

Translation

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

April 27, 2022

Company name: NIPPON SHARYO, LTD.  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 7102 URL <https://www.n-sharyo.co.jp>  
 Representative: President and CEO Kazuhiro Igarashi  
 General Manager,  
 Inquiries: General Affairs Department Kenichi Nagata TEL 052-882-3316  
 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: June 30, 2022  
 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	94,022	(5.5)	6,237	(31.1)	6,317	(32.1)	5,226	(34.1)
Year ended March 31, 2021	99,448	5.1	9,047	6.0	9,301	7.6	7,928	0.4

	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	362.14	–	11.2	4.7	6.6
Year ended March 31, 2021	549.31	–	19.9	7.0	9.1

(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	132,868	48,018	36.0	3,316.74
As of March 31, 2021	136,595	45,288	33.1	3,128.24

(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	14,507	(2,637)	(3,571)	29,111
Year ended March 31, 2021	11,537	(2,294)	(1,638)	20,766

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	–	10.00	10.00	144	1.8	0.4
Year ended March 31, 2022	–	10.00	–	10.00	20.00	288	5.5	0.6
Year ending March 31, 2023 (Forecast)	–	10.00	–	10.00	20.00		7.4	

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
Six months ending September 30, 2022	50,000	17.6	3,100	9.7	3,200	11.6	2,500	2.2	173.22
Full year	101,000	7.4	5,300	(15.0)	5,300	(16.1)	3,900	(25.4)	270.22

4. 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	14,675,012 shares	As of March 31, 2021	14,675,012 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	242,928 shares	As of March 31, 2021	242,109 shares
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Average number of shares during the period

Year ended March 31, 2022	14,432,546 shares	Year ended March 31, 2021	14,433,191 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	4,888	3,559
Notes and accounts receivable - trade	25,754	–
Notes and accounts receivable - trade, and contract assets	–	18,720
Electronically recorded monetary claims - operating	1,671	1,392
Merchandise and finished goods	1,270	965
Semi-finished goods	1,228	1,147
Work in process	28,132	27,431
Raw materials and supplies	1,480	1,486
Short-term loans receivable	16,079	25,752
Other	1,272	935
Allowance for doubtful accounts	(16)	(30)
Total current assets	81,761	81,362
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,590	7,378
Machinery, equipment and vehicles, net	4,346	4,665
Land	14,379	14,171
Leased assets, net	1,398	1,210
Construction in progress	148	177
Other, net	737	760
Total property, plant and equipment	28,601	28,363
Intangible assets	681	529
Investments and other assets		
Investment securities	19,957	16,601
Deferred tax assets	138	148
Retirement benefit asset	4,916	5,127
Other	553	744
Allowance for doubtful accounts	(13)	(8)
Total investments and other assets	25,551	22,612
Total non-current assets	54,834	51,505
Total assets	136,595	132,868

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,656	8,230
Electronically recorded obligations - operating	10,120	10,513
Current portion of long-term borrowings	3,360	3,370
Accrued expenses	2,719	2,201
Income taxes payable	1,346	711
Advances received	1,108	1,076
Provision for bonuses	1,974	1,785
Provision for loss on construction contracts	31	271
Provision for loss on orders received	–	49
Other	4,971	2,763
Total current liabilities	33,288	30,973
Non-current liabilities		
Long-term borrowings	51,945	48,762
Lease liabilities	1,091	1,298
Deferred tax liabilities	4,329	3,265
Provision for compensation for health damage from asbestos	92	105
Retirement benefit liability	259	280
Other	300	163
Total non-current liabilities	58,018	53,875
Total liabilities	91,307	84,849
<b>Net assets</b>		
Shareholders' equity		
Share capital	11,810	11,810
Retained earnings	25,409	30,396
Treasury shares	(519)	(521)
Total shareholders' equity	36,699	41,685
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,646	6,329
Foreign currency translation adjustment	(2,228)	(2,243)
Remeasurements of defined benefit plans	2,031	2,096
Total accumulated other comprehensive income	8,449	6,182
Non-controlling interests	138	151
Total net assets	45,288	48,018
<b>Total liabilities and net assets</b>	<b>136,595</b>	<b>132,868</b>

**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	99,448	94,022
Cost of sales	83,394	80,731
Gross profit	16,053	13,290
Selling, general and administrative expenses	7,005	7,052
Operating profit	9,047	6,237
Non-operating income		
Interest income	33	41
Dividend income	252	239
Share of profit of entities accounted for using equity method	46	63
Foreign exchange gains	–	16
Insurance claim income	174	29
Compensation income	198	–
Other	80	107
Total non-operating income	785	498
Non-operating expenses		
Interest expenses	354	344
Foreign exchange losses	75	–
Other	101	73
Total non-operating expenses	531	417
Ordinary profit	9,301	6,317
Extraordinary income		
Gain on sale of non-current assets	11	16
Gain on sale of investment securities	148	157
Other	9	18
Total extraordinary income	169	192
Extraordinary losses		
Loss on sale and retirement of non-current assets	134	180
Impairment losses	29	244
Loss on sale of investment securities	33	0
Other	–	42
Total extraordinary losses	197	468
Profit before income taxes	9,273	6,041
Income taxes - current	1,188	886
Income taxes - deferred	143	(87)
Total income taxes	1,332	798
Profit	7,941	5,243
Profit attributable to non-controlling interests	13	16
Profit attributable to owners of parent	7,928	5,226

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	7,941	5,243
Other comprehensive income		
Valuation difference on available-for-sale securities	1,782	(2,321)
Foreign currency translation adjustment	14	(14)
Remeasurements of defined benefit plans, net of tax	1,047	64
Share of other comprehensive income of entities accounted for using equity method	3	4
Total other comprehensive income	2,847	(2,267)
Comprehensive income	10,789	2,975
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,776	2,959
Comprehensive income attributable to non-controlling interests	13	16

## 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	11,810	–	17,480	(518)	28,772
Changes during period					
Profit attributable to owners of parent			7,928		7,928
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		0	0
Transfer from retained earnings to capital surplus		(0)	0		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	7,928	(1)	7,927
Balance at end of period	11,810	–	25,409	(519)	36,699

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,860	(2,242)	984	5,601	129	34,504
Changes during period						
Profit attributable to owners of parent						7,928
Purchase of treasury shares						(1)
Disposal of treasury shares						0
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	1,786	14	1,047	2,847	8	2,856
Total changes during period	1,786	14	1,047	2,847	8	10,783
Balance at end of period	8,646	(2,228)	2,031	8,449	138	45,288

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	11,810	–	25,409	(519)	36,699
Cumulative effects of changes in accounting policies			49		49
Restated balance	11,810	–	25,458	(519)	36,748
Changes during period					
Dividends of surplus			(288)		(288)
Profit attributable to owners of parent			5,226		5,226
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	4,937	(1)	4,936
Balance at end of period	11,810	–	30,396	(521)	41,685

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,646	(2,228)	2,031	8,449	138	45,288
Cumulative effects of changes in accounting policies						49
Restated balance	8,646	(2,228)	2,031	8,449	138	45,337
Changes during period						
Dividends of surplus						(288)
Profit attributable to owners of parent						5,226
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	(2,317)	(14)	64	(2,267)	12	(2,254)
Total changes during period	(2,317)	(14)	64	(2,267)	12	2,681
Balance at end of period	6,329	(2,243)	2,096	6,182	151	48,018



## 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 before income taxes	9,273	6,041
Depreciation	2,657	2,693
Impairment losses	29	244
Increase (decrease) in allowance for doubtful accounts	(2)	8
Increase (decrease) in provision for bonuses	32	(188)
Increase (decrease) in provision for loss on construction contracts	(88)	240
Increase (decrease) in provision for loss on orders received	(313)	49
Increase (decrease) in provision for environmental measures	(35)	(104)
Increase (decrease) in provision for compensation for health damage from asbestos	30	13
Increase (decrease) in retirement benefit liability	(194)	20
Interest and dividend income	(286)	(280)
Insurance claim income	(174)	(29)
Compensation income	(198)	–
Interest expenses	354	344
Share of loss (profit) of entities accounted for using equity method	(46)	(63)
Loss (gain) on sale of investment securities	(114)	(157)
Loss (gain) on sale of property, plant and equipment	0	14
Decrease (increase) in trade receivables	739	–
Decrease (increase) in trade receivables and contract assets	–	9,319
Decrease (increase) in inventories	1,256	(1,405)
Increase (decrease) in trade payables	(2,308)	967
Increase (decrease) in advances received	495	(95)
Decrease (increase) in retirement benefit asset	(42)	(118)
Other, net	(42)	(1,566)
Subtotal	11,023	15,948
Interest and dividends received	289	278
Proceeds from insurance income	174	29
Proceeds from compensation	198	–
Interest paid	(351)	(348)
Income taxes refund (paid)	203	(1,401)
Net cash provided by (used in) operating activities	11,537	14,507
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(3,119)	(2,560)
Proceeds from sale of property, plant and equipment	13	59
Purchase of investment securities	(3)	(2)
Proceeds from sale of investment securities	1,002	44
Other, net	(187)	(176)
Net cash provided by (used in) investing activities	(2,294)	(2,637)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	176	190
Repayments of long-term borrowings	(1,684)	(3,363)
Dividends paid	–	(287)
Other, net	(130)	(111)
Net cash provided by (used in) financing activities	(1,638)	(3,571)
Effect of exchange rate change on cash and cash equivalents	(93)	46
Net increase (decrease) in cash and cash equivalents	7,511	8,344
Cash and cash equivalents at beginning of period	13,255	20,766
Cash and cash equivalents at end of period	20,766	29,111