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



May 9, 2023

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, 2023
 Scheduled date of commencing dividend payments: June 29, 2023
 Scheduled date of filing securities report: June 28, 2023
 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, 2023 (April 1, 2022 - 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	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	199,324	33.8	29,256	109.5	27,738	116.6	19,703	132.6
March 31, 2022	148,925	32.4	13,966	127.3	12,807	156.6	8,471	125.0

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥20,000 million [139.6%]

Fiscal year ended March 31, 2022: ¥8,346 million [78.9%]

	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, 2023	1,316.79	—	27.8	13.5	14.7
March 31, 2022	561.25	—	14.4	7.3	9.4

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2023: ¥76 million

Fiscal year ended March 31, 2022: ¥39 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	222,294	79,619	35.8	5,324.80
As of March 31, 2022	187,494	62,169	33.2	4,121.13

(Reference) Equity: As of March 31, 2023: ¥79,614 million

As of March 31, 2022: ¥62,165 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, 2023	3,649	(13,035)	8,530	11,797
March 31, 2022	(697)	(15,656)	15,049	12,545

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, 2022	—	40.00	—	80.00	120.00	1,811	21.4	3.1
Fiscal year ended March 31, 2023	—	70.00	—	130.00	200.00	2,992	15.2	4.2
Fiscal year ending March 31, 2024 (Forecast)	—	100.00	—	100.00	200.00		23.0	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	97,000	0.7	12,000	(5.1)	11,000	(10.7)	8,000	(7.7)	535.06
Full year	206,000	3.3	21,000	(28.2)	19,000	(31.5)	13,000	(34.0)	869.47

* 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: None

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, 2023: 15,497,333 shares

March 31, 2022: 15,497,333 shares

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

March 31, 2023: 545,700 shares

March 31, 2022: 412,899 shares

- 3) Average number of shares outstanding during the year:

Year ended March 31, 2023: 14,962,673 shares

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

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)****(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, 2023	177,529	42.3	25,995	140.0	24,761	137.8	17,853	165.6
March 31, 2022	124,778	38.6	10,831	125.1	10,413	143.0	6,723	99.2

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	1,192.78	—
March 31, 2022	445.28	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	200,407	70,269	35.1	4,698.25
As of March 31, 2022	171,511	54,877	32.0	3,636.89

(Reference) Equity: As of March 31, 2023: ¥70,269 million

As of March 31, 2022: ¥54,877 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 Thursday, May 25, 2023. 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	12,646	11,910
Notes and accounts receivable - trade	26,996	29,829
Merchandise and finished goods	10,244	18,958
Work in process	23,232	34,670
Raw materials and supplies	16,173	19,200
Other	2,701	3,080
Allowance for doubtful accounts	(219)	(146)
Total current assets	91,773	117,501
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,720	56,233
Accumulated depreciation	(39,831)	(41,040)
Buildings and structures, net	14,889	15,193
Machinery, equipment and vehicles	152,164	157,671
Accumulated depreciation	(119,611)	(121,584)
Machinery, equipment and vehicles, net	32,552	36,086
Land	36,404	36,430
Leased assets	2,571	5,561
Accumulated depreciation	(1,222)	(1,546)
Leased assets, net	1,349	4,015
Construction in progress	2,298	3,942
Other	6,269	6,409
Accumulated depreciation	(5,466)	(5,572)
Other, net	803	837
Total property, plant and equipment	88,295	96,503
Intangible assets		
Software	2,148	2,689
Other	160	136
Total intangible assets	2,308	2,825
Investments and other assets		
Investment securities	4,096	4,300
Deferred tax assets	175	125
Other	794	1,003
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	5,051	5,413
Total non-current assets	95,654	104,741
Deferred assets		
Bond issuance costs	67	53
Total deferred assets	67	53
Total assets	187,494	222,294

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,917	21,627
Notes payable - facilities	2,847	814
Short-term borrowings	34,367	35,055
Current portion of long-term borrowings	5,152	7,215
Income taxes payable	2,003	8,020
Accrued consumption taxes	81	1,753
Provision for bonuses	1,522	1,774
Provision for environmental measures	–	87
Provision for loss on business liquidation	1	–
Other	5,521	5,443
Total current liabilities	75,413	81,788
Non-current liabilities		
Bonds payable	13,000	13,000
Long-term borrowings	21,902	30,853
Lease liabilities	953	3,341
Deferred tax liabilities	2,594	1,998
Deferred tax liabilities for land revaluation	861	861
Retirement benefit liability	10,478	10,472
Provision for environmental measures	66	322
Provision for preventing environmental pollution	5	5
Provision for loss on business liquidation	21	22
Other	31	12
Total non-current liabilities	49,911	60,887
Total liabilities	125,324	142,675
Net assets		
Shareholders' equity		
Share capital	24,301	24,301
Capital surplus	9,542	9,542
Retained earnings	26,093	43,548
Treasury shares	(950)	(1,246)
Total shareholders' equity	58,985	76,145
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,387	1,540
Deferred gains or losses on hedges	27	6
Revaluation reserve for land	1,580	1,572
Foreign currency translation adjustment	186	351
Total accumulated other comprehensive income	3,179	3,469
Non-controlling interests	5	5
Total net assets	62,169	79,619
Total liabilities and net assets	187,494	222,294

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

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	148,925	199,324
Cost of sales	123,013	157,369
Gross profit	25,912	41,955
Selling, general and administrative expenses	11,946	12,699
Operating profit	13,966	29,256
Non-operating income		
Interest income	1	2
Dividend income	108	114
Share of profit of entities accounted for using equity method	39	76
Rental income from non-current assets	82	105
Subsidy income	30	–
Other	76	120
Total non-operating income	337	416
Non-operating expenses		
Interest expenses	500	623
Loss on sale of notes receivable - trade	28	60
Foreign exchange losses	16	392
Loss on retirement of non-current assets	172	110
Fixed assets removal costs	155	143
Sales discounts	193	281
Environmental expenses	222	111
Other	210	214
Total non-operating expenses	1,497	1,934
Ordinary profit	12,807	27,738
Extraordinary income		
Gain on sale of non-current assets	6	5
Gain on sale of investment securities	165	61
Gain on liquidation of subsidiaries and associates	–	26
Total extraordinary income	170	93
Extraordinary losses		
Loss on sale of businesses	134	–
Impairment losses	5,786	–
Total extraordinary losses	5,919	–
Profit before income taxes	7,058	27,831
Income taxes - current	2,169	8,652
Income taxes - deferred	(3,583)	(524)
Total income taxes	(1,413)	8,129
Profit	8,471	19,703
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	8,471	19,703

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	8,471	19,703
Other comprehensive income		
Valuation difference on available-for-sale securities	(175)	152
Deferred gains or losses on hedges	26	(20)
Foreign currency translation adjustment	24	165
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	(125)	297
Comprehensive income	8,346	20,000
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,346	20,000
Comprehensive income attributable to non-controlling interests	0	0

(3) Consolidated Statements of Changes in Equity

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

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	24,301	9,542	26,093	(950)	58,985
Changes during period					
Dividends of surplus			(2,254)		(2,254)
Profit attributable to owners of parent			19,703		19,703
Purchase of treasury shares				(325)	(325)
Disposal of treasury shares			(1)	30	29
Reversal of revaluation reserve for land			8		8
Net changes in items other than shareholders' equity					
Total changes during period	–	–	17,455	(295)	17,160
Balance at end of period	24,301	9,542	43,548	(1,246)	76,145

	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	1,387	27	1,580	186	3,179	5	62,169
Changes during period							
Dividends of surplus							(2,254)
Profit attributable to owners of parent							19,703
Purchase of treasury shares							(325)
Disposal of treasury shares							29
Reversal of revaluation reserve for land							8
Net changes in items other than shareholders' equity	153	(20)	(8)	165	290	0	290
Total changes during period	153	(20)	(8)	165	290	0	17,450
Balance at end of period	1,540	6	1,572	351	3,469	5	79,619

(4) Consolidated Statements of Cash Flows

(Million 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	7,058	27,831
Depreciation	4,123	5,029
Impairment losses	5,786	–
Increase (decrease) in allowance for doubtful accounts	(73)	(73)
Increase (decrease) in provision for bonuses	173	251
Increase (decrease) in retirement benefit liability	(49)	(6)
Increase (decrease) in provision for environmental measures	(41)	343
Interest and dividend income	(109)	(116)
Interest expenses	500	623
Share of loss (profit) of entities accounted for using equity method	(38)	(74)
Loss (gain) on sale of investment securities	(165)	(61)
Loss (gain) on sale of non-current assets	(6)	(5)
Loss on retirement of non-current assets	172	110
Loss (gain) on sale of businesses	134	–
Loss (gain) on liquidation of subsidiaries and associates	–	(26)
Decrease (increase) in trade receivables	(7,404)	(2,833)
Decrease (increase) in inventories	(16,711)	(23,179)
Increase (decrease) in trade payables	7,464	(2,287)
Increase (decrease) in accrued consumption taxes	(893)	1,672
Other, net	478	(254)
Subtotal	399	6,945
Interest and dividends received	109	116
Interest paid	(467)	(630)
Income taxes paid	(738)	(2,782)
Net cash provided by (used in) operating activities	(697)	3,649
Cash flows from investing activities		
Payments into time deposits	(63)	(69)
Proceeds from withdrawal of time deposits	68	57
Purchase of property, plant and equipment and intangible assets	(16,028)	(13,131)
Proceeds from sale of property, plant and equipment and intangible assets	23	7
Purchase of investment securities	(57)	(26)
Proceeds from liquidation of subsidiaries and associates	–	41
Proceeds from sale of investment securities	392	85
Other, net	9	0
Net cash provided by (used in) investing activities	(15,656)	(13,035)

(Million 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	6,075	635
Proceeds from long-term borrowings	8,081	16,669
Repayments of long-term borrowings	(5,167)	(5,654)
Proceeds from sales and redemption by installment payment	15	126
Repayments of installment payables	(239)	(216)
Proceeds from issuance of bonds	8,000	–
Redemption of bonds	(77)	–
Purchase of treasury shares	(271)	(324)
Dividends paid	(1,056)	(2,255)
Other, net	(312)	(451)
Net cash provided by (used in) financing activities	15,049	8,530
Effect of exchange rate change on cash and cash equivalents	20	109
Net increase (decrease) in cash and cash equivalents	(1,283)	(748)
Cash and cash equivalents at beginning of period	13,828	12,545
Cash and cash equivalents at end of period	12,545	11,797