

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 Year Ended March 31, 2023 (Based on Japanese GAAP)

April 25, 2023

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, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	97,969	4.2	4,461	(28.5)	4,494	(28.9)	3,118	(40.3)
Year ended March 31, 2022	94,022	(5.5)	6,237	(31.1)	6,317	(32.1)	5,226	(34.1)

	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, 2023	216.08	–	6.3	3.5	4.6
Year ended March 31, 2022	362.14	–	11.2	4.7	6.6

(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, 2023	124,363	51,123	41.0	3,531.25
As of March 31, 2022	132,868	48,018	36.0	3,316.74

(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, 2023	7,152	(1,579)	(11,431)	23,263
Year ended March 31, 2022	14,507	(2,637)	(3,571)	29,111

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, 2022	–	10.00	–	10.00	20.00	288	5.5	0.6
Year ended March 31, 2023	–	10.00	–	10.00	20.00	288	9.3	0.6
Year ending March 31, 2024 (Forecast)	–	10.00	–	10.00	20.00		9.0	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	88,000	(10.2)	4,100	(8.1)	4,200	(6.5)	3,200	2.6	221.73

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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: No

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, 2023	14,675,012 shares	As of March 31, 2022	14,675,012 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2023	243,535 shares	As of March 31, 2022	242,928 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2023	14,431,752 shares	Year ended March 31, 2022	14,432,546 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,559	3,570
Notes and accounts receivable - trade, and contract assets	18,720	19,556
Electronically recorded monetary claims - operating	1,392	2,381
Merchandise and finished goods	965	1,602
Semi-finished goods	1,147	1,169
Work in process	27,431	22,229
Raw materials and supplies	1,486	1,826
Short-term loans receivable	25,752	19,893
Other	935	701
Allowance for doubtful accounts	(30)	(5)
Total current assets	81,362	72,925
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,378	7,122
Machinery, equipment and vehicles, net	4,665	4,205
Land	14,171	14,142
Leased assets, net	1,210	1,199
Construction in progress	177	198
Other, net	760	682
Total property, plant and equipment	28,363	27,551
Intangible assets	529	423
Investments and other assets		
Investment securities	16,601	17,144
Deferred tax assets	148	143
Retirement benefit asset	5,127	5,302
Other	744	880
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	22,612	23,462
Total non-current assets	51,505	51,437
Total assets	132,868	124,363

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,230	7,045
Electronically recorded obligations - operating	10,513	8,915
Current portion of long-term borrowings	3,370	3,194
Accrued expenses	2,201	2,781
Income taxes payable	711	486
Advances received	1,076	497
Provision for bonuses	1,785	1,976
Provision for loss on construction contracts	271	487
Provision for loss on orders received	49	500
Other	2,763	3,626
Total current liabilities	30,973	29,510
Non-current liabilities		
Long-term borrowings	48,762	38,165
Lease liabilities	1,298	1,345
Deferred tax liabilities	3,265	3,644
Provision for compensation for health damage from asbestos	105	75
Retirement benefit liability	280	291
Other	163	207
Total non-current liabilities	53,875	43,729
Total liabilities	84,849	73,240
Net assets		
Shareholders' equity		
Share capital	11,810	11,810
Retained earnings	30,396	33,225
Treasury shares	(521)	(523)
Total shareholders' equity	41,685	44,513
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,329	6,732
Foreign currency translation adjustment	(2,243)	(2,240)
Remeasurements of defined benefit plans	2,096	1,956
Total accumulated other comprehensive income	6,182	6,448
Non-controlling interests	151	162
Total net assets	48,018	51,123
Total liabilities and net assets	132,868	124,363

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	94,022	97,969
Cost of sales	80,731	85,428
Gross profit	13,290	12,541
Selling, general and administrative expenses	7,052	8,079
Operating profit	6,237	4,461
Non-operating income		
Interest income	41	28
Dividend income	239	278
Share of profit of entities accounted for using equity method	63	27
Foreign exchange gains	16	0
Rental income	41	47
Insurance claim income	29	27
Other	65	23
Total non-operating income	498	434
Non-operating expenses		
Interest expenses	344	324
Other	73	76
Total non-operating expenses	417	401
Ordinary profit	6,317	4,494
Extraordinary income		
Gain on sale of non-current assets	16	145
Gain on sale of investment securities	157	10
Other	18	–
Total extraordinary income	192	155
Extraordinary losses		
Loss on sale and retirement of non-current assets	180	150
Impairment losses	244	–
Loss on sale of investment securities	0	1
Loss on repayments of long-term debt	–	264
Other	42	2
Total extraordinary losses	468	418
Profit before income taxes	6,041	4,231
Income taxes - current	886	817
Income taxes - deferred	(87)	279
Total income taxes	798	1,097
Profit	5,243	3,134
Profit attributable to non-controlling interests	16	16
Profit attributable to owners of parent	5,226	3,118

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	5,243	3,134
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,321)	376
Foreign currency translation adjustment	(14)	2
Remeasurements of defined benefit plans, net of tax	64	(139)
Share of other comprehensive income of entities accounted for using equity method	4	26
Total other comprehensive income	(2,267)	265
Comprehensive income	2,975	3,400
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,959	3,384
Comprehensive income attributable to non-controlling interests	16	16

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity			
	Share capital	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

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,810	30,396	(521)	41,685
Changes during period				
Dividends of surplus		(288)		(288)
Profit attributable to owners of parent		3,118		3,118
Purchase of treasury shares			(1)	(1)
Net changes in items other than shareholders' equity				
Total changes during period	–	2,829	(1)	2,827
Balance at end of period	11,810	33,225	(523)	44,513

	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	6,329	(2,243)	2,096	6,182	151	48,018
Changes during period						
Dividends of surplus						(288)
Profit attributable to owners of parent						3,118
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	403	2	(139)	265	11	276
Total changes during period	403	2	(139)	265	11	3,104
Balance at end of period	6,732	(2,240)	1,956	6,448	162	51,123

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,041	4,231
Depreciation	2,693	2,706
Impairment losses	244	–
Increase (decrease) in allowance for doubtful accounts	8	(25)
Increase (decrease) in provision for bonuses	(188)	190
Increase (decrease) in provision for loss on construction contracts	240	215
Increase (decrease) in provision for loss on orders received	49	451
Increase (decrease) in provision for environmental measures	(104)	2
Increase (decrease) in provision for compensation for health damage from asbestos	13	(30)
Increase (decrease) in retirement benefit liability	20	11
Interest and dividend income	(280)	(307)
Insurance claim income	(29)	(27)
Interest expenses	344	324
Share of loss (profit) of entities accounted for using equity method	(63)	(27)
Loss (gain) on sale of investment securities	(157)	(8)
Loss (gain) on sale and retirement of property, plant and equipment	14	(123)
Loss on repayments of long-term debt	–	264
Decrease (increase) in trade receivables and contract assets	9,319	(1,822)
Decrease (increase) in inventories	(1,405)	4,203
Increase (decrease) in trade payables	967	(2,783)
Increase (decrease) in advances received	(95)	(585)
Decrease (increase) in retirement benefit asset	(118)	(376)
Other, net	(1,566)	1,678
Subtotal	15,948	8,163
Interest and dividends received	278	308
Proceeds from insurance income	29	27
Interest paid	(348)	(325)
Income taxes refund (paid)	(1,401)	(1,021)
Net cash provided by (used in) operating activities	14,507	7,152
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(2,560)	(1,732)
Proceeds from sale of property, plant and equipment	59	185
Purchase of investment securities	(2)	(0)
Proceeds from sale of investment securities	44	197
Other, net	(176)	(231)
Net cash provided by (used in) investing activities	(2,637)	(1,579)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	190	109
Repayments of long-term borrowings	(3,363)	(11,147)
Dividends paid	(287)	(287)
Other, net	(111)	(106)
Net cash provided by (used in) financing activities	(3,571)	(11,431)
Effect of exchange rate change on cash and cash equivalents	46	9
Net increase (decrease) in cash and cash equivalents	8,344	(5,848)
Cash and cash equivalents at beginning of period	20,766	29,111
Cash and cash equivalents at end of period	29,111	23,263