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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



October 31, 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

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Scheduled date of filing quarterly securities report: November 14, 2022

Scheduled date of commencing dividend payments: December 1, 2022

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts are rounded to the nearest million yen.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	96,366	50.2	12,651	91.0	12,316	97.4	8,665	51.8
September 30, 2021	64,161	14.2	6,623	124.2	6,239	148.2	5,707	303.3

(Note) Comprehensive income: Six months ended September 30, 2022: ¥8,657 million [49.8%]

Six months ended September 30, 2021: ¥5,779 million [256.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	578.76	—
September 30, 2021	377.93	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	209,334	69,344	33.1
As of March 31, 2022	187,494	62,169	33.2

(Reference) Equity: As of September 30, 2022: ¥69,340 million

As of March 31, 2022: ¥62,165 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	40.00	—	80.00	120.0
Fiscal year ending March 31, 2023	—	70.00			
Fiscal year ending March 31, 2023 (Forecast)			—	130.00	200.0

(Note) Revision to the forecast for dividends announced most recently: Yes

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	198,000	33.0	27,000	93.3	25,000	95.2	17,000	100.7	1,136.02

(Note) Revision to the financial results forecast announced most recently: Yes

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: — (Company name: —), Excluded: — (Company name: —)
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2022:	15,497,333 shares
March 31, 2022:	15,497,333 shares
 - 2) Total number of treasury shares at the end of the period:

September 30, 2022:	540,493 shares
March 31, 2022:	412,899 shares
 - 3) Average number of shares outstanding during the period:

Six months ended September 30, 2022:	14,972,289 shares
Six months ended September 30, 2021:	15,100,427 shares

* These quarterly consolidated financial results are outside the scope of quarterly 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 quarterly financial results)

The Company will hold a quarterly financial results briefing session for institutional investors and analysts on Tuesday, November 22, 2022. The materials for the session will be posted on the Company's website immediately after the session.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	12,646	7,710
Notes and accounts receivable - trade	26,996	32,176
Merchandise and finished goods	10,244	15,529
Work in process	23,232	30,317
Raw materials and supplies	16,173	18,807
Other	2,701	3,020
Allowance for doubtful accounts	(219)	(196)
Total current assets	91,773	107,362
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,889	14,716
Machinery, equipment and vehicles, net	32,552	35,487
Land	36,404	36,423
Other, net	4,449	7,848
Total property, plant and equipment	88,295	94,475
Intangible assets	2,308	2,676
Investments and other assets		
Investment securities	4,096	3,931
Other	969	845
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	5,051	4,762
Total non-current assets	95,654	101,912
Deferred assets		
Bond issuance costs	67	60
Total deferred assets	67	60
Total assets	187,494	209,334

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,917	26,002
Notes payable - facilities	2,847	799
Short-term borrowings	34,367	40,900
Current portion of long-term borrowings	5,152	6,750
Provision for bonuses	1,522	1,536
Provision for loss on business liquidation	1	1
Other	7,606	11,633
Total current liabilities	75,413	87,621
Non-current liabilities		
Bonds payable	13,000	13,000
Long-term borrowings	21,902	22,143
Retirement benefit liability	10,478	10,510
Provision for environmental measures	66	42
Provision for preventing environmental pollution	5	5
Provision for loss on business liquidation	21	21
Other	4,439	6,648
Total non-current liabilities	49,911	52,369
Total liabilities	125,324	139,990
Net assets		
Shareholders' equity		
Share capital	24,301	24,301
Capital surplus	9,542	9,542
Retained earnings	26,093	33,550
Treasury shares	(950)	(1,225)
Total shareholders' equity	58,985	66,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,387	1,228
Deferred gains or losses on hedges	27	58
Revaluation reserve for land	1,580	1,580
Foreign currency translation adjustment	186	306
Total accumulated other comprehensive income	3,179	3,171
Non-controlling interests	5	5
Total net assets	62,169	69,344
Total liabilities and net assets	187,494	209,334

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income

Quarterly Consolidated Statements of Operations

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	64,161	96,366
Cost of sales	51,846	77,726
Gross profit	12,316	18,640
Selling, general and administrative expenses	5,693	5,988
Operating profit	6,623	12,651
Non-operating income		
Dividend income	62	72
Rental income from non-current assets	42	47
Foreign exchange gains	16	162
Other	66	76
Total non-operating income	186	357
Non-operating expenses		
Interest expenses	241	309
Other	328	383
Total non-operating expenses	569	693
Ordinary profit	6,239	12,316
Extraordinary income		
Gain on sale of non-current assets	5	2
Gain on liquidation of subsidiaries and associates	–	26
Total extraordinary income	5	28
Profit before income taxes	6,245	12,344
Income taxes	538	3,678
Profit	5,707	8,665
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	5,707	8,665

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	5,707	8,665
Other comprehensive income		
Valuation difference on available-for-sale securities	135	(159)
Deferred gains or losses on hedges	1	31
Foreign currency translation adjustment	(64)	120
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	73	(8)
Comprehensive income	5,779	8,657
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,779	8,657
Comprehensive income attributable to non-controlling interests	0	0

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	6,245	12,344
Depreciation	1,972	2,333
Increase (decrease) in retirement benefit liability	(8)	31
Interest and dividend income	(62)	(73)
Interest expenses	241	309
Decrease (increase) in trade receivables	(2,881)	(5,180)
Decrease (increase) in inventories	(7,250)	(15,004)
Increase (decrease) in trade payables	3,659	2,082
Other, net	(604)	45
Subtotal	1,312	(3,113)
Interest and dividends received	62	73
Interest paid	(234)	(305)
Income taxes paid	(132)	(1,857)
Net cash provided by (used in) operating activities	1,008	(5,203)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(8,450)	(6,425)
Other, net	18	33
Net cash provided by (used in) investing activities	(8,432)	(6,392)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,206	6,492
Proceeds from long-term borrowings	1,251	5,169
Repayments of long-term borrowings	(2,717)	(3,330)
Other, net	(1,069)	(1,748)
Net cash provided by (used in) financing activities	671	6,583
Effect of exchange rate change on cash and cash equivalents	(43)	78
Net increase (decrease) in cash and cash equivalents	(6,796)	(4,934)
Cash and cash equivalents at beginning of period	13,828	12,545
Cash and cash equivalents at end of period	7,032	7,611