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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 9, 2022

Company name: Nippon Yakin Kogyo Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 5480
 URL: <https://www.nyk.co.jp>
 Representative: Hisashi Kubota, Representative Director and President
 Contact: Takahiro Araki, General Manager, Accounting Department
 Phone: +81-3-3273-3613
 Scheduled date of general shareholders' meeting: June 28, 2022
 Scheduled date of commencing dividend payments: June 29, 2022
 Scheduled date of filing securities report: June 28, 2022
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled (For institutional investors and analysts)

(Amounts are rounded to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	148,925	32.4	13,966	127.3	12,807	156.6	8,471	125.0
March 31, 2021	112,482	(17.5)	6,145	(21.6)	4,990	(21.3)	3,764	(29.3)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥8,346 million [78.9%]

Fiscal year ended March 31, 2021: ¥4,664 million [(0.9)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	561.25	—	14.4	7.3	9.4
March 31, 2021	247.85	—	7.1	3.1	5.5

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2022: ¥39 million
 Fiscal year ended March 31, 2021: ¥5 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	187,494	62,169	33.2	4,121.13
As of March 31, 2021	161,230	55,127	34.2	3,629.02

(Reference) Equity: As of March 31, 2022: ¥62,165 million
 As of March 31, 2021: ¥55,123 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 year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	(697)	(15,656)	15,049	12,545
March 31, 2021	11,182	(6,776)	(7,995)	13,828

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2021	—	15.00	—	30.00	45.00	684	18.2	1.3
Fiscal year ended March 31, 2022	—	40.00	—	80.00	120.00	1,811	21.4	3.1
Fiscal year ending March 31, 2023 (Forecast)	—	—	—	—	—		—	

The annual dividends forecast for the fiscal year ending March 31, 2023 is undetermined at this point.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

The consolidated financial results forecast for the fiscal year ending March 31, 2023 is undetermined, since it is difficult to reasonably forecast at this point. The Company will promptly announce the results forecast as soon as it becomes available, while determining future trends.

* Notes:

(1) Changes in significant subsidiaries during the fiscal year under review: None

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: — (Company name: —)

Excluded: — (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: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the year (including treasury shares):

March 31, 2022: 15,497,333 shares

March 31, 2021: 15,497,333 shares

2) Total number of treasury shares at the end of the year:

March 31, 2022: 412,899 shares

March 31, 2021: 307,891 shares

3) Average number of shares outstanding during the year:

Year ended March 31, 2022: 15,093,457 shares

Year ended March 31, 2021: 15,187,534 shares

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)**

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	124,778	38.6	10,831	125.1	10,413	143.0	6,723	99.2
March 31, 2021	90,059	(19.2)	4,812	(17.2)	4,285	(15.8)	3,375	(24.2)

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	445.28	—
March 31, 2021	222.13	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	171,511	54,877	32.0	3,636.89
As of March 31, 2021	146,246	49,572	33.9	3,262.69

(Reference) Equity: As of March 31, 2022: ¥54,877 million

As of March 31, 2021: ¥49,572 million

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.* Explanation of the proper use of financial results forecast and other notes

(Cautionary note on forward-looking statements, etc.)

Forward-looking statements and other statements about the future in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and the Company does not guarantee the achievement of the projections. Actual performance and other results may differ significantly due to various factors.

(Information about the supplementary explanatory materials on annual financial results)

The Company will hold an annual financial results briefing session for institutional investors and analysts on Tuesday, May 24, 2022. The materials for the session will be posted on the Company's website immediately after the session.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	13,935	12,646
Notes and accounts receivable - trade	19,592	26,996
Merchandise and finished goods	8,153	10,244
Work in process	15,771	23,232
Raw materials and supplies	9,014	16,173
Other	1,559	2,701
Allowance for doubtful accounts	(284)	(219)
Total current assets	67,739	91,773
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,842	54,720
Accumulated depreciation	(40,346)	(39,831)
Buildings and structures, net	11,497	14,889
Machinery, equipment and vehicles	149,443	152,164
Accumulated depreciation	(122,141)	(119,611)
Machinery, equipment and vehicles, net	27,303	32,552
Land	38,755	36,404
Construction in progress	6,661	2,298
Other	8,720	8,840
Accumulated depreciation	(6,692)	(6,689)
Other, net	2,027	2,152
Total property, plant and equipment	86,243	88,295
Intangible assets		
Software	1,431	2,148
Other	202	160
Total intangible assets	1,632	2,308
Investments and other assets		
Investment securities	4,449	4,096
Deferred tax assets	159	175
Other	1,003	794
Allowance for doubtful accounts	(23)	(15)
Total investments and other assets	5,588	5,051
Total non-current assets	93,463	95,654
Deferred assets		
Bond issuance costs	28	67
Total deferred assets	28	67
Total assets	161,230	187,494

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,450	23,917
Short-term borrowings	28,287	34,367
Notes payable - facilities	5,882	2,847
Current portion of bonds payable	77	—
Current portion of long-term borrowings	5,039	5,152
Income taxes payable	424	2,003
Accrued consumption taxes	111	81
Provision for bonuses	1,349	1,522
Provision for loss on business liquidation	27	1
Other	5,542	5,521
Total current liabilities	63,188	75,413
Non-current liabilities		
Bonds payable	5,000	13,000
Long-term borrowings	19,101	21,902
Deferred tax liabilities	6,137	2,594
Deferred tax liabilities for land revaluation	918	861
Retirement benefit liability	10,528	10,478
Provision for environmental measures	113	66
Provision for preventing environmental pollution	5	5
Provision for loss on business liquidation	—	21
Other	1,113	984
Total non-current liabilities	42,915	49,911
Total liabilities	106,103	125,324
Net assets		
Shareholders' equity		
Share capital	24,301	24,301
Capital surplus	9,542	9,542
Retained earnings	18,541	26,093
Treasury shares	(707)	(950)
Total shareholders' equity	51,678	58,985
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,562	1,387
Deferred gains or losses on hedges	1	27
Revaluation reserve for land	1,720	1,580
Foreign currency translation adjustment	161	186
Total accumulated other comprehensive income	3,445	3,179
Non-controlling interests	5	5
Total net assets	55,127	62,169
Total liabilities and net assets	161,230	187,494

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	112,482	148,925
Cost of sales	95,428	123,013
Gross profit	17,054	25,912
Selling, general and administrative expenses	10,909	11,946
Operating profit	6,145	13,966
Non-operating income		
Interest income	1	1
Dividend income	84	108
Share of profit of entities accounted for using equity method	5	39
Rental income from non-current assets	86	82
Subsidy income	74	30
Other	77	76
Total non-operating income	327	337
Non-operating expenses		
Interest expenses	511	500
Foreign exchange losses	37	16
Loss on sale of notes receivable - trade	33	28
Loss on retirement of non-current assets	356	172
Fixed assets removal costs	209	155
Sales discounts	150	193
Environmental expenses	68	222
Other	118	210
Total non-operating expenses	1,481	1,497
Ordinary profit	4,990	12,807
Extraordinary income		
Gain on sale of non-current assets	5	6
Gain on sale of investment securities	–	165
Total extraordinary income	5	170
Extraordinary losses		
Loss on sale of businesses	–	134
Loss on valuation of investment securities	255	–
Impairment losses	–	5,786
Total extraordinary losses	255	5,919
Profit before income taxes	4,740	7,058
Income taxes - current	669	2,169
Income taxes - deferred	307	(3,583)
Total income taxes	976	(1,413)
Profit	3,764	8,471
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	3,764	8,471

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	3,764	8,471
Other comprehensive income		
Valuation difference on available-for-sale securities	874	(175)
Deferred gains or losses on hedges	2	26
Foreign currency translation adjustment	24	24
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	900	(125)
Comprehensive income	4,664	8,346
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,664	8,346
Comprehensive income attributable to non-controlling interests	0	0

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	24,301	9,542	15,474	(736)	48,582
Changes during period					
Dividends of surplus			(683)		(683)
Profit attributable to owners of parent			3,764		3,764
Purchase of treasury shares				(12)	(12)
Disposal of treasury shares			(14)	41	27
Reversal of revaluation reserve for land					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,067	29	3,096
Balance at end of period	24,301	9,542	18,541	(707)	51,678

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Re-valuation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	688	(1)	1,720	137	2,544	5	51,131
Changes during period							
Dividends of surplus							(683)
Profit attributable to owners of parent							3,764
Purchase of treasury shares							(12)
Disposal of treasury shares							27
Reversal of revaluation reserve for land							—
Net changes in items other than shareholders' equity	874	2	—	24	900	0	900
Total changes during period	874	2	—	24	900	0	3,996
Balance at end of period	1,562	1	1,720	161	3,445	5	55,127

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	24,301	9,542	18,541	(707)	51,678
Changes during period					
Dividends of surplus			(1,060)		(1,060)
Profit attributable to owners of parent			8,471		8,471
Purchase of treasury shares				(272)	(272)
Disposal of treasury shares			(1)	28	27
Reversal of revaluation reserve for land			140		140
Net changes in items other than shareholders' equity					
Total changes during period	–	–	7,551	(244)	7,307
Balance at end of period	24,301	9,542	26,093	(950)	58,985

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Re-valuation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	1,562	1	1,720	161	3,445	5	55,127
Changes during period							
Dividends of surplus							(1,060)
Profit attributable to owners of parent							8,471
Purchase of treasury shares							(272)
Disposal of treasury shares							27
Reversal of revaluation reserve for land							140
Net changes in items other than shareholders' equity	(175)	26	(140)	24	(265)	0	(265)
Total changes during period	(175)	26	(140)	24	(265)	0	7,042
Balance at end of period	1,387	27	1,580	186	3,179	5	62,169

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	4,740	7,058
Depreciation	3,975	4,123
Impairment losses	—	5,786
Increase (decrease) in allowance for doubtful accounts	31	(73)
Increase (decrease) in provision for bonuses	3	173
Increase (decrease) in retirement benefit liability	212	(49)
Increase (decrease) in provision for environmental measures	(155)	(41)
Interest and dividend income	(85)	(109)
Interest expenses	511	500
Share of loss (profit) of entities accounted for using equity method	(4)	(38)
Loss (gain) on sale of investment securities	—	(165)
Loss (gain) on sale of non-current assets	(5)	(6)
Loss on retirement of non-current assets	356	172
Loss (gain) on sale of businesses	—	134
Decrease (increase) in trade receivables	812	(7,404)
Decrease (increase) in inventories	2,804	(16,711)
Increase (decrease) in trade payables	(403)	7,464
Increase (decrease) in accrued consumption taxes	(980)	(893)
Other, net	545	478
Subtotal	12,358	399
Interest and dividends received	85	109
Interest paid	(524)	(467)
Income taxes paid	(737)	(738)
Net cash provided by (used in) operating activities	11,182	(697)
Cash flows from investing activities		
Payments into time deposits	(62)	(63)
Proceeds from withdrawal of time deposits	49	68
Purchase of property, plant and equipment and intangible assets	(6,652)	(16,028)
Proceeds from sale of property, plant and equipment and intangible assets	6	23
Purchase of investment securities	(127)	(57)
Proceeds from sale of investment securities	10	392
Other, net	1	9
Net cash provided by (used in) investing activities	(6,776)	(15,656)

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,324)	6,075
Proceeds from long-term borrowings	4,317	8,081
Repayments of long-term borrowings	(6,213)	(5,167)
Proceeds from sales and redemption by installment payment	—	15
Repayments of installment payables	(446)	(239)
Proceeds from issuance of bonds	—	8,000
Redemption of bonds	(154)	(77)
Purchase of treasury shares	(11)	(271)
Dividends paid	(682)	(1,056)
Other, net	(482)	(312)
Net cash provided by (used in) financing activities	(7,995)	15,049
Effect of exchange rate change on cash and cash equivalents	19	20
Net increase (decrease) in cash and cash equivalents	(3,570)	(1,283)
Cash and cash equivalents at beginning of period	17,398	13,828
Cash and cash equivalents at end of period	13,828	12,545