

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 04, 2022

Company name: NIPPO LTD.

Stock exchange listing: Tokyo, Nagoya

Code number: 9913

URL: <https://www.nip.co.jp/>

Representative: Yasuchika Iwasa

Representative Director and President

Contact: Hisatomo Mikami

Director and Chief of Corporate Headquarters

Phone: +81-52-218-3161

Scheduled date of filing quarterly securities report: November 09, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 01, 2022 to September 30, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	18,606	6.9	929	44.8	905	39.2	590	26.3
September 30, 2021	17,403	-	641	-	651	-	467	-

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 1,988 million [136.9%]
Six months ended September 30, 2021: ¥ 839 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	65.04	-
September 30, 2021	51.34	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2022	28,316	12,003	42.4
March 31, 2022	26,087	10,364	39.7

(Reference) Equity: As of September 30, 2022: ¥ 12,001 million
As of March 31, 2022: ¥ 10,363 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	0.00	-	22.00	22.00
Fiscal year ending March 31, 2023	-	0.00			
Fiscal year ending March 31, 2023 (Forecast)			-	30.00	30.00

(Note) Revision to the forecast for dividends announced most recently: Yes

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% 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
Full year	37,500	5.7	1,790	33.4	1,710	20.1	1,170	13.5	128.91

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: Yes

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

September 30, 2022: 9,127,338 shares

March 31, 2022: 9,127,338 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 241,026 shares

March 31, 2022: 19,286 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 9,076,366 shares

Six months ended September 30, 2021: 9,108,161 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of September 30,2022
Assets		
Current assets		
Cash and deposits	4,580	4,936
Notes and accounts receivable - trade	6,339	6,454
Electronically recorded monetary claims - operating	1,237	626
Merchandise and finished goods	1,709	2,201
Work in process	316	406
Raw materials and supplies	784	1,053
Accounts receivable - other	315	419
Other	301	372
Allowance for doubtful accounts	(4)	(6)
Total current assets	15,582	16,465
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,650	9,710
Accumulated depreciation	(5,088)	(5,863)
Buildings and structures, net	3,562	3,847
Machinery, equipment and vehicles	9,743	11,210
Accumulated depreciation	(7,919)	(9,222)
Machinery, equipment and vehicles, net	1,824	1,988
Tools, furniture and fixtures	1,173	1,268
Accumulated depreciation	(969)	(1,027)
Tools, furniture and fixtures, net	203	241
Land	1,637	1,772
Construction in progress	225	434
Total property, plant and equipment	7,452	8,284
Intangible assets		
Other	115	230
Total intangible assets	115	230
Investments and other assets		
Investment securities	1,637	1,995
Deferred tax assets	139	161
Retirement benefit asset	12	13
Other	1,160	1,179
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	2,937	3,337
Total non-current assets	10,505	11,851
Total assets	26,087	28,316

(Million yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,415	7,692
Short-term borrowings	2,845	2,558
Current portion of long-term borrowings	268	328
Lease liabilities	198	132
Income taxes payable	199	210
Provision for bonuses	312	386
Other	1,346	1,455
Total current liabilities	12,586	12,765
Non-current liabilities		
Long-term borrowings	526	718
Lease liabilities	245	235
Deferred tax liabilities	134	310
Deferred tax liabilities for land revaluation	2	2
Retirement benefit liability	1,595	1,706
Asset retirement obligations	168	193
Other	462	381
Total non-current liabilities	3,135	3,548
Total liabilities	15,722	16,313
Net assets		
Shareholders' equity		
Share capital	3,137	3,137
Capital surplus	612	612
Retained earnings	5,926	6,316
Treasury shares	(12)	(162)
Total shareholders' equity	9,664	9,904
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59	201
Revaluation reserve for land	5	5
Foreign currency translation adjustment	655	1,910
Remeasurements of defined benefit plans	(21)	(19)
Total accumulated other comprehensive income	699	2,097
Non-controlling interests	1	1
Total net assets	10,364	12,003
Total liabilities and net assets	26,087	28,316

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	17,403	18,606
Cost of sales	14,495	15,296
Gross profit	2,907	3,310
Selling, general and administrative expenses	2,265	2,381
Operating profit	641	929
Non-operating income		
Interest income	4	5
Dividend income	1	56
Foreign exchange gains	59	-
Gain on sale of scraps	21	26
Other	23	25
Total non-operating income	109	112
Non-operating expenses		
Interest expenses	43	47
Loss on sale of electronically recorded monetary claims	7	15
Foreign exchange losses	-	50
Other	48	22
Total non-operating expenses	99	135
Ordinary profit	651	905
Extraordinary income		
Gain on sale of non-current assets	8	1
Gain on sale of investment securities	4	-
Total extraordinary income	12	1
Extraordinary losses		
Loss on disposal of non-current assets	2	1
Total extraordinary losses	2	1
Profit before income taxes	660	906
Income taxes - current	132	214
Income taxes - deferred	60	100
Total income taxes	193	315
Profit	467	590
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	467	590

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	467	590
Other comprehensive income		
Valuation difference on available-for-sale securities	2	141
Foreign currency translation adjustment	332	1,255
Remeasurements of defined benefit plans, net of tax	36	1
Total other comprehensive income	371	1,398
Comprehensive income	839	1,988
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	839	1,988
Comprehensive income attributable to non-controlling interests	0	0

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	660	906
Depreciation	599	592
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in retirement benefit liability	46	44
Interest and dividend income	(5)	(61)
Interest expenses	43	47
Commission expenses	1	1
Foreign exchange losses (gains)	21	388
Loss (gain) on disposal of non-current assets	(5)	(0)
Decrease (increase) in trade receivables	809	932
Decrease (increase) in inventories	(435)	(653)
Increase (decrease) in trade payables	(102)	(79)
Loss (gain) on sale of investment securities	(4)	-
Decrease (increase) in other current assets	(240)	(228)
Increase (decrease) in other current liabilities	(412)	4
Other, net	240	53
Subtotal	1,217	1,947
Interest and dividends received	5	61
Interest paid	(35)	(40)
Income taxes paid	(79)	(186)
Net cash provided by (used in) operating activities	1,107	1,781
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(744)	(579)
Proceeds from sale of property, plant and equipment	916	2
Purchase of intangible assets	(34)	(26)
Purchase of investment securities	-	(57)
Proceeds from sale of investment securities	5	-
Loan advances	-	(1)
Proceeds from collection of loans receivable	1	1
Other payments	(33)	(41)
Other proceeds	9	15
Net cash provided by (used in) investing activities	119	(686)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(253)	(675)
Proceeds from long-term borrowings	200	408
Repayments of long-term borrowings	(213)	(156)
Proceeds from sales and installment back	109	17
Repayments of lease liabilities	(152)	(135)
Repayments of installment payables	(142)	(169)
Purchase of treasury shares	(0)	(149)
Dividends paid	(80)	(198)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(536)	(1,060)
Effect of exchange rate change on cash and cash equivalents	43	320
Net increase (decrease) in cash and cash equivalents	734	354
Cash and cash equivalents at beginning of period	2,934	4,574
Cash and cash equivalents at end of period	3,668	4,929