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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

Company name: NIPPO LTD.

Stock exchange listing: Tokyo, Nagoya

Code number: 9913

URL: <https://www.nip.co.jp/>

Representative: Yasuchika Iwasa

Representative Director and President

Contact: Hisatomo Mikami

Director and in charge of Corporate

Phone: +81-52-218-3161

Scheduled date of Annual General Meeting of Shareholders: June 23, 2023

Scheduled date of commencing dividend payments: June 26, 2023

Scheduled date of filing annual securities report: June 26, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	38,886	9.6	1,912	42.5	1,871	31.4	1,269	23.1
March 31, 2022	35,491	-	1,342	111.1	1,423	181.7	1,031	-

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 2,495 million [71.0%]
Fiscal year ended March 31, 2022: ¥ 1,459 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	141.12	-	11.1	6.8	4.9
March 31, 2022	113.22	-	10.7	5.6	3.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
Fiscal year ended March 31, 2022: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	28,674	12,530	43.7	1,405.26
March 31, 2022	26,087	10,364	39.7	1,137.83

(Reference) Equity: As of March 31, 2023: ¥ 12,528 million
As of March 31, 2022: ¥ 10,363 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 the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	2,978	(1,608)	(1,377)	4,903
March 31, 2022	2,244	(291)	(272)	4,574

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	0.00	-	22.00	22.00	200	19.4	2.1
March 31, 2023	-	0.00	-	33.00	33.00	300	23.4	2.6
Fiscal year ending March 31, 2024 (Forecast)	-	0.00	-	40.00	40.00		28.3	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		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	38,900	0.0	1,830	(4.3)	1,810	(3.3)	1,270	0.1	141.22

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
 - New - (Company name:)
 - Exclusion: - (Company name:)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: Yes
 - 3) Changes in accounting estimates: Yes
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - March 31, 2023: 9,127,338 shares
 - March 31, 2022: 9,127,338 shares
 - 2) Number of treasury shares at the end of the period:
 - March 31, 2023: 211,826 shares
 - March 31, 2022: 19,286 shares
 - 3) Average number of shares outstanding during the period:
 - Fiscal Year ended March 31, 2023: 8,993,341 shares
 - Fiscal Year ended March 31, 2022: 9,108,122 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	19,270	(0.2)	495	60.1	676	131.9	528	120.1
March 31, 2022	19,299	-	309	(41.3)	291	(38.2)	240	(34.4)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	58.76	-
March 31, 2022	26.36	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	16,461	5,311	32.3	595.78
March 31, 2022	18,058	5,010	27.7	550.13

(Reference) Equity: As of March 31, 2023: ¥ 5,311 million
As of March 31, 2022: ¥ 5,010 million

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	4,580	4,910
Notes and accounts receivable - trade	6,339	6,695
Electronically recorded monetary claims - operating	1,237	645
Merchandise and finished goods	1,709	2,105
Work in process	316	368
Raw materials and supplies	784	1,049
Accounts receivable - other	315	468
Other	301	341
Allowance for doubtful accounts	(4)	(2)
Total current assets	15,582	16,582
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,650	9,841
Accumulated depreciation	(5,088)	(5,916)
Buildings and structures, net	3,562	3,924
Machinery, equipment and vehicles	9,743	11,248
Accumulated depreciation	(7,919)	(9,185)
Machinery, equipment and vehicles, net	1,824	2,063
Tools, furniture and fixtures	1,173	1,333
Accumulated depreciation	(969)	(1,050)
Tools, furniture and fixtures, net	203	283
Land	1,637	1,736
Construction in progress	225	222
Total property, plant and equipment	7,452	8,230
Intangible assets		
Other	115	380
Total intangible assets	115	380
Investments and other assets		
Investment securities	1,637	2,037
Deferred tax assets	139	169
Retirement benefit asset	12	19
Other	1,160	1,267
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	2,937	3,480
Total non-current assets	10,505	12,091
Total assets	26,087	28,674

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,415	7,725
Short-term borrowings	2,845	2,133
Current portion of long-term borrowings	268	348
Lease liabilities	198	114
Income taxes payable	199	160
Provision for bonuses	312	346
Other	1,346	1,883
Total current liabilities	12,586	12,713
Non-current liabilities		
Long-term borrowings	526	920
Lease liabilities	245	199
Deferred tax liabilities	134	223
Deferred tax liabilities for land revaluation	2	2
Retirement benefit liability	1,595	1,590
Asset retirement obligations	168	192
Other	462	301
Total non-current liabilities	3,135	3,430
Total liabilities	15,722	16,144
Net assets		
Shareholders' equity		
Share capital	3,137	3,137
Capital surplus	612	612
Retained earnings	5,926	6,995
Treasury shares	(12)	(142)
Total shareholders' equity	9,664	10,603
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59	162
Revaluation reserve for land	5	5
Foreign currency translation adjustment	655	1,744
Remeasurements of defined benefit plans	(21)	12
Total accumulated other comprehensive income	699	1,925
Non-controlling interests	1	1
Total net assets	10,364	12,530
Total liabilities and net assets	26,087	28,674

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	35,491	38,886
Cost of sales	29,592	32,076
Gross profit	5,898	6,809
Selling, general and administrative expenses		
Remuneration, salaries and allowances for directors (and other officers)	1,751	1,913
Provision for bonuses	398	437
Retirement benefit expenses	73	52
Legal and other welfare expenses	363	420
Provision of allowance for doubtful accounts	0	0
Rent expenses on land and buildings	243	244
Supplies expenses	61	57
Communication expenses	33	35
Packing and transportation costs	499	528
Vehicle expenses	70	71
Transportation expenses	61	99
Taxes and dues	110	78
Depreciation	182	184
Other	705	772
Total selling, general and administrative expenses	4,556	4,897
Operating profit	1,342	1,912
Non-operating income		
Interest income	8	11
Dividend income	38	62
Foreign exchange gains	109	-
Gain on sale of scraps	45	55
Compensation income	1	2
Other	41	34
Total non-operating income	244	165
Non-operating expenses		
Interest expenses	78	125
Loss on sale of electronically recorded monetary claims	16	30
Foreign exchange losses	-	12
Other	68	37
Total non-operating expenses	163	206
Ordinary profit	1,423	1,871

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of non-current assets	15	8
Gain on sale of investment securities	4	0
Total extraordinary income	20	8
Extraordinary losses		
Loss on disposal of non-current assets	13	5
Impairment losses	8	55
Loss on liquidation of subsidiaries	15	-
Loss on withdrawal from business	-	35
Total extraordinary losses	37	96
Profit before income taxes	1,405	1,783
Income taxes - current	345	488
Income taxes - deferred	29	25
Total income taxes	374	514
Profit	1,031	1,269
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,031	1,269

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,031	1,269
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	103
Foreign currency translation adjustment	388	1,089
Remeasurements of defined benefit plans, net of tax	42	34
Total other comprehensive income	428	1,226
Comprehensive income	1,459	2,495
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,459	2,495
Comprehensive income attributable to non-controlling interests	0	0

Consolidated Statements of Changes in Equity

For the 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	3,137	612	4,986	(12)	8,724
Changes during period					
Dividends of surplus			(91)		(91)
Profit attributable to owners of parent			1,031		1,031
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	940	(0)	940
Balance at end of period	3,137	612	5,926	(12)	9,664

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	62	5	267	(64)	270	1	8,996
Changes during period							
Dividends of surplus							(91)
Profit attributable to owners of parent							1,031
Purchase of treasury shares							(0)
Disposal of treasury shares							-
Net changes in items other than shareholders' equity	(2)	-	388	42	428	0	428
Total changes during period	(2)	-	388	42	428	0	1,368
Balance at end of period	59	5	655	(21)	699	1	10,364

For the 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	3,137	612	5,926	(12)	9,664
Changes during period					
Dividends of surplus			(200)		(200)
Profit attributable to owners of parent			1,269		1,269
Purchase of treasury shares				(157)	(157)
Disposal of treasury shares				27	27
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,068	(130)	938
Balance at end of period	3,137	612	6,995	(142)	10,603

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	59	5	655	(21)	699	1	10,364
Changes during period							
Dividends of surplus							(200)
Profit attributable to owners of parent							1,269
Purchase of treasury shares							(157)
Disposal of treasury shares							27
Net changes in items other than shareholders' equity	103	-	1,089	34	1,226	0	1,226
Total changes during period	103	-	1,089	34	1,226	0	2,165
Balance at end of period	162	5	1,744	12	1,925	1	12,530

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,405	1,783
Depreciation	1,231	1,240
Impairment losses	8	55
Increase (decrease) in allowance for doubtful accounts	0	(3)
Increase (decrease) in retirement benefit liability	52	(32)
Loss (gain) on liquidation of subsidiaries	15	-
Interest and dividend income	(46)	(73)
Interest expenses	78	125
Foreign exchange losses (gains)	213	257
Loss (gain) on disposal of non-current assets	(2)	(3)
Decrease (increase) in trade receivables	378	600
Decrease (increase) in inventories	(301)	(562)
Increase (decrease) in trade payables	(290)	20
Loss (gain) on sale of investment securities	(4)	(0)
Decrease (increase) in other current assets	(59)	(282)
Increase (decrease) in other current liabilities	(291)	361
Other, net	106	2
Subtotal	2,494	3,487
Interest and dividends received	46	73
Interest paid	(61)	(105)
Income taxes paid	(234)	(477)
Net cash provided by (used in) operating activities	2,244	2,978
Cash flows from investing activities		
Payments into time deposits	(0)	(44)
Purchase of property, plant and equipment	(1,007)	(1,099)
Proceeds from sale of property, plant and equipment	944	8
Purchase of intangible assets	(28)	(234)
Purchase of investment securities	(191)	(157)
Proceeds from sale of investment securities	6	0
Loan advances	(0)	(1)
Proceeds from collection of loans receivable	2	2
Other payments	(42)	(146)
Other proceeds	25	63
Net cash provided by (used in) investing activities	(291)	(1,608)

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	374	(969)
Proceeds from long-term borrowings	300	808
Repayments of long-term borrowings	(382)	(335)
Proceeds from sales and installment back	121	57
Repayments of lease liabilities	(291)	(227)
Repayments of installment payables	(288)	(376)
Proceeds from sale of treasury shares	-	27
Purchase of treasury shares	(0)	(157)
Dividends paid	(101)	(199)
Other, net	(5)	(5)
Net cash provided by (used in) financing activities	(272)	(1,377)
Effect of exchange rate change on cash and cash equivalents	(41)	337
Net increase (decrease) in cash and cash equivalents	1,640	329
Cash and cash equivalents at beginning of period	2,934	4,574
Cash and cash equivalents at end of period	4,574	4,903