

**Solidly managed construction company with high operating profit margin**

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**[5079 NOVAC Sector : Construction]**

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Apr. 2020	27,613	-9.6	1,795	-32.7	1,821	-32.3	1,219	-32.8	265.2	2,691.5	15.0
Apr. 2021	30,551	10.6	2,673	48.9	2,504	37.5	1,712	40.4	372.5	3,051.5	20.0
Apr. 2022 f	32,923	7.8	2,718	1.7	2,662	6.3	1,937	13.1	417.6	-	100.0

Note: Non-consolidated basis. Figures for the fiscal year ending April 2022 are the company's forecasts.

**Construction Company with 100% Prime Contract Ratio**

NOVAC is a construction company that conducts civil engineering and construction works. The civil engineering business accounts for 42.4% of net sales in the fiscal year ended April 2021 and the construction business accounts for 57.6%. The company also conducts the real estate leasing business, but net sales from the business in the fiscal year ended April 2021 was small at 12 million yen.

The ratio of the company being the prime contractor in works of over 50 million yen in both categories of civil engineering and construction in the past five fiscal periods is 100%. In addition, the percentage of employees holding certificates of qualification as managing engineers is at a high level of 52.9% as of the end of 2021.

**Civil Engineering Business**

In the civil engineering business, the company is engaged in construction works of social infrastructure including new highway construction works and works on lower parts of bridges, river works, shield constructions for flood control and road maintenance works.

The company receives about 15 construction orders annually as a prime contractor. While other companies' ratios of public sector demand are around 60% to 70%, almost all of the company's net sales from completed constructions is from works for the public sector. Major customers include the Ministry of Land, Infrastructure, Transport and Tourism and West Nippon Expressway.

**Construction Business**

In the construction business, the company is engaged in construction works of condominiums, logistics warehouses, welfare and medical facilities, rest facilities in service areas of expressways and others. In addition to new constructions, it also handles seismic reinforcements, repairs and renovation works to counter earthquakes and other natural disasters and extending the life of buildings.

Of the net sales of completed construction contracts in the fiscal year ended April 2021, 94.9% is from the private sector and 5.1% is from the public sector.

In the construction business, the company receives about 15 orders annually, of which around two thirds are condominium constructions mainly in the three major metropolitan areas.

**Financial Statements**

Statement of income	Fiscal Year	Apr.2020		Apr.2021		Nine months to Jan. 2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		27,613	100.0	30,551	100.0	26,456	100.0
Cost of sales		24,449	88.5	26,562	86.9	22,770	86.1
Gross profit		3,163	11.5	3,989	13.1	3,685	13.9
Selling, general and administrative expenses		1,367	5.0	1,315	4.3	1,048	4.0
Operating profit		1,795	6.5	2,673	8.7	2,637	10.0
Non-operating income		59	-	37	-	9	-
Non-operating expenses		33	-	206	-	17	-
Ordinary profit		1,821	6.6	2,504	4.0	2,629	9.9
Profit before income taxes		1,820	6.6	2,499	8.2	2,619	9.9
Net profit		1,219	4.4	1,712	5.6	1,797	6.8

Balance sheet	Fiscal Year	Apr.2020		Apr.2021		Jan. 2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		20,605	94.1	21,846	94.5	26,560	95.5
Cash and deposits		3,569	16.3	9,122	39.4	4,769	17.2
Accounts receivable-trade		13,704	62.6	9,842	42.6	21,108	75.9
Inventories		1,476	6.7	2,053	8.9	198	0.7
Non-current assets		1,290	5.9	1,279	5.5	1,246	4.5
Property, plant and equipment		511	2.3	522	2.3	490	1.8
Intangible assets		64	0.3	87	0.4	81	0.3
Investments and other assets		713	3.3	669	2.9	674	2.4
Total assets		21,896	100.0	23,126	100.0	27,806	100.0
Current liabilities		9,332	42.6	8,895	38.5	11,847	42.6
Trade payables		6,916	31.6	6,378	27.6	7,311	26.3
Short-term borrowings		-	-	-	-	2,100	7.6
Non-current liabilities		188	0.9	200	0.9	213	0.8
Net assets		12,375	56.5	14,030	60.7	15,746	56.6
Owners' equity		12,375	56.5	14,030	60.7	15,746	56.6

Statement of cash flows	Fiscal Year	Apr.2020	Apr.2021
		(mn yen)	(mn yen)
Cash flows from operating activities		-9,160	5,723
Depreciation		23	44
Cash flows from investing activities		-104	-89
Cash flows from financing activities		-104	-81
Dividends paid		-92	-68
Net increase in cash and cash equivalents		-9,369	5,552
Cash and cash equivalents		3,519	9,072

Note:Nom-consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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