

Translation

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

May 12, 2023

Company name: NIPPON KINZOKU CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 5491 URL <https://www.nipponkinzoku.co.jp/>
 Representative: President Yasushi Shimokawa
 Inquiries: Managing Executive Officer Hisashi Maruyama TEL 03-5765-8105
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Preparation of supplementary material on financial results: No
 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	52,566	7.0	1,273	(11.4)	1,283	(4.0)	916	(63.6)
Year ended March 31, 2022	49,117	22.5	1,437	–	1,337	–	2,517	–

	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	136.94	–	3.8	1.8	2.4
Year ended March 31, 2022	376.10	–	11.5	2.0	2.9

(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	73,874	24,449	33.1	3,652.27
As of March 31, 2022	72,179	23,314	32.3	3,482.66

(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	(1,513)	(2,716)	2,021	8,035
Year ended March 31, 2022	4,500	(2,747)	(399)	10,065

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	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 2023	–	0.00	–	5.00	5.00	33	3.7	0.1
Year ending March 31, 2024 (Forecast)	–	0.00	–	10.00	10.00		8.4	

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	28,000	8.1	300	(64.8)	200	(75.5)	200	(63.9)	29.88
Full year	58,000	10.3	1,200	(5.8)	1,100	(14.3)	800	(12.7)	119.50

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: No

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	6,700,000 shares	As of March 31, 2022	6,700,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	5,678 shares	As of March 31, 2022	5,654 shares
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Average number of shares during the period

Year ended March 31, 2023	6,694,327 shares	Year ended March 31, 2022	6,694,400 shares
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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	10,134	8,040
Notes and accounts receivable - trade	9,102	8,937
Electronically recorded monetary claims - operating	5,123	4,820
Merchandise and finished goods	5,153	8,644
Work in process	4,936	5,171
Raw materials and supplies	1,531	1,924
Other	601	760
Allowance for doubtful accounts	(2)	(1)
Total current assets	36,580	38,297
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,956	3,972
Machinery, equipment and vehicles, net	11,113	11,152
Land	16,245	16,230
Construction in progress	428	175
Other, net	549	523
Total property, plant and equipment	32,292	32,053
Intangible assets	152	133
Investments and other assets		
Investment securities	2,120	2,377
Long-term loans receivable	10	4
Deferred tax assets	851	833
Other	207	207
Allowance for doubtful accounts	(35)	(34)
Total investments and other assets	3,153	3,389
Total non-current assets	35,598	35,576
Total assets	72,179	73,874

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,323	10,283
Electronically recorded obligations - operating	1,080	4,338
Short-term borrowings	10,922	12,328
Lease liabilities	76	69
Income taxes payable	705	166
Provision for bonuses	337	340
Provision for product warranties	46	56
Provision for environmental measures	37	–
Other	5,249	3,757
Total current liabilities	31,778	31,339
Non-current liabilities		
Long-term borrowings	11,520	12,212
Lease liabilities	174	143
Deferred tax liabilities	50	46
Deferred tax liabilities for land revaluation	3,041	3,041
Retirement benefit liability	2,237	2,550
Provision for environmental measures	21	48
Asset retirement obligations	40	41
Other	0	0
Total non-current liabilities	17,087	18,085
Total liabilities	48,865	49,424
Net assets		
Shareholders' equity		
Share capital	6,857	6,857
Capital surplus	986	986
Retained earnings	8,465	9,364
Treasury shares	(10)	(10)
Total shareholders' equity	16,298	17,197
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	804	983
Revaluation reserve for land	6,059	6,077
Foreign currency translation adjustment	163	408
Remeasurements of defined benefit plans	(12)	(217)
Total accumulated other comprehensive income	7,015	7,251
Total net assets	23,314	24,449
Total liabilities and net assets	72,179	73,874

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	49,117	52,566
Cost of sales	42,608	46,100
Gross profit	6,508	6,466
Selling, general and administrative expenses		
Freight and packing costs	1,221	1,111
Remuneration, salaries and allowances for directors (and other officers)	2,183	2,351
Provision for bonuses	107	108
Retirement benefit expenses	150	147
Depreciation	244	195
Provision of allowance for doubtful accounts	(0)	(2)
Other	1,163	1,279
Total selling, general and administrative expenses	5,070	5,192
Operating profit	1,437	1,273
Non-operating income		
Interest income	5	6
Dividend income	56	74
Rental income	38	39
Compensation income	13	28
Sales of scraps income	45	45
Other	72	41
Total non-operating income	232	235
Non-operating expenses		
Interest expenses	140	169
Rental expenses	15	14
Foreign exchange losses	92	24
Depreciation	52	–
Other	31	16
Total non-operating expenses	332	225
Ordinary profit	1,337	1,283
Extraordinary income		
Gain on sale of non-current assets	3	4
Insurance claim income	2,448	–
Subsidy income	–	1,844
Total extraordinary income	2,452	1,848
Extraordinary losses		
Loss on retirement of non-current assets	43	54
Loss on tax purpose reduction entry of non-current assets	–	1,536
Loss on valuation of investment securities	10	16
Impairment losses	340	181
Total extraordinary losses	393	1,789
Profit before income taxes	3,396	1,342
Income taxes - current	705	388
Income taxes - deferred	172	37
Total income taxes	878	425
Profit	2,517	916
Profit attributable to owners of parent	2,517	916

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,517	916
Other comprehensive income		
Valuation difference on available-for-sale securities	1	178
Foreign currency translation adjustment	22	245
Remeasurements of defined benefit plans, net of tax	276	(204)
Total other comprehensive income	301	218
Comprehensive income	2,818	1,135
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,818	1,135
Comprehensive income attributable to non-controlling interests	—	—

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	6,857	986	5,985	(10)	13,819
Cumulative effects of changes in accounting policies			20		20
Restated balance	6,857	986	6,006	(10)	13,839
Changes during period					
Profit (loss) attributable to owners of parent			2,517		2,517
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			(57)		(57)
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	2,459	(0)	2,459
Balance at end of period	6,857	986	8,465	(10)	16,298

	Accumulated other comprehensive income					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	803	6,001	140	(289)	6,656	20,475
Cumulative effects of changes in accounting policies					–	20
Restated balance	803	6,001	140	(289)	6,656	20,495
Changes during period						
Profit (loss) attributable to owners of parent					–	2,517
Purchase of treasury shares					–	(0)
Reversal of revaluation reserve for land					–	(57)
Net changes in items other than shareholders' equity	1	57	22	276	359	359
Total changes during period	1	57	22	276	359	2,818
Balance at end of period	804	6,059	163	(12)	7,015	23,314

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	6,857	986	8,465	(10)	16,298
Changes during period					
Profit (loss) attributable to owners of parent			916		916
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			(17)		(17)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	898	(0)	898
Balance at end of period	6,857	986	9,364	(10)	17,197

	Accumulated other comprehensive income					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	804	6,059	163	(12)	7,015	23,314
Changes during period						
Profit (loss) attributable to owners of parent					-	916
Purchase of treasury shares					-	(0)
Reversal of revaluation reserve for land					-	(17)
Net changes in items other than shareholders' equity	178	17	245	(204)	236	236
Total changes during period	178	17	245	(204)	236	1,135
Balance at end of period	983	6,077	408	(217)	7,251	24,449

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	3,396	1,342
Depreciation	1,680	1,797
Impairment losses	340	181
Increase (decrease) in provision for product warranties	7	9
Increase (decrease) in provision for environmental measures	–	(10)
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Increase (decrease) in provision for bonuses	24	3
Increase (decrease) in retirement benefit liability	(13)	0
Interest and dividend income	(62)	(80)
Interest expenses	140	169
Loss (gain) on sale of non-current assets	(3)	(4)
Loss on retirement of property, plant and equipment	43	54
Loss (gain) on valuation of investment securities	10	16
Insurance claim income	(2,448)	–
Subsidy income	–	(1,844)
Loss on tax purpose reduction entry of non-current assets	–	1,536
Decrease (increase) in trade receivables	(1,943)	554
Decrease (increase) in inventories	(2,015)	(3,976)
Increase (decrease) in trade payables	2,898	84
Other, net	328	(380)
Subtotal	2,383	(547)
Interest and dividends received	62	80
Interest paid	(141)	(170)
Spending on fire paid	(51)	–
Proceeds from insurance income	2,448	–
Income taxes paid	(215)	(876)
Income taxes refund	14	–
Net cash provided by (used in) operating activities	4,500	(1,513)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,674)	(4,620)
Proceeds from sale of property, plant and equipment	14	26
Purchase of intangible assets	(55)	(10)
Purchase of investment securities	(20)	(20)
Payments for retirement of property, plant and equipment	(1)	(1)
Loan advances	(1)	–
Proceeds from collection of loans receivable	3	7
Subsidies received	–	1,844
Other, net	(11)	58
Net cash provided by (used in) investing activities	(2,747)	(2,716)

(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	470	1,130
Proceeds from long-term borrowings	5,000	6,600
Repayments of long-term borrowings	(5,714)	(5,630)
Repayments of lease liabilities	(155)	(77)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(399)	2,021
Effect of exchange rate change on cash and cash equivalents	8	178
Net increase (decrease) in cash and cash equivalents	1,362	(2,030)
Cash and cash equivalents at beginning of period	8,703	10,065
Cash and cash equivalents at end of period	10,065	8,035