

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

October 27, 2022

Company name: Nippon Seisen Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5659 URL <https://www.n-seisen.co.jp/>
 Representative: President and CEO Motoshi Shinkai
 Inquiries: General Manager, Accounting Department Shuichi Nagasawa TEL 06-6222-5432
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: December 5, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	24,712	15.4	1,942	(18.5)	2,039	(17.5)	1,416	(18.6)
Six months ended September 30, 2021	21,408	39.1	2,383	165.9	2,473	136.7	1,740	137.6

Note: Comprehensive income Six months ended September 30, 2022 ¥1,838 million [12.3%]
 Six months ended September 30, 2021 ¥1,637 million [133.4%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	230.97		-	
Six months ended September 30, 2021	283.73		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2022	53,197		36,610		67.8	
As of March 31, 2022	51,230		35,452		68.2	

Reference: Equity As of September 30, 2022 ¥36,054 million
 As of March 31, 2022 ¥34,961 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	-	100.00	-	110.00	210.00
Year ending March 31, 2023	-	105.00	-	-	-
Year ending March 31, 2023 (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, 2023 (from April 1, 2022 to March 31, 2023)

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	48,500	8.3	4,400	(4.3)	4,400	(4.3)	3,080	(3.1)	502.20

Note: Revisions to the earnings forecasts most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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: | Yes |
| 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, 2022	6,253,038 shares	As of March 31, 2022	6,492,293 shares
--------------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of September 30, 2022	120,080 shares	As of March 31, 2022	359,255 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	6,132,977 shares	Six months ended September 30, 2021	6,133,204 shares
-------------------------------------	------------------	-------------------------------------	------------------

* 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, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	15,640	15,302
Notes and accounts receivable - trade	9,170	9,351
Electronically recorded monetary claims - operating	840	939
Merchandise and finished goods	2,354	2,978
Work in process	4,060	4,577
Raw materials and supplies	2,398	2,976
Other	220	285
Total current assets	34,685	36,410
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,933	5,253
Machinery, equipment and vehicles, net	6,380	6,574
Land	1,637	1,645
Leased assets, net	23	20
Construction in progress	834	596
Other, net	614	586
Total property, plant and equipment	14,423	14,677
Intangible assets	229	203
Investments and other assets	1,892	1,906
Total non-current assets	16,545	16,787
Total assets	51,230	53,197
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,470	8,838
Short-term borrowings	355	272
Income taxes payable	1,086	705
Provision for bonuses	723	741
Provision for bonuses for directors (and other officers)	36	–
Other	1,213	994
Total current liabilities	10,886	11,551
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	57	–
Provision for share awards for directors (and other officers)	–	14
Retirement benefit liability	4,672	4,727
Provision for environmental measures	136	137
Other	23	156
Total non-current liabilities	4,891	5,035
Total liabilities	15,777	16,587

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	5,442	5,558
Retained earnings	25,006	25,181
Treasury shares	(849)	(399)
Total shareholders' equity	34,598	35,340
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	12
Deferred gains or losses on hedges	(1)	(3)
Foreign currency translation adjustment	453	789
Remeasurements of defined benefit plans	(104)	(85)
Total accumulated other comprehensive income	363	714
Non-controlling interests	491	556
Total net assets	35,452	36,610
Total liabilities and net assets	51,230	53,197

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, 2021	Six months ended September 30, 2022
Net sales	21,408	24,712
Cost of sales	17,424	21,023
Gross profit	3,983	3,689
Selling, general and administrative expenses	1,600	1,746
Operating profit	2,383	1,942
Non-operating income		
Interest income	5	3
Dividend income	6	1
Purchase discounts	10	11
Compensation income	23	16
Rental income	12	12
Foreign exchange gains	45	62
Reversal of provision for environmental measures	0	–
Other	0	4
Total non-operating income	105	112
Non-operating expenses		
Interest expenses	2	1
Compensation expenses	7	8
Loss on retirement of non-current assets	4	1
Other	1	3
Total non-operating expenses	16	15
Ordinary profit	2,473	2,039
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on liquidation of investment securities	–	2
Total extraordinary income	0	2
Profit before income taxes	2,473	2,042
Income taxes - current	749	622
Income taxes - deferred	(37)	(22)
Total income taxes	712	600
Profit	1,760	1,441
Profit attributable to non-controlling interests	20	25
Profit attributable to owners of parent	1,740	1,416

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,760	1,441
Other comprehensive income		
Valuation difference on available-for-sale securities	13	(2)
Deferred gains or losses on hedges	0	(1)
Foreign currency translation adjustment	(156)	382
Remeasurements of defined benefit plans, net of tax	18	19
Total other comprehensive income	(123)	396
Comprehensive income	1,637	1,838
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,611	1,767
Comprehensive income attributable to non-controlling interests	26	71

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,473	2,042
Depreciation	780	792
Gain on liquidation of investment securities	–	(2)
Increase (decrease) in retirement benefit liability	148	209
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(13)	(57)
Increase (decrease) in provision for share awards for directors (and other officers)	–	14
Increase (decrease) in provision for bonuses	19	15
Increase (decrease) in provision for bonuses for directors (and other officers)	(26)	(36)
Increase (decrease) in provision for environmental measures	(0)	0
Interest and dividend income	(12)	(4)
Interest expenses	2	1
Foreign exchange losses (gains)	(57)	(48)
Loss (gain) on sale of property, plant and equipment	(0)	(0)
Loss on retirement of property, plant and equipment	4	1
Decrease (increase) in trade receivables	(753)	(181)
Increase (decrease) in advances received	23	2
Decrease (increase) in inventories	(524)	(1,593)
Decrease (increase) in other current assets	(40)	(7)
Increase (decrease) in trade payables	939	1,303
Increase (decrease) in accrued consumption taxes	(46)	(158)
Increase (decrease) in other current liabilities	(2)	(19)
Other, net	0	0
Subtotal	2,914	2,272
Interest and dividends received	11	3
Interest paid	(2)	(1)
Income taxes paid	(635)	(1,010)
Net cash provided by (used in) operating activities	2,288	1,264
Cash flows from investing activities		
Payments into time deposits	(244)	(43)
Proceeds from withdrawal of time deposits	432	43
Purchase of property, plant and equipment	(760)	(1,025)
Proceeds from sale of property, plant and equipment	0	4
Purchase of intangible assets	(27)	(20)
Other, net	2	(6)
Net cash provided by (used in) investing activities	(597)	(1,049)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(99)	–
Repayments of long-term borrowings	(89)	(89)
Repayments of lease liabilities	(3)	(3)
Proceeds from sale of treasury shares	–	247
Purchase of treasury shares	(0)	(248)
Dividends paid	(429)	(673)
Dividends paid to non-controlling interests	–	(6)
Net cash provided by (used in) financing activities	(620)	(772)
Effect of exchange rate change on cash and cash equivalents	(2)	174
Net increase (decrease) in cash and cash equivalents	1,067	(383)
Cash and cash equivalents at beginning of period	13,299	14,928
Cash and cash equivalents at end of period	14,366	14,545