

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 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 Kazuhiro Toshimitsu
 Inquiries: General Manager, Accounting Department Shuichi Nagasawa TEL 06-6222-5432
 Scheduled date to file Quarterly Securities Report: November 9, 2023
 Scheduled date to commence dividend payments: December 4, 2023
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

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

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2023	21,755	(12.0)	1,625	(16.3)	1,742	(14.6)	1,221	(13.7)
Six months ended September 30, 2022	24,712	15.4	1,942	(18.5)	2,039	(17.5)	1,416	(18.6)

Note: Comprehensive income Six months ended September 30, 2023 ¥1,551 million [(15.6)%]
 Six months ended September 30, 2022 ¥1,838 million [12.3%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	199.24		-	
Six months ended September 30, 2022	230.97		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	53,669	38,503	70.6
As of March 31, 2023	54,054	37,605	68.5

Reference: Equity As of September 30, 2023 ¥37,916 million
 As of March 31, 2023 ¥37,046 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	-	105.00	-	105.00	210.00
Year ending March 31, 2024	-	105.00			
Year ending March 31, 2024 (Forecast)			-	105.00	210.00

Note: Revisions to the cash dividend forecasts most recently announced: No

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
Full year	43,700	(10.9)	3,000	(28.2)	3,100	(28.2)	2,170	(29.7)	353.80

Note: Revisions to the earnings forecasts most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2023	6,253,038 shares	As of March 31, 2023	6,253,038 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	119,667 shares	As of March 31, 2023	120,250 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	6,133,092 shares	Six months ended September 30, 2022	6,132,977 shares
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* 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.

* Quarterly financial results reports are exempt from quarterly review 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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	14,657	14,325
Notes and accounts receivable - trade	8,810	8,073
Electronically recorded monetary claims - operating	1,340	1,697
Merchandise and finished goods	2,871	2,951
Work in process	5,080	5,159
Raw materials and supplies	3,280	3,265
Other	291	186
Total current assets	36,332	35,660
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,380	5,425
Machinery, equipment and vehicles, net	6,623	6,865
Land	1,646	1,654
Leased assets, net	16	26
Construction in progress	1,342	1,250
Other, net	590	579
Total property, plant and equipment	15,601	15,801
Intangible assets	202	191
Investments and other assets	1,918	2,016
Total non-current assets	17,721	18,009
Total assets	54,054	53,669
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,660	6,884
Short-term borrowings	315	259
Income taxes payable	540	629
Provision for bonuses	703	741
Provision for bonuses for directors (and other officers)	33	–
Other	1,759	1,179
Total current liabilities	11,012	9,694
Non-current liabilities		
Long-term borrowings	338	257
Provision for share awards for directors (and other officers)	33	52
Retirement benefit liability	4,739	4,841
Provision for environmental measures	172	171
Other	153	148
Total non-current liabilities	5,436	5,471
Total liabilities	16,448	15,166

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	5,558	5,558
Retained earnings	26,201	26,774
Treasury shares	(400)	(398)
Total shareholders' equity	36,359	36,933
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	23
Deferred gains or losses on hedges	(0)	(1)
Foreign currency translation adjustment	765	1,037
Remeasurements of defined benefit plans	(95)	(77)
Total accumulated other comprehensive income	686	982
Non-controlling interests	559	586
Total net assets	37,605	38,503
Total liabilities and net assets	54,054	53,669

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	24,712	21,755
Cost of sales	21,023	18,400
Gross profit	3,689	3,354
Selling, general and administrative expenses	1,746	1,729
Operating profit	1,942	1,625
Non-operating income		
Interest income	3	7
Dividend income	1	1
Purchase discounts	11	10
Compensation income	16	9
Rental income	12	12
Foreign exchange gains	62	57
Subsidies for employment adjustment	–	33
Other	4	4
Total non-operating income	112	135
Non-operating expenses		
Interest expenses	1	2
Compensation expenses	8	10
Loss on retirement of non-current assets	1	2
Other	3	3
Total non-operating expenses	15	18
Ordinary profit	2,039	1,742
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on liquidation of investment securities	2	–
Total extraordinary income	2	1
Profit before income taxes	2,042	1,743
Income taxes - current	622	552
Income taxes - deferred	(22)	(37)
Total income taxes	600	515
Profit	1,441	1,228
Profit attributable to non-controlling interests	25	6
Profit attributable to owners of parent	1,416	1,221

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,441	1,228
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	6
Deferred gains or losses on hedges	(1)	(0)
Foreign currency translation adjustment	382	298
Remeasurements of defined benefit plans, net of tax	19	18
Total other comprehensive income	396	322
Comprehensive income	1,838	1,551
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,767	1,517
Comprehensive income attributable to non-controlling interests	71	33

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,042	1,743
Depreciation	792	832
Gain on liquidation of investment securities	(2)	–
Increase (decrease) in retirement benefit liability	209	108
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(57)	–
Increase (decrease) in provision for share awards for directors (and other officers)	14	18
Increase (decrease) in provision for bonuses	15	37
Increase (decrease) in provision for bonuses for directors (and other officers)	(36)	(33)
Increase (decrease) in provision for environmental measures	0	(0)
Interest and dividend income	(4)	(8)
Interest expenses	1	2
Foreign exchange losses (gains)	(48)	(42)
Loss (gain) on sale of property, plant and equipment	(0)	(1)
Loss on retirement of property, plant and equipment	1	2
Decrease (increase) in trade receivables	(181)	449
Decrease (increase) in inventories	(1,593)	(38)
Increase (decrease) in trade payables	1,303	(876)
Other, net	(182)	202
Subtotal	2,272	2,397
Interest and dividends received	3	5
Interest paid	(1)	(2)
Income taxes paid	(1,010)	(476)
Net cash provided by (used in) operating activities	1,264	1,923
Cash flows from investing activities		
Payments into time deposits	(43)	(156)
Proceeds from withdrawal of time deposits	43	157
Purchase of property, plant and equipment	(1,025)	(1,509)
Proceeds from sale of property, plant and equipment	4	1
Other, net	(27)	(100)
Net cash provided by (used in) investing activities	(1,049)	(1,607)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(61)
Repayments of long-term borrowings	(89)	(81)
Repayments of lease liabilities	(3)	(4)
Proceeds from sale of treasury shares	247	3
Purchase of treasury shares	(248)	(0)
Dividends paid	(673)	(648)
Dividends paid to non-controlling interests	(6)	(6)
Net cash provided by (used in) financing activities	(772)	(798)
Effect of exchange rate change on cash and cash equivalents	174	123
Net increase (decrease) in cash and cash equivalents	(383)	(359)
Cash and cash equivalents at beginning of period	14,928	14,122
Cash and cash equivalents at end of period	14,545	13,762