

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 12, 2022

Company name: NIPPON KINZOKU CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 5491 URL <https://www.nipponkinzoku.co.jp/>
 Representative: President Yasushi Shimokawa
 Managing Executive Officer,
 Inquiries: General Manager, Finance Department Hisashi Maruyama TEL 03-5765-8105
 Scheduled date of ordinary general meeting of shareholders: June 29, 2022
 Scheduled date to file Securities Report: June 29, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

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	%
Year ended March 31, 2022	49,117	22.5	1,437	–	1,337	–	2,517	–
Year ended March 31, 2021	40,106	(11.2)	(2,386)	–	(2,454)	–	(277)	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	376.10	–	11.5	2.0	2.9
Year ended March 31, 2021	(41.41)	–	(1.4)	(3.9)	(6.0)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	72,179	23,314	32.3	3,482.66
As of March 31, 2021	64,177	20,475	31.9	3,058.54

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	4,500	(2,747)	(399)	10,065
Year ended March 31, 2021	2,346	(2,043)	2,299	8,703

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	–	–		–	

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2022
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2022	6,700,000 shares	As of March 31, 2021	6,700,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	5,654 shares	As of March 31, 2021	5,569 shares
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Average number of shares during the period

Year ended March 31, 2022	6,694,400 shares	Year ended March 31, 2021	6,694,455 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	8,771	10,134
Notes and accounts receivable - trade	8,097	9,102
Electronically recorded monetary claims - operating	4,141	5,123
Merchandise and finished goods	4,389	5,153
Work in process	3,853	4,936
Raw materials and supplies	1,322	1,531
Other	405	601
Allowance for doubtful accounts	(2)	(2)
Total current assets	30,978	36,580
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,053	3,956
Machinery, equipment and vehicles, net	7,919	11,113
Land	16,256	16,245
Construction in progress	821	428
Other, net	559	549
Total property, plant and equipment	29,608	32,292
Intangible assets	126	152
Investments and other assets		
Investment securities	2,098	2,120
Long-term loans receivable	11	10
Deferred tax assets	1,186	851
Other	202	207
Allowance for doubtful accounts	(36)	(35)
Total investments and other assets	3,463	3,153
Total non-current assets	33,199	35,598
Total assets	64,177	72,179

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,484	14,403
Short-term borrowings	10,544	10,922
Lease liabilities	149	76
Income taxes payable	157	705
Provision for bonuses	312	337
Provision for product warranties	38	46
Provision for environmental measures	–	37
Other	2,891	5,249
Total current liabilities	25,578	31,778
Non-current liabilities		
Long-term borrowings	12,142	11,520
Lease liabilities	161	174
Deferred tax liabilities	80	50
Deferred tax liabilities for land revaluation	3,041	3,041
Retirement benefit liability	2,598	2,237
Provision for environmental measures	59	21
Asset retirement obligations	40	40
Other	0	0
Total non-current liabilities	18,123	17,087
Total liabilities	43,702	48,865
Net assets		
Shareholders' equity		
Share capital	6,857	6,857
Capital surplus	986	986
Retained earnings	5,985	8,465
Treasury shares	(10)	(10)
Total shareholders' equity	13,819	16,298
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	803	804
Revaluation reserve for land	6,001	6,059
Foreign currency translation adjustment	140	163
Remeasurements of defined benefit plans	(289)	(12)
Total accumulated other comprehensive income	6,656	7,015
Total net assets	20,475	23,314
Total liabilities and net assets	64,177	72,179

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	40,106	49,117
Cost of sales	37,646	42,608
Gross profit	2,460	6,508
Selling, general and administrative expenses		
Freight and packing costs	1,062	1,221
Remuneration, salaries and allowances for directors (and other officers)	2,163	2,183
Provision for bonuses	97	107
Retirement benefit expenses	148	150
Depreciation	198	244
Provision of allowance for doubtful accounts	(0)	(0)
Other	1,176	1,163
Total selling, general and administrative expenses	4,847	5,070
Operating profit (loss)	(2,386)	1,437
Non-operating income		
Interest income	8	5
Dividend income	59	56
Rental income	38	38
Insurance claim income	19	–
Sales of scraps income	26	45
Other	29	85
Total non-operating income	181	232
Non-operating expenses		
Interest expenses	112	140
Rental expenses	15	15
Foreign exchange losses	20	92
Depreciation	62	52
Other	37	31
Total non-operating expenses	248	332
Ordinary profit (loss)	(2,454)	1,337
Extraordinary income		
Gain on sale of non-current assets	3	3
Gain on sale of investment securities	269	–
Insurance claim income	2,367	2,448
Total extraordinary income	2,640	2,452

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary losses		
Loss on sale of non-current assets	1	–
Loss on retirement of non-current assets	152	43
Loss on valuation of investment securities	–	10
Impairment losses	–	340
Loss on fire	242	–
Total extraordinary losses	396	393
Profit (loss) before income taxes	(209)	3,396
Income taxes - current	168	705
Income taxes - deferred	(101)	172
Total income taxes	67	878
Profit (loss)	(277)	2,517
Profit (loss) attributable to owners of parent	(277)	2,517

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	(277)	2,517
Other comprehensive income		
Valuation difference on available-for-sale securities	335	1
Foreign currency translation adjustment	(80)	22
Remeasurements of defined benefit plans, net of tax	(5)	276
Total other comprehensive income	249	301
Comprehensive income	(27)	2,818
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(27)	2,818
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,857	986	6,265	(10)	14,098
Changes during period					
Profit attributable to owners of parent			(277)		(277)
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			(2)		(2)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(279)	(0)	(279)
Balance at end of period	6,857	986	5,985	(10)	13,819

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	467	5,998	221	(283)	6,404	20,502
Changes during period						
Profit attributable to owners of parent					-	(277)
Purchase of treasury shares					-	(0)
Reversal of revaluation reserve for land					-	(2)
Net changes in items other than shareholders' equity	335	2	(80)	(5)	251	251
Total changes during period	335	2	(80)	(5)	251	(27)
Balance at end of period	803	6,001	140	(289)	6,656	20,475

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,857	986	5,985	(10)	13,819
Cumulative effects of changes in accounting policies			20		20
Restated balance	6,857	986	6,006	(10)	13,839
Changes during period					
Profit attributable to owners of parent			2,517		2,517
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			(57)		(57)
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	2,459	(0)	2,459
Balance at end of period	6,857	986	8,465	(10)	16,298

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	803	6,001	140	(289)	6,656	20,475
Cumulative effects of changes in accounting policies					–	20
Restated balance	803	6,001	140	(289)	6,656	20,495
Changes during period						
Profit attributable to owners of parent					–	2,517
Purchase of treasury shares					–	(0)
Reversal of revaluation reserve for land					–	(57)
Net changes in items other than shareholders' equity	1	57	22	276	359	359
Total changes during period	1	57	22	276	359	2,818
Balance at end of period	804	6,059	163	(12)	7,015	23,314

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(209)	3,396
Depreciation	1,676	1,680
Impairment losses	–	340
Increase (decrease) in provision for product warranties	(1)	7
Increase (decrease) in provision for environmental measures	(2)	–
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(14)	24
Increase (decrease) in retirement benefit liability	(76)	(13)
Interest and dividend income	(67)	(62)
Interest expenses	112	140
Loss (gain) on sale of non-current assets	(2)	(3)
Loss on retirement of property, plant and equipment	152	43
Loss (gain) on sale of investment securities	(269)	–
Loss (gain) on valuation of investment securities	–	10
Loss on fire	242	–
Insurance claim income	(2,387)	(2,448)
Decrease (increase) in trade receivables	(295)	(1,943)
Decrease (increase) in inventories	1,391	(2,015)
Increase (decrease) in trade payables	(420)	2,898
Other, net	122	328
Subtotal	(50)	2,383
Interest and dividends received	67	62
Interest paid	(115)	(141)
Spending on fire paid	(77)	(51)
Proceeds from insurance income	2,387	2,448
Income taxes paid	(92)	(215)
Income taxes refund	227	14
Net cash provided by (used in) operating activities	2,346	4,500
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,382)	(2,674)
Proceeds from sale of property, plant and equipment	11	14
Purchase of intangible assets	(10)	(55)
Purchase of investment securities	(21)	(20)
Proceeds from sale of investment securities	494	–
Payments for retirement of property, plant and equipment	(107)	(1)
Loan advances	(32)	(1)
Proceeds from collection of loans receivable	2	3
Other, net	1	(11)
Net cash provided by (used in) investing activities	(2,043)	(2,747)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,110	470
Proceeds from long-term borrowings	6,800	5,000
Repayments of long-term borrowings	(5,441)	(5,714)
Repayments of lease liabilities	(168)	(155)
Dividends paid	(1)	–
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	2,299	(399)
Effect of exchange rate change on cash and cash equivalents	(49)	8
Net increase (decrease) in cash and cash equivalents	2,552	1,362
Cash and cash equivalents at beginning of period	6,150	8,703
Cash and cash equivalents at end of period	8,703	10,065