

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

April 27, 2023

Company name: Nippon Seisen Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5659 URL <https://www.n-seisen.co.jp/>
 Representative: President and CEO Motoshi Shinkai
 Inquiries: General Manager, Accounting Department Shuichi Nagasawa TEL 06-6222-5432
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 30, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(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	49,055	9.5	4,179	(9.1)	4,317	(6.1)	3,086	(2.9)
Year ended March 31, 2022	44,795	31.3	4,596	93.1	4,599	76.7	3,177	74.1

Note: Comprehensive income Year ended March 31, 2023 ¥3,484 million [(1.3)%]
 Year ended March 31, 2022 ¥3,531 million [72.3%]

	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	503.23	–	8.6	8.2	8.5
Year ended March 31, 2022	518.10	–	9.4	9.5	10.3

Reference: Share of profit (loss) of entities accounted for using equity method Year ended March 31, 2023 ¥– million
 Year ended March 31, 2022 ¥– million

(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	54,054	37,605	68.5	6,040.65
As of March 31, 2022	51,230	35,452	68.2	5,700.58

Reference: Equity As of March 31, 2023 ¥37,046 million
 As of March 31, 2022 ¥34,961 million

(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	1,861	(1,781)	(1,046)	14,122
Year ended March 31, 2022	4,473	(1,700)	(1,337)	14,928

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	–	100.00	–	110.00	210.00	1,287	40.5	3.8
Year ended March 31, 2023	–	105.00	–	105.00	210.00	1,299	41.7	3.6
Year ending March 31, 2024 (Forecast)	–	105.00	–	105.00	210.00		48.4	

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
Six months ending September 30, 2023	22,500	(9.0)	1,900	(2.2)	1,900	(6.8)	1,330	(6.1)	216.87
Full year	47,500	(3.2)	3,800	(9.1)	3,800	(12.0)	2,660	(13.8)	433.73

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	6,253,038 shares	As of March 31, 2022	6,492,293 shares
----------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of March 31, 2023	120,250 shares	As of March 31, 2022	359,255 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2023	6,132,931 shares	Year ended March 31, 2022	6,133,148 shares
---------------------------	------------------	---------------------------	------------------

* The Company has introduced “Board Benefit Trust (BBT)” and shares of the Company held by the Trust have been included in treasury shares excluded from the calculation of the number of treasury shares at the end of the period and the average number of shares outstanding during the period.

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Net Sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	43,874	9.8	3,603	(11.9)	3,749	(5.1)	2,724	(3.0)
Year ended March 31, 2022	39,958	26.9	4,090	85.9	3,951	68.4	2,809	72.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2023	444.27		—	
Year ended March 31, 2022	458.16		—	

(2) Non-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	48,315	32,960	68.2	5,374.49
As of March 31, 2022	45,806	31,558	68.9	5,145.73

Reference: Equity As of March 31, 2023 ¥32,960 million

As of March 31, 2022 ¥31,558 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Explanation of proper use of financial results forecast, and other special matters

(Caution concerning forward-looking statements)

The above forecasts of financial results are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Consequently, actual business and other results may differ substantially due to various factors.

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	15,640	14,657
Notes and accounts receivable - trade	9,170	8,810
Electronically recorded monetary claims - operating	840	1,340
Merchandise and finished goods	2,354	2,871
Work in process	4,060	5,080
Raw materials and supplies	2,398	3,280
Other	220	291
Total current assets	34,685	36,332
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,038	14,918
Accumulated depreciation	(9,104)	(9,537)
Buildings and structures, net	4,933	5,380
Machinery, equipment and vehicles	31,047	32,095
Accumulated depreciation	(24,667)	(25,472)
Machinery, equipment and vehicles, net	6,380	6,623
Land	1,637	1,646
Leased assets	35	35
Accumulated depreciation	(11)	(18)
Leased assets, net	23	16
Construction in progress	834	1,342
Other	2,630	2,807
Accumulated depreciation	(2,015)	(2,217)
Other, net	614	590
Total property, plant and equipment	14,423	15,601
Intangible assets		
Software	199	120
Software in progress	–	56
Other	29	25
Total intangible assets	229	202
Investments and other assets		
Investment securities	66	69
Deferred tax assets	1,630	1,651
Other	194	197
Total investments and other assets	1,892	1,918
Total non-current assets	16,545	17,721
Total assets	51,230	54,054

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,470	7,660
Short-term borrowings	355	315
Lease liabilities	7	6
Income taxes payable	1,086	540
Accrued consumption taxes	163	6
Provision for bonuses	723	703
Provision for bonuses for directors (and other officers)	36	33
Other	1,042	1,746
Total current liabilities	10,886	11,012
Non-current liabilities		
Long-term borrowings	–	338
Lease liabilities	18	12
Provision for retirement benefits for directors (and other officers)	57	–
Provision for share awards for directors (and other officers)	–	33
Provision for environmental measures	136	172
Retirement benefit liability	4,672	4,739
Other	5	140
Total non-current liabilities	4,891	5,436
Total liabilities	15,777	16,448
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	5,442	5,558
Retained earnings	25,006	26,201
Treasury shares	(849)	(400)
Total shareholders' equity	34,598	36,359
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	17
Deferred gains or losses on hedges	(1)	(0)
Foreign currency translation adjustment	453	765
Remeasurements of defined benefit plans	(104)	(95)
Total accumulated other comprehensive income	363	686
Non-controlling interests	491	559
Total net assets	35,452	37,605
Total liabilities and net assets	51,230	54,054

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	44,795	49,055
Cost of sales	36,851	41,429
Gross profit	7,944	7,625
Selling, general and administrative expenses	3,348	3,446
Operating profit	4,596	4,179
Non-operating income		
Interest income	12	12
Dividend income	14	2
Purchase discounts	21	23
Rental income	24	24
Compensation income	45	31
Foreign exchange gains	111	104
Other	6	6
Total non-operating income	237	205
Non-operating expenses		
Interest expenses	4	3
Compensation expenses	13	9
Loss on retirement of non-current assets	75	14
Provision for environmental measures	136	36
Other	3	3
Total non-operating expenses	233	67
Ordinary profit	4,599	4,317
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on sale of investment securities	68	–
Gain on liquidation of investment securities	–	2
Total extraordinary income	68	3
Extraordinary losses		
Loss on sale of investment securities	24	–
Total extraordinary losses	24	–
Profit before income taxes	4,644	4,321
Income taxes - current	1,467	1,213
Income taxes - deferred	(42)	(25)
Total income taxes	1,425	1,188
Profit	3,219	3,133
Profit attributable to non-controlling interests	41	46
Profit attributable to owners of parent	3,177	3,086

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,219	3,133
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	1
Deferred gains or losses on hedges	(1)	0
Foreign currency translation adjustment	318	339
Remeasurements of defined benefit plans, net of tax	4	9
Total other comprehensive income	312	351
Comprehensive income	3,531	3,484
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,450	3,409
Comprehensive income attributable to non-controlling interests	81	74

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	5,000	5,442	22,880	(849)	32,473
Cumulative effects of changes in accounting policies			(9)		(9)
Restated balance	5,000	5,442	22,871	(849)	32,464
Changes during period					
Dividends of surplus			(1,042)		(1,042)
Profit attributable to owners of parent			3,177		3,177
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,134	(0)	2,134
Balance at end of period	5,000	5,442	25,006	(849)	34,598

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	25	(0)	174	(109)	90	409	32,974
Cumulative effects of changes in accounting policies							(9)
Restated balance	25	(0)	174	(109)	90	409	32,965
Changes during period							
Dividends of surplus							(1,042)
Profit attributable to owners of parent							3,177
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	(10)	(1)	279	4	272	81	353
Total changes during period	(10)	(1)	279	4	272	81	2,487
Balance at end of period	15	(1)	453	(104)	363	491	35,452

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	5,000	5,442	25,006	(849)	34,598
Changes during period					
Dividends of surplus			(1,324)		(1,324)
Profit attributable to owners of parent			3,086		3,086
Purchase of treasury shares				(248)	(248)
Cancellation of treasury shares			(566)	566	–
Disposal of treasury shares		115		132	247
Net changes in items other than shareholders' equity					
Total changes during period	–	115	1,195	449	1,760
Balance at end of period	5,000	5,558	26,201	(400)	36,359

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	15	(1)	453	(104)	363	491	35,452
Changes during period							
Dividends of surplus							(1,324)
Profit attributable to owners of parent							3,086
Purchase of treasury shares							(248)
Cancellation of treasury shares							–
Disposal of treasury shares							247
Net changes in items other than shareholders' equity	1	0	311	9	323	68	391
Total changes during period	1	0	311	9	323	68	2,152
Balance at end of period	17	(0)	765	(95)	686	559	37,605

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	4,644	4,321
Depreciation	1,582	1,601
Gain on liquidation of investment securities	–	(2)
Increase (decrease) in retirement benefit liability	122	207
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(5)	(57)
Increase (decrease) in provision for share awards for directors (and other officers)	–	33
Increase (decrease) in provision for bonuses	142	(21)
Increase (decrease) in provision for bonuses for directors (and other officers)	10	(3)
Increase (decrease) in provision for environmental measures	136	35
Interest and dividend income	(26)	(14)
Interest expenses	4	3
Foreign exchange losses (gains)	(83)	(62)
Loss (gain) on sale of property, plant and equipment	(0)	(1)
Loss on retirement of property, plant and equipment	75	14
Loss (gain) on sale of investment securities	(44)	–
Decrease (increase) in trade receivables	(1,330)	(57)
Increase (decrease) in advances received	12	(11)
Decrease (increase) in inventories	(1,683)	(2,300)
Decrease (increase) in other current assets	(13)	0
Increase (decrease) in trade payables	1,931	221
Increase (decrease) in accrued consumption taxes	0	(157)
Increase (decrease) in other current liabilities	69	(159)
Other, net	0	0
Subtotal	5,543	3,590
Interest and dividends received	26	13
Interest paid	(4)	(3)
Income taxes paid	(1,091)	(1,738)
Net cash provided by (used in) operating activities	4,473	1,861
Cash flows from investing activities		
Payments into time deposits	(951)	(525)
Proceeds from withdrawal of time deposits	738	757
Purchase of property, plant and equipment	(1,714)	(1,956)
Proceeds from sale of property, plant and equipment	0	3
Purchase of intangible assets	(68)	(62)
Proceeds from sale of investment securities	292	–
Proceeds from liquidation of investment securities	–	3
Other, net	2	(1)
Net cash provided by (used in) investing activities	(1,700)	(1,781)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(110)	(15)
Repayments of long-term borrowings	(178)	(194)
Proceeds from long-term borrowings	–	500
Repayments of lease liabilities	(6)	(7)
Proceeds from sale of treasury shares	–	247
Purchase of treasury shares	(0)	(248)
Dividends paid	(1,041)	(1,322)
Dividends paid to non-controlling interests	–	(6)
Net cash provided by (used in) financing activities	(1,337)	(1,046)
Effect of exchange rate change on cash and cash equivalents	192	159
Net increase (decrease) in cash and cash equivalents	1,628	(806)
Cash and cash equivalents at beginning of period	13,299	14,928
Cash and cash equivalents at end of period	14,928	14,122