

Summary of Consolidated Financial Results
for the Year Ended March 31, 2022(Unaudited)

May 13, 2022

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

Company name: Nihon Seiko Co., Ltd.
 URL: <https://www.nihonseiko.co.jp>
 Listed stock exchange: The standard market of Tokyo Stock Exchange
 Securities Code: 5729
 Company Representative: Michifumi Watanabe, President & CEO
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1.Consolidated Financial Results for the Years Ended March 31,2022 and 2021

(1) Operating Results

(Rounded down to millions of Japanese Yen)

(%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the years ended								
March 31,2022	17,097	52.0	2,191	83.4	2,246	86.0	1,540	89.4
March 31,2021	11,247	3.1	1,194	166.4	1,207	178.5	813	184.3

Note: Comprehensive income:

Fiscal year ended March 31, 2022: 1,552 million yen 86.3%

Fiscal year ended March 31, 2021: 833 million yen 215.9%

	EPS	Return on equity	Recurring profit to total assets ratio	Operating income to net sales ratio
	Yen	%	%	%
For the years ended				
March 31,2022	631.45	17.9	16.6	12.8
March 31,2021	333.40	10.7	10.5	10.6

Note: Equity in earnings of unconsolidated subsidiaries and affiliate during the period:

Fiscal year ended March 31, 2022: – million yen

Fiscal year ended March 31, 2021: – million yen

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of Yen	Millions of Yen	%	Yen
As of				
March 31,2022	14,840	9,298	62.7	3,810.33
March 31,2021	12,213	7,966	65.2	3,264.29

Note: Shareholders' equity As of March 31, 2022: 9,298 million yen

As of March 31, 2021: 7,966 million yen

(3) Statements of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash & cash equivalents at the end of the period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
For the years ended				
March 31,2022	386	(645)	(163)	3,085
March 31,2021	1,394	(486)	(321)	3,500

2. Cash dividends

	Cash dividends per share					Total amount of cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends to net assets ratio (consolidated)
	First Quarter	Second Quarter	Third Quarter	Year -end	Annual			
For the years ended	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
March 31,2021	—	25.00	—	40.00	65.00	158	19.5	2.1
March 31,2022	—	50.00	—	90.00	140.00	341	22.2	4.0
March 31,2023 (expected)	—	60.00	—	60.00	120.00		29.3	

3. Consolidated Earnings Forecast for the Year Ending March 2023 (April 1, 2022 ~ March 31, 2023):

(%: Change from the previous fiscal half year for First half 2021)

(%: Change from the previous fiscal year for Year ending March 31,2022)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First half 2022	9,760	11.3	800	(38.6)	780	(39.6)	540	(39.8)	221.28
Year ending March 31,2023	19,600	14.6	1,500	(31.6)	1,450	(35.5)	1,000	(35.1)	409.78

4. Others

(1) Changes in major subsidiaries during the fiscal year ended March 31,2022 : No

(2) Changes in accounting policies, accounting estimates and retrospective restatements in the consolidated financial statements

1. Changes due to amendment of accounting standards : Yes

2. Changes due to other reasons : No

3. Changes in accounting estimates : No

4. Retrospective restatements : No

(3) Number of outstanding shares at the end of the period

1. Number of outstanding shares at the end of the period:

As of March 31, 2022: 2,605,900

As of March 31, 2021: 2,605,900

2. Number of treasury shares at the end of the period:

As of March 31, 2022: 165,537

As of March 31, 2021: 165,423

3. Average number of outstanding shares during period:

As of March 31, 2022: 2,440,418

As of March 31, 2021: 2,440,531

Note concerning the Appropriate Use of Forecast

The aforementioned forecasts are based on certain assumptions that Company has deemed relevant and appropriate as of the date of publication.

Actual results may differ materially from the forecast due to many factors.

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	3,500,628	3,085,883
Notes and accounts receivable – trade	1,936,520	2,755,550
Merchandise and finished goods	1,112,549	1,920,393
Work in process	324,598	371,838
Raw materials and supplies	699,045	1,427,658
Other	191,374	241,181
Allowance for doubtful accounts	(5,338)	(8,838)
Total current assets	7,759,378	9,793,667
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,312,056	4,447,289
Accumulated depreciation	(2,628,626)	(2,719,162)
Buildings and structures, net	1,683,430	1,728,126
Machinery, equipment and vehicles	6,568,316	6,749,455
Accumulated depreciation	(5,857,995)	(6,085,256)
Machinery, equipment and vehicles, net	710,320	664,198
Tools, furniture and fixtures	652,710	736,041
Accumulated depreciation	(554,962)	(588,543)
Tools, furniture and fixtures, net	97,747	147,498
Land	1,436,191	1,436,191
Leased assets	12,247	362,247
Accumulated depreciation	(1,624)	(15,729)
Leased assets, net	10,622	346,518
Construction in progress	28,509	146,478
Total property, plant and equipment	3,966,821	4,469,011
Intangible assets		
Other	81,404	111,046
Total intangible assets	81,404	111,046
Investments and other assets		
Investment securities	139,808	146,588
Deferred tax assets	74,877	114,009
Retirement benefit asset	44,660	48,422
Other	146,131	157,327
Total investments and other assets	405,477	466,348
Total non-current assets	4,453,704	5,046,406
Total assets	12,213,082	14,840,073

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable – trade	1,039,150	1,534,757
Electronically recorded obligations – operating	293,684	285,391
Short-term borrowings	1,298,000	1,343,000
Accounts payable – other	194,174	258,242
Lease liabilities	2,680	26,859
Income taxes payable	358,967	541,744
Provision for bonuses	142,562	210,630
Provision for bonuses for directors (and other officers)	16,400	44,961
Other	243,024	265,040
Total current liabilities	3,588,645	4,510,626
Non-current liabilities		
Long-term borrowings	225,000	249,500
Lease liabilities	9,003	355,136
Retirement benefit liability	351,295	365,219
Asset retirement obligations	37,090	37,183
Other	35,630	23,815
Total non-current liabilities	658,020	1,030,855
Total liabilities	4,246,665	5,541,481
Net assets		
Shareholders' equity		
Share capital	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	6,504,985	7,826,337
Treasury shares	(153,787)	(154,168)
Total shareholders' equity	7,934,050	9,255,020
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,257	35,964
Foreign currency translation adjustment	1,109	7,607
Total accumulated other comprehensive income	32,366	43,571
Total net assets	7,966,417	9,298,591
Total liabilities and net assets	12,213,082	14,840,073

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	11,247,358	17,097,801
Cost of sales	9,129,877	13,814,962
Gross profit	2,117,480	3,282,838
Selling, general and administrative expenses		
Freight-out and storage expense	159,670	176,777
Salaries and allowances	348,833	371,421
Provision for bonuses	30,911	47,431
Provision for bonuses for directors (and other officers)	16,400	44,961
Retirement benefit expenses	1,293	10,488
Welfare expenses	55,534	67,082
Depreciation	14,249	15,579
Travel and communication expenses	19,758	23,474
Rent expenses	26,056	25,008
Other	249,956	309,064
Total selling, general and administrative expenses	922,664	1,091,287
Operating profit	1,194,816	2,191,550
Non-operating income		
Interest income	630	1,097
Dividend income	3,305	2,556
Foreign exchange gains	3,790	19,766
Insurance claim income	—	31,812
Debt prescription profit	—	11,815
Other	27,501	17,011
Total non-operating income	35,228	84,059
Non-operating expenses		
Interest expenses	11,288	15,390
Care and maintenance costs of suspended mine	6,341	9,856
Other	4,545	3,784
Total non-operating expenses	22,175	29,030
Ordinary profit	1,207,868	2,246,578
Extraordinary income		
Gain on sale of non-current assets	1,922	1,387
Total extraordinary income	1,922	1,387
Extraordinary losses		
Impairment losses	22,977	—
Loss on retirement of non-current assets	2,823	4,074
Total extraordinary losses	25,800	4,074
Profit before income taxes	1,183,990	2,243,891
Income taxes – current	395,738	744,106
Income taxes – deferred	(25,432)	(41,205)
Total income taxes	370,306	702,900
Profit	813,684	1,540,990
Profit attributable to owners of parent	813,684	1,540,990

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	813,684	1,540,990
Other comprehensive income		
Valuation difference on available-for-sale securities	18,875	4,706
Foreign currency translation adjustment	516	6,497
Total other comprehensive income	19,391	11,204
Comprehensive income	833,076	1,552,195
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	833,076	1,552,195

Consolidated statements of changes in net assets

(1) Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,018,126	564,725	5,843,835	(153,575)	7,273,112	12,382	592	12,975	7,286,087
Changes during period									
Dividends of surplus			(152,535)		(152,535)				(152,535)
Profit attributable to owners of parent			813,684		813,684				813,684
Purchase of treasury shares				(211)	(211)				(211)
Net changes in items other than shareholders' equity						18,875	516	19,391	19,391
Total changes during period	—	—	661,149	(211)	660,937	18,875	516	19,391	680,329
Balance at end of period	1,018,126	564,725	6,504,985	(153,787)	7,934,050	31,257	1,109	32,366	7,966,417

(2) Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,018,126	564,725	6,504,985	(153,787)	7,934,050	31,257	1,109	32,366	7,966,417
Changes during period									
Dividends of surplus			(219,638)		(219,638)				(219,638)
Profit attributable to owners of parent			1,540,990		1,540,990				1,540,990
Purchase of treasury shares				(381)	(381)				(381)
Net changes in items other than shareholders' equity						4,706	6,497	11,204	11,204
Total changes during period	—	—	1,321,352	(381)	1,320,970	4,706	6,497	11,204	1,332,174
Balance at end of period	1,018,126	564,725	7,826,337	(154,168)	9,255,020	35,964	7,607	43,571	9,298,591

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,183,990	2,243,891
Depreciation	414,096	459,159
Impairment losses	22,977	—
Increase (decrease) in provision for bonuses	31,935	68,067
Increase (decrease) in provision for bonuses for directors (and other officers)	16,400	28,561
Increase (decrease) in allowance for doubtful accounts	544	3,499
Increase (decrease) in retirement benefit liability	3,871	13,923
Decrease (increase) in retirement benefit asset	(32,464)	(3,762)
Interest and dividend income	(3,935)	(3,653)
Interest expenses	11,288	15,390
Foreign exchange losses (gains)	(7,545)	(864)
Loss (gain) on sale of property, plant and equipment	(1,922)	(1,387)
Loss on retirement of property, plant and equipment	2,823	4,074
Decrease (increase) in trade receivables	(332,767)	(815,052)
Decrease (increase) in inventories	(273,610)	(1,582,611)
Increase (decrease) in trade payables	463,370	479,207
Other, net	(100,268)	40,147
Subtotal	1,398,783	948,591
Interest and dividends received	3,941	3,653
Interest paid	(11,072)	(14,263)
Income taxes paid	(83,214)	(573,304)
Income taxes refund	86,410	21,579
Net cash provided by (used in) operating activities	1,394,848	386,256
Cash flows from investing activities		
Purchase of property, plant and equipment	(452,143)	(608,472)
Proceeds from sale of property, plant and equipment	19,119	1,526
Payments for retirement of property, plant and equipment	(2,204)	(563)
Purchase of intangible assets	(43,949)	(37,084)
Other, net	(6,970)	(894)
Net cash provided by (used in) investing activities	(486,148)	(645,489)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(20,000)	—
Proceeds from long-term borrowings	200,000	300,000
Repayments of long-term borrowings	(347,000)	(230,500)
Repayments of lease liabilities	(1,787)	(12,683)
Purchase of treasury shares	(211)	(381)
Dividends paid	(152,534)	(219,638)
Net cash provided by (used in) financing activities	(321,533)	(163,203)
Effect of exchange rate change on cash and cash equivalents	8,256	7,690
Net increase (decrease) in cash and cash equivalents	595,421	(414,745)
Cash and cash equivalents at beginning of period	2,905,207	3,500,628
Cash and cash equivalents at end of period	3,500,628	3,085,883

Segment Information

(1) For the Year ended March 31, 2021

(Thousands of yen)

	Reportable segments			Others	Total	Reconciling items	Per consolidated financial statements
	Antimony products	Atomized metal powders	Reportable segments				
Sales							
Revenues from external customers	4,620,713	6,604,470	11,225,184	22,174	11,247,358	—	11,247,358
Transactions with other segments	—	28,745	28,745	—	28,745	(28,745)	—
Net sales	4,620,713	6,633,215	11,253,929	22,174	11,276,103	(28,745)	11,247,358
Operating profit (loss)	71,057	1,093,014	1,164,072	21,823	1,185,896	8,919	1,194,816
Assets	5,188,332	6,986,816	12,175,148	37,934	12,213,082	—	12,213,082
Other items							
Depreciation	119,285	293,292	412,577	1,519	414,096	—	414,096
Increase in property, plant and equipment and intangible assets	172,717	385,469	558,187	—	558,187	—	558,187

※The above-mentioned "Others" category is a real estate lease business not included in the reportable segments.

(2) For the Year ended March 31, 2022

(Thousands of yen)

	Reportable segments			Others	Total	Reconciling items	Per consolidated financial statements
	Antimony products	Atomized metal powders	Reportable segments				
Sales							
Revenues from external customers	8,373,571	8,692,608	17,066,180	31,621	17,097,801	—	17,097,801
Transactions with other segments	—	49,705	49,705	1,548	51,254	(51,254)	—
Net sales	8,373,571	8,742,314	17,115,885	33,170	17,149,055	(51,254)	17,097,801
Operating profit (loss)	771,354	1,388,225	2,159,580	23,324	2,182,904	8,645	2,191,550
Assets	6,719,050	8,084,527	14,803,577	36,495	14,840,073	—	14,840,073
Other items							
Depreciation	129,132	328,587	457,720	1,439	459,159	—	459,159
Increase in property, plant and equipment and intangible assets	286,171	711,890	998,062	—	998,062	—	998,062

※The above-mentioned "Others" category is a real estate lease business, etc., not included in the reportable segments.