

Translation

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

May 11, 2022

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 of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to file Securities Report: June 27, 2022
 Scheduled date to commence dividend payments: June 27, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(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	128,599	6.3	12,576	4.5	13,600	11.0	10,146	14.0
Year ended March 31, 2021	120,964	–	12,029	(8.2)	12,248	(9.3)	8,902	(17.4)

	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	277.14	276.30	9.5	8.8	9.8
Year ended March 31, 2021	243.15	242.53	9.1	8.5	9.9

(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	161,845	111,177	68.7	3,039.02
As of March 31, 2021	147,630	101,688	69.0	2,782.79

(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	14,993	(7,779)	(3,212)	44,210
Year ended March 31, 2021	15,806	(11,162)	(1,566)	39,688

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	–	27.50	–	45.50	73.00	2,672	30.0	2.7
Year ended March 31, 2022	–	42.00	–	55.00	97.00	3,551	35.0	3.3
Year ending March 31, 2023 (Forecast)	–	48.50	–	48.50	97.00		36.6	

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	68,000	8.5	5,200	(21.4)	5,300	(22.8)	3,700	(29.3)	101.06
Full year	141,000	9.6	13,500	7.3	13,700	0.7	9,700	(4.4)	264.94

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	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 March 31, 2022	711,876 shares	As of March 31, 2021	711,426 shares
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Average number of shares during the period

Year ended March 31, 2022	36,612,542 shares	Year ended March 31, 2021	36,611,832 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	39,688	44,210
Notes and accounts receivable - trade	23,651	24,451
Electronically recorded monetary claims - operating	1,669	2,089
Merchandise and finished goods	9,093	11,156
Work in process	2,129	1,895
Raw materials and supplies	3,323	3,992
Other	2,268	1,554
Allowance for doubtful accounts	(40)	(38)
Total current assets	81,784	89,311
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,906	43,009
Accumulated depreciation	(31,270)	(32,497)
Buildings and structures, net	10,636	10,511
Machinery, equipment and vehicles	95,027	98,165
Accumulated depreciation	(85,481)	(88,225)
Machinery, equipment and vehicles, net	9,545	9,939
Tools, furniture and fixtures	6,067	6,180
Accumulated depreciation	(5,629)	(5,795)
Tools, furniture and fixtures, net	438	384
Land	20,392	20,399
Leased assets	429	469
Accumulated depreciation	(188)	(264)
Leased assets, net	240	204
Construction in progress	12,865	20,114
Total property, plant and equipment	54,120	61,555
Intangible assets		
Leased assets	36	20
Software	877	466
Other	290	521
Total intangible assets	1,204	1,008
Investments and other assets		
Investment securities	6,321	6,141
Deferred tax assets	2,305	1,915
Retirement benefit asset	275	291
Other	1,645	1,648
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	10,520	9,969
Total non-current assets	65,845	72,533
Total assets	147,630	161,845

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,477	16,987
Short-term borrowings	110	200
Current portion of long-term borrowings	888	2,111
Lease liabilities	114	116
Accrued expenses	5,583	5,695
Income taxes payable	992	2,080
Provision for bonuses	1,607	1,681
Provision for bonuses for directors (and other officers)	97	99
Provision for product warranties	158	89
Other	4,325	5,882
Total current liabilities	28,354	34,943
Non-current liabilities		
Long-term borrowings	14,587	12,942
Lease liabilities	187	127
Deferred tax liabilities	42	97
Provision for retirement benefits for directors (and other officers)	152	173
Provision for product warranties	1,212	1,081
Retirement benefit liability	1,211	1,106
Other	192	195
Total non-current liabilities	17,586	15,723
Total liabilities	45,941	50,667
Net assets		
Shareholders' equity		
Share capital	8,136	8,136
Capital surplus	10,934	10,934
Retained earnings	82,846	89,789
Treasury shares	(1,291)	(1,293)
Total shareholders' equity	100,626	107,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,687	2,561
Foreign currency translation adjustment	(1,688)	748
Remeasurements of defined benefit plans	260	388
Total accumulated other comprehensive income	1,259	3,697
Share acquisition rights	165	210
Non-controlling interests	(362)	(298)
Total net assets	101,688	111,177
Total liabilities and net assets	147,630	161,845

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	120,964	128,599
Cost of sales	72,588	77,111
Gross profit	48,376	51,488
Selling, general and administrative expenses		
Freight and packing costs	16,198	18,302
Advertising and promotion expenses	3,042	3,103
Provision of allowance for doubtful accounts	0	3
Salaries and allowances and welfare expenses	8,010	8,107
Provision for bonuses	667	798
Provision for bonuses for directors (and other officers)	87	99
Retirement benefit expenses	275	200
Provision for retirement benefits for directors (and other officers)	31	29
Depreciation	867	864
Experimentation and research expenses	1,170	1,320
Provision for product warranties	256	71
Other	5,737	6,010
Total selling, general and administrative expenses	36,347	38,911
Operating profit	12,029	12,576
Non-operating income		
Interest income	22	31
Dividend income	151	209
Rental income from real estate	87	89
Foreign exchange gains	–	641
Other	188	213
Total non-operating income	449	1,185
Non-operating expenses		
Interest expenses	116	115
Foreign exchange losses	69	–
Other	45	45
Total non-operating expenses	230	161
Ordinary profit	12,248	13,600

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary income		
Gain on sale of non-current assets	7	4
Gain on sale of investment securities	0	–
Settlement income	1,013	–
Gain on forgiveness of debts	–	476
Total extraordinary income	1,021	481
Extraordinary losses		
Loss on retirement of non-current assets	98	53
Impairment losses	1,111	–
Infectious Disease Related Cost	17	–
Total extraordinary losses	1,227	53
Profit before income taxes	12,041	14,027
Income taxes - current	3,362	3,256
Income taxes - deferred	(282)	570
Total income taxes	3,079	3,827
Profit	8,962	10,200
Profit attributable to		
Profit attributable to owners of parent	8,902	10,146
Profit attributable to non-controlling interests	60	53
Other comprehensive income		
Valuation difference on available-for-sale securities	1,184	(125)
Foreign currency translation adjustment	(1,191)	2,447
Remeasurements of defined benefit plans, net of tax	664	127
Total other comprehensive income	658	2,449
Comprehensive income	9,620	12,649
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,567	12,584
Comprehensive income attributable to non-controlling interests	52	64

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	8,136	10,933	76,049	(1,300)	93,818
Changes during period					
Dividends of surplus			(2,105)		(2,105)
Profit attributable to owners of parent			8,902		8,902
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		1		9	11
Net changes in items other than shareholders' equity					-
Total changes during period	-	1	6,797	8	6,807
Balance at end of period	8,136	10,934	82,846	(1,291)	100,626

	Accumulated other comprehensive income				Share acquisition rights	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	1,502	(504)	(403)	594	138	(415)	94,135
Changes during period							
Dividends of surplus							(2,105)
Profit attributable to owners of parent							8,902
Purchase of treasury shares							(1)
Disposal of treasury shares							11
Net changes in items other than shareholders' equity	1,184	(1,184)	664	665	27	52	745
Total changes during period	1,184	(1,184)	664	665	27	52	7,553
Balance at end of period	2,687	(1,688)	260	1,259	165	(362)	101,688

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	8,136	10,934	82,846	(1,291)	100,626
Changes during period					
Dividends of surplus			(3,203)		(3,203)
Profit attributable to owners of parent			10,146		10,146
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	6,943	(1)	6,941
Balance at end of period	8,136	10,934	89,789	(1,293)	107,567

	Accumulated other comprehensive income				Share acquisition rights	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	2,687	(1,688)	260	1,259	165	(362)	101,688
Changes during period							
Dividends of surplus							(3,203)
Profit attributable to owners of parent							10,146
Purchase of treasury shares							(1)
Net changes in items other than shareholders' equity	(125)	2,436	127	2,438	44	64	2,547
Total changes during period	(125)	2,436	127	2,438	44	64	9,489
Balance at end of period	2,561	748	388	3,697	210	(298)	111,177

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	12,041	14,027
Depreciation	4,794	4,836
Impairment losses	1,111	–
Increase (decrease) in provision for product warranties	(187)	(201)
Increase (decrease) in retirement benefit liability	(761)	(105)
Interest and dividend income	(174)	(241)
Interest expenses	116	115
Foreign exchange losses (gains)	(23)	(102)
Loss (gain) on sale of investment securities	(0)	–
Gain on sale of non-current assets	(7)	(4)
Loss on retirement of non-current assets	98	53
Settlement income	(1,013)	–
Gain on forgiveness of debt	–	(467)
Decrease (increase) in trade receivables	640	(1,010)
Decrease (increase) in inventories	3,532	(1,999)
Increase (decrease) in trade payables	(44)	2,133
Other, net	104	(1,002)
Subtotal	20,227	16,031
Interest and dividends received	188	228
Interest paid	(112)	(116)
Settlement received	–	1,013
Income taxes paid	(4,496)	(2,320)
Income taxes refund	–	158
Net cash provided by (used in) operating activities	15,806	14,993
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,841)	(7,466)
Proceeds from sale of property, plant and equipment	7	4
Purchase of intangible assets	(420)	(293)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	8	–
Other, net	85	(22)
Net cash provided by (used in) investing activities	(11,162)	(7,779)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	90	90
Proceeds from long-term borrowings	2,048	914
Repayments of long-term borrowings	(1,489)	(888)
Repayments of lease liabilities	(119)	(123)
Purchase of treasury shares	(1)	(1)
Dividends paid	(2,105)	(3,203)
Other, net	9	–
Net cash provided by (used in) financing activities	(1,566)	(3,212)
Effect of exchange rate change on cash and cash equivalents	(114)	521
Net increase (decrease) in cash and cash equivalents	2,963	4,522
Cash and cash equivalents at beginning of period	36,725	39,688
Cash and cash equivalents at end of period	39,688	44,210