

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 5, 2021

Company name: NICHIIHA CORPORATION
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7943 URL <https://www.nichiha.co.jp>
 Representative: PRESIDENT NARUMITSU YOSHIOKA
 Inquiries: DIRECTOR SENIOR EXECUTIVE KAZUSHI TONOI TEL 052-220-5111
 OFFICER
 Scheduled date to file Quarterly Securities Report: November 11, 2021
 Scheduled date to commence dividend payments: December 1, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2021	62,683	8.3	6,616	44.4	6,861	51.4	5,235	59.3
Six months ended September 30, 2020	57,857	—	4,583	(24.6)	4,531	(26.4)	3,287	(32.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	143.00		142.59	
Six months ended September 30, 2020	89.79		89.58	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	155,141	107,074	69.1	2,928.27
As of March 31, 2021	147,630	101,688	69.0	2,782.79

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2021	—	27.50	—	45.50	73.00
Year ending March 31, 2022	—	42.00			
Year ending March 31, 2022 (Forecast)			—	42.00	84.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	122,000	1.0	12,500	3.9	12,500	2.1	8,700	(2.3)	237.62

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2021	37,324,264 shares	As of March 31, 2021	37,324,264 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	711,756 shares	As of March 31, 2021	711,426 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	36,612,651 shares	Six months ended September 30, 2020	36,610,861 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	39,688	43,895
Notes and accounts receivable - trade	23,651	24,276
Electronically recorded monetary claims - operating	1,669	2,096
Merchandise and finished goods	9,093	9,660
Work in process	2,129	2,130
Raw materials and supplies	3,323	3,700
Other	2,268	942
Allowance for doubtful accounts	(40)	(38)
Total current assets	81,784	86,664
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,636	10,679
Machinery, equipment and vehicles, net	9,545	9,585
Tools, furniture and fixtures, net	438	410
Land	20,392	20,397
Leased assets, net	240	224
Construction in progress	12,865	15,797
Total property, plant and equipment	54,120	57,095
Intangible assets		
Leased assets	36	28
Software	877	632
Other	290	414
Total intangible assets	1,204	1,075
Investments and other assets		
Investment securities	6,321	6,357
Deferred tax assets	2,305	2,087
Retirement benefit asset	275	279
Other	1,645	1,608
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	10,520	10,306
Total non-current assets	65,845	68,476
Total assets	147,630	155,141

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,477	14,531
Short-term borrowings	998	1,952
Lease obligations	114	122
Income taxes payable	992	1,649
Provision for bonuses	1,607	1,597
Provision for bonuses for directors (and other officers)	97	45
Provision for product warranties	158	157
Other	9,909	11,362
Total current liabilities	28,354	31,419
Non-current liabilities		
Long-term borrowings	14,587	13,591
Lease obligations	187	150
Deferred tax liabilities	42	69
Provision for retirement benefits for directors (and other officers)	152	160
Provision for product warranties	1,212	1,212
Retirement benefit liability	1,211	1,271
Other	192	193
Total non-current liabilities	17,586	16,647
Total liabilities	45,941	48,066
Net assets		
Shareholders' equity		
Share capital	8,136	8,136
Capital surplus	10,934	10,934
Retained earnings	82,846	86,415
Treasury shares	(1,291)	(1,292)
Total shareholders' equity	100,626	104,194
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,687	2,718
Foreign currency translation adjustment	(1,688)	58
Remeasurements of defined benefit plans	260	239
Total accumulated other comprehensive income	1,259	3,016
Share acquisition rights	165	187
Non-controlling interests	(362)	(324)
Total net assets	101,688	107,074
Total liabilities and net assets	147,630	155,141

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	57,857	62,683
Cost of sales	35,520	36,763
Gross profit	22,336	25,919
Selling, general and administrative expenses	17,752	19,303
Operating profit	4,583	6,616
Non-operating income		
Interest income	12	16
Dividend income	66	96
Rental income from real estate	43	43
Foreign exchange gains	–	29
Other	87	140
Total non-operating income	209	324
Non-operating expenses		
Interest expenses	56	56
Foreign exchange losses	178	–
Other	26	23
Total non-operating expenses	261	80
Ordinary profit	4,531	6,861
Extraordinary income		
Gain on sale of non-current assets	4	3
Gain on sale of investment securities	0	–
Gain on forgiveness of debts	–	467
Total extraordinary income	5	470
Extraordinary losses		
Loss on retirement of non-current assets	41	17
Loss on valuation of investment securities	–	10
Infectious Disease Related Cost	17	–
Total extraordinary losses	59	27
Profit before income taxes	4,477	7,304
Income taxes - current	1,145	1,714
Income taxes - deferred	21	324
Total income taxes	1,166	2,039
Profit	3,311	5,265
Profit attributable to		
Profit attributable to owners of parent	3,287	5,235
Profit attributable to non-controlling interests	24	30
Other comprehensive income		
Valuation difference on available-for-sale securities	438	30
Foreign currency translation adjustment	(354)	1,755
Remeasurements of defined benefit plans, net of tax	32	(21)
Total other comprehensive income	116	1,765
Comprehensive income	3,427	7,030
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,405	6,992
Comprehensive income attributable to non-controlling interests	22	38

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	4,477	7,304
Depreciation	2,287	2,323
Increase (decrease) in provision for product warranties	(78)	(1)
Increase (decrease) in retirement benefit liability	101	59
Interest and dividend income	(78)	(112)
Interest expenses	56	56
Gain on forgiveness of debt	–	(467)
Foreign exchange losses (gains)	33	(10)
Loss (gain) on sale of investment securities	(0)	–
Gain on sale of non-current assets	(4)	(3)
Loss on retirement of non-current assets	36	17
Decrease (increase) in trade receivables	1,291	(918)
Decrease (increase) in inventories	2,399	(658)
Increase (decrease) in trade payables	(2,309)	(163)
Other, net	(1,502)	1,135
Subtotal	6,709	8,561
Interest and dividends received	96	115
Interest paid	(57)	(57)
Settlement package received	–	1,013
Income taxes paid	(2,672)	(1,119)
Net cash provided by (used in) operating activities	4,076	8,513
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,097)	(3,165)
Proceeds from sale of property, plant and equipment	4	3
Purchase of intangible assets	(393)	(132)
Purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	8	–
Other, net	333	(25)
Net cash provided by (used in) investing activities	(6,145)	(3,321)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	170	110
Proceeds from long-term borrowings	2,066	914
Repayments of long-term borrowings	(783)	(618)
Repayments of lease obligations	(37)	(63)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,098)	(1,665)
Other, net	9	–
Net cash provided by (used in) financing activities	327	(1,324)
Effect of exchange rate change on cash and cash equivalents	(129)	339
Net increase (decrease) in cash and cash equivalents	(1,870)	4,207
Cash and cash equivalents at beginning of period	36,725	39,688
Cash and cash equivalents at end of period	34,854	43,895