptly disclosed.

In addition, the Company made a resolution concerning a share split at the Board of Directors meeting held today (July 25, 2023). The details of the share split are as follows.

(Overview of the share split)

With September 30, 2023 (As the shareholder registry manager will be off on the same date, effectively September 29, 2023) as the record date, common shares held by shareholders recorded in the shareholder registry as of the end of the same date will be split at a rate of five shares per share.

(Number of shares to be increased due to the split)

(i) Total number of issued shares before the share split	8,789,268 shares
(ii) Increased number of shares due to this split	35,157,072 shares
(iii) Total number of issued shares after the share split	43,946,340 shares
(iv) Total number of authorized shares after the share split	190,000,000 shares

(Schedule of split)

(i) Record date public announcement	September 15, 2023
(ii) Record date	September 30, 2023
(iii) Effective day	October 1, 2023

The forecasted dividend per share for the fiscal year ending March 31, 2024 after the share split is ¥60, and basic earnings per share in the consolidated financial results forecast for the fiscal year ending March 31, 2024 is ¥147.91. Furthermore, the forecasted dividend per share for the fiscal year ending March 31, 2024 before taking the share split into consideration was ¥300, and basic earnings per share in the consolidated financial results forecast for the fiscal year ending March 31, 2024 was ¥739.57.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

(Unit: millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Consolidated three months under review (June 30, 2023)
Assets		
Current assets		
Cash and deposits	38,159	44,051
Notes receivable, accounts receivable from completed construction contracts and other	57,573	49,376
Electronically recorded monetary claims	4,751	4,928
Merchandise	158	168
Costs of uncompleted construction contracts	76	188
Raw materials	1,129	1,023
Other	11,177	11,483
Less: allowance for doubtful accounts	(37)	(30)
Total current assets	112,989	111,190
Non-current assets		
Machinery, equipment, vehicle, tools, furniture and fixtures		
Land	17,701	17,686
Other	16,245	15,920
Total machinery, equipment, vehicle, tools, furniture and fixtures	33,947	33,606
Intangible assets	1,950	2,130
Investments and other assets		
Investment securities	1,326	1,447
Other	1,727	1,469
Less: allowance for doubtful accounts	(91)	(90)
Total investments and other assets	2,962	2,827
Total non-current assets	38,860	38,565
Total assets	151,850	149,755

(Unit: millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Consolidated three months under review (June 30, 2023)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	30,779	26,084
Electronically recorded obligations	7,560	8,354
Short-term loans payable	100	1,350
Advances received on uncompleted construction contracts	1,499	3,103
Warranty provision for completed construction contracts	62	63
Provision for loss on construction contracts	172	143
Other	6,971	5,661
Total current liabilities	47,146	44,761
Non-current liabilities		
Long-term loans payable	6,600	8,650
Net defined benefit liability	940	927
Other	253	254
Total non-current liabilities	7,794	9,832
Total liabilities	54,941	54,593
Net assets		
Shareholders' equity		
Capital stock	12,290	12,290
Capital surplus	14,524	14,524
Retained earnings	70,291	68,451
Less: treasury stock	(2)	(2)
Total shareholders' equity	97,103	95,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	245	327
Foreign currency translation adjustments	(432)	(434)
Retirement benefits liability adjustments	(152)	(146)
Total accumulated other comprehensive income	(340)	(252)
Non-controlling interests	146	151
Total net assets	96,909	95,161
Total liabilities and net assets	151,850	149,755

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statements of income)
(Three months ended June 30)

(Unit: millions of yen)

	Previous consolidated three-month period (from April 1, 2022 to June 30, 2022)	Consolidated three months under review (from April 1, 2023 to June 30, 2023)
Net sales	33,581	35,296
Cost of sales	32,056	31,928
Gross profit	1,524	3,368
Selling, general and administrative expenses	2,250	2,393
Operating income (loss)	(725)	974
Non-operating income		
Interest income	4	6
Dividend income	98	21
Foreign currency transaction gain	31	23
Reversal of allowance for doubtful accounts	10	12
Other	23	10
Total non-operating income	168	74
Non-operating expenses		
Interest expense	8	6
Other	5	7
Total non-operating expenses	14	13
Ordinary income (loss)	(571)	1,034
Extraordinary income		
Net gain on sale of tangible fixed assets	1	9
Gain on sales of investment securities	-	2
Total extraordinary income	1	12
Extraordinary losses		
Loss on disposal of tangible fixed assets	7	10
Other	0	0
Total extraordinary losses	8	10
Profit (loss) before income taxes	(577)	1,036
Income taxes – current	145	196
Income taxes – deferred	(248)	212
Total income taxes	(102)	409
Profit (loss)	(474)	626
Profit attributable to non-controlling interests	0	6
Profit (loss) attributable to owners of parent	(475)	620

(Quarterly consolidated statements of comprehensive income)
(Three months ended June 30)

(Unit: millions of yen)

	Previous consolidated three-month period (from April 1, 2022 to June 30, 2022)	Consolidated three months under review (from April 1, 2023 to June 30, 2023)
Profit (loss)	(474)	626
Other comprehensive income		
Valuation difference on available-for-sale securities	3	82
Foreign currency translation adjustments	70	(1)
Retirement benefits liability adjustments	7	6
Total other comprehensive income	81	87
Comprehensive income	(393)	714
Comprehensive income attributable to:		
Owners of parent	(393)	708
Non-controlling interests	0	6

(3) Notes to quarterly consolidated financial statements

(Note on entity's ability to continue as going concern)

Not applicable.

(Note on significant changes in the amounts of net assets)

Not applicable.

(Segment information)

I. Previous consolidated three-month period (from April 1, 2022 to June 30, 2022)

1. Disclosure of net sales and profit (loss) for each reportable segment

(Unit: millions of yen)

	Reportable segment			
	Construction Business	Manufacturing & Sales Business	Leasing Business	Total
Net sales				
Net sales to external customers	27,475	4,468	1,317	33,260
Inter-segment net sales and transfers	2	2,181	254	2,438
Total	27,477	6,649	1,572	35,699
Segment profit (loss)	72	(215)	117	(26)

	Other (Note) 1	Total	Adjustments (Note) 2	Per consolidated financial statements (Note) 3
Net sales				
Net sales to external customers	320	33,581	—	33,581
Inter-segment net sales and transfers	27	2,466	(2,466)	—
Total	348	36,047	(2,466)	33,581
Segment profit (loss)	116	90	(816)	(725)

- Notes:
1. The "Other" section is a business segment that is not included in the reportable segments and includes real estate business, development and sales of computer software, sales of office equipment, insurance agency business, planning and operation of sports facilities, etc.
 2. The ¥(816) million adjustment in segment profit includes ¥2 million in elimination of inter-segment transactions and ¥(819) million in corporate expenses not allocated to each reportable segment. Corporate expenses are mainly expenses that do not belong to any reportable segment concerning the head office administration of the submitting company.
 3. Segment profit (loss) is adjusted with the operating loss in the quarterly consolidated statements of income.

2. Disclosure of impairment loss on non-current assets and goodwill, etc., by reportable segment

Not applicable.

II. Consolidated three months under review (from April 1, 2023 to June 30, 2023)

1. Disclosure of net sales and profit (loss) for each reportable segment

(Unit: millions of yen)

	Reportable segment			
	Construction Business	Manufacturing & Sales Business	Leasing Business	Total
Net sales				
Net sales to external customers	28,889	4,656	1,422	34,969
Inter-segment net sales and transfers	1	2,126	252	2,380
Total	28,891	6,782	1,675	37,349
Segment profit	1,407	226	122	1,757

	Other (Note) 1	Total	Adjustments (Note) 2	Per consolidated financial statements (Note) 3
Net sales				
Net sales to external customers	327	35,296	—	35,296
Inter-segment net sales and transfers	25	2,405	(2,405)	—
Total	352	37,702	(2,405)	35,296
Segment profit	119	1,876	(902)	974

- Notes:
1. The “Other” section is a business segment that is not included in the reportable segments and includes real estate business, development and sales of computer software, sales of office equipment, insurance agency business, planning and operation of sports facilities, etc.
 2. The ¥(902) million adjustment in segment profit includes ¥2 million in elimination of inter-segment transactions and ¥(904) million in corporate expenses not allocated to each reportable segment. Corporate expenses are mainly expenses that do not belong to any reportable segment concerning the head office administration of the submitting company.
 3. Segment profit is adjusted with the operating income in the quarterly consolidated statements of income.

2. Disclosure of impairment loss on non-current assets and goodwill, etc., by reportable segment

Not applicable.

3. Supplementary Information

Amount of orders received, net sales, and amount carried forward to next period by business (non-consolidated)

(Unit: millions of yen)

Segment			Previous three-month period (from April 1, 2022 to June 30, 2022)		Three months under review (from April 1, 2023 to June 30, 2023)		Increase or decrease	
			Amount	Percentage change	Amount	Percentage change	Amount	Percentage change
Orders received	Construction Business	Pavement construction	16,369	48.6	18,355	55.7	1,985	12.1
		Civil works construction	12,579	37.3	9,580	29.1	(2,998)	(23.8)
		Construction	1	0.0	0	0.0	(1)	(94.7)
		Total	28,950	85.9	27,935	84.8	(1,014)	(3.5)
	Manufacturing & Sales Business		4,741	14.1	4,992	15.1	250	5.3
	Other		19	0.0	19	0.1	(0)	(3.0)
	Total		33,711	100	32,947	100	(764)	(2.3)
Net sales	Construction Business	Pavement construction	15,905	54.9	17,193	56.6	1,288	8.1
		Civil works construction	8,179	28.3	7,819	25.8	(360)	(4.4)
		Construction	94	0.3	323	1.1	229	243.4
		Total	24,179	83.5	25,336	83.5	1,156	4.8
	Manufacturing & Sales Business		4,741	16.4	4,992	16.4	250	5.3
	Other		19	0.1	19	0.1	(0)	(3.0)
	Total		28,940	100	30,347	100	1,407	4.9
Amount carried forward to next period	Construction Business	Pavement construction	43,300	63.9	42,503	63.7	(796)	(1.8)
		Civil works construction	24,236	35.7	24,114	36.2	(121)	(0.5)
		Construction	247	0.4	46	0.1	(200)	(81.2)
		Total	67,783	100	66,664	100	(1,119)	(1.7)
	Manufacturing & Sales Business		—	—	—	—	—	—
	Other		—	—	—	—	—	—
	Total		67,783	100	66,664	100	(1,119)	(1.7)