

**Consolidated Financial Results for the First Quarter of the Fiscal Year
Ending March 31, 2023 (April 1, 2022 to June 30, 2022)
<Japanese GAAP>**

August 1, 2022

Company Name: **NICHIAS Corporation**
 Stock Exchange Listing: Tokyo Stock Exchange (Code number 5393)
 URL: <https://www.nichias.co.jp/nichias-E/>
 Representative: Katsumi Kametsu, President and Chief Executive Officer
 Inquiries: Tsukasa Yamamoto, Representative Director and Senior Managing Executive Officer
 Phone: +81-3-4413-1111
 Scheduled date of filing of quarterly consolidated financial statements: August 4, 2022
 Supplementary materials for financial results: Available
 Organization of financial results briefing: None
 Scheduled date of commencement of dividend payment: —

(Fractional amounts of less than ¥1 million are discarded.)

1. Consolidated financial results for the first quarter of Fiscal Year 2022

(April 1, 2022 to June 30, 2022)

(1) Operating Results (cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022 Q1	54,617	4.5	6,589	(0.2)	8,263	14.6	5,617	3.7
FY2021 Q1	52,272	21.4	6,600	73.5	7,208	117.1	5,416	196.0

Note: Comprehensive income FY2022 Q1 ¥7,078 million---12.2%; FY2021 Q1 ¥6,307 million---254.2%

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
FY2022 Q1	84.69		—	
FY2021 Q1	81.66		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	247,525	159,674	64.0
As of March 31, 2022	246,924	155,522	62.5

(Reference) Shareholders' equity FY2022 Q1 ¥158,365 million; As of March 31, 2022 (FY2021) ¥154,286 million

2. Dividends

	Annual Dividends				
	End of 1 st quarter	End of 1 st half	End of 3 rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	42.00	—	44.00	86.00
FY2022	—				
FY2022 (Forecast)		44.00	—	44.00	88.00

Note: Adjustments from the most recently released dividend forecast: None

3. Forecast of consolidated financial results for Fiscal Year 2022 (April 1, 2022 to March 31, 2023)

(Percentage figures represent changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	109,000	5.3	12,000	(5.3)	12,000	(13.6)	8,000	(21.9)	120.60
Full year	225,000	4.1	26,500	0.9	26,500	(13.3)	18,000	(18.3)	271.36

Note: Adjustments from the most recently released consolidated results forecast: None

*Notes

- (1) Changes in significant subsidiaries during the consolidated quarter under review: None
- (2) Application of specific accounting methods in the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
- 1) Changes in accounting policies due to revision of accounting standards, etc.: None
 - 2) Changes other than those in 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None

(4) Number of shares outstanding (ordinary shares)

- 1) Number of shares issued at the end of the period (including treasury stock)

FY2022 Q1 (As of June 30, 2022)	67,811,917 shares
FY2021 (As of March 31, 2022)	67,811,917 shares
- 2) Number of shares of treasury stock at the end of the period

FY2022 Q1 (As of June 30, 2022)	1,479,467 shares
FY2021 (As of March 31, 2022)	1,479,228 shares
- 3) Average number of shares outstanding during the period

FY2022 Q1 (As of June 30, 2022)	66,332,562 shares
FY2021 Q1 (As of June 30, 2021)	66,333,770 shares

*The consolidated financial results for the first quarter of the fiscal year ending March 31, 2023 are not subject to quarterly review by a certified public accountant or auditor.

*Information concerning proper use of financial forecasts and other special notes

(Information concerning forward-looking statements)

Forward-looking statements concerning financial forecasts contained in these materials are based on information available to the Company when the forecasts were made and certain assumptions judged to be reasonable. However, the Company makes no guarantee that these forecasts will be realized. Actual results may differ significantly from the forecasts due to a variety of factors.

Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

○ **Attachment index**

1. Qualitative information on the quarter under review	2
(1) Explanation of operating results	2
(2) Explanation of financial position.....	2
(3) Explanation of information related to future prospects including consolidated results forecasts.....	3
2. Consolidated financial statements and related notes	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	6
Quarterly consolidated statements of income	6
Quarterly consolidated statement of comprehensive income.....	7
(3) Quarterly consolidated statements of cash flows.....	8
(4) Notes regarding quarterly consolidated financial statements	9
(Notes regarding going concern assumption)	9
(Notes regarding significant changes in shareholders' equity [if any])	9
(Segment information)	9
3. Supplementary Materials	10

1. Qualitative information on the quarter under review

(1) Explanation of operating results

During the first quarter of the consolidated fiscal year, the Japanese economy showed signs of picking up overall. In the manufacturing industry, capital investment and production showed signs of improvement, but exports remained broadly flat. Overseas, economic activity was curbed in some regions due to the spread of COVID-19 in China, and the recovery slowed, but there was an improvement in the US and emerging countries.

In these conditions, the Group's net sales rose 4.5% year on year to ¥54,617 million. This was due to high demand for products for semiconductor production equipment, despite the impact of adjustments to automotive production.

In terms of profits, operating income fell 0.2% year on year to ¥6,589 million, ordinary income rose 14.6% year on year to ¥8,263 million, and profit attributable to owners of the parent rose 3.7% year on year to ¥5,617 million.

Net sales by segment for the first quarter of the fiscal year are as follows:

Sales in the **Energy and Industrial Plants Division** rose 3.6% year on year to ¥14,903 million, due to strong demand for petroleum refining and petrochemicals in particular.

Sales in the **Industrial Products Division** increased 0.1% year on year to ¥11,452 million yen. This was due to strong demand for electronic components, sealing materials for infrastructure, and inorganic thermal insulation materials in Japan, which offset stalled shipments of environmental products due to lockdowns in Chinese cities aimed at containing the spread of COVID-19.

Sales in the **Advanced Products Division** rose 24.6% year on year to ¥10,510 million, owing to strong demand for semiconductors.

Sales in the **Autoparts Division** fell 3.4% year on year to ¥11,033 million. This was due to a global semiconductor shortage, lockdowns in Chinese cities due to the spread of COVID-19 that delayed parts procurement, and continued adjustments to automotive production.

Sales in the **Building Materials Division** rose 1.9% year on year to ¥6,716 million, owing to strong demand for fireproof coating.

(2) Explanation of financial position

1) Assets, liabilities, and net assets

Total assets at the end of the first quarter of the consolidated fiscal year ending March 31, 2023 were ¥247,525 million, up ¥600 million compared with the end of the previous fiscal year. This was largely because cash and deposits fell by ¥3,638 million and construction in progress fell by ¥2,076 million, while buildings and structures rose by ¥2,444 million, electronically recorded monetary claims rose by ¥1,506 million, raw materials and supplies rose by ¥1,378 million, and costs on uncompleted construction contracts rose by ¥1,112 million.

Liabilities at the end of the first quarter of the consolidated fiscal year ending March 31, 2023 were ¥87,850 million, down ¥3,552 million compared with the end of the previous fiscal year. This was largely because accrued expenses, etc. included in other current liabilities rose by ¥2,578 million and electronically recorded monetary obligations rose by ¥668 million, while income taxes payable fell by ¥4,093 million, notes and accounts payable – trade fell by ¥1,493 million, and provision for bonuses fell by ¥1,267 million.

Net assets at the end of the first quarter of the fiscal year ending March 31, 2023 were ¥159,674 million, up ¥4,152 million compared with the end of the previous fiscal year. This was largely because valuation difference on available-for-sale securities fell by ¥403 million, while retained earnings rose by ¥2,699 million and foreign currency translation adjustment rose by ¥1,737 million.

2) Cash flows

Cash and cash equivalents at the end of the first quarter of the fiscal year ending March 31, 2023 (hereinafter "cash") fell by ¥3,649 million compared with the end of the previous fiscal year, to ¥50,764 million. Cash flows and factors affecting cash flows are as follows:

(Net cash provided by [used in] operating activities)

Net cash used in operating activities was ¥57 million (compared with receipts of ¥8,378 million in the same period of the previous fiscal year).

This was primarily because, although cash increased due to income before income taxes of ¥8,153 million, cash decreased due to a decline of ¥5,443 million in income taxes paid, a decline of ¥1,984 million in notes and

accounts payable – trade, and an increase of ¥1,314 million in inventories.

(Net cash provided by [used in] investing activities)

Net cash used in investing activities was ¥1,839 million (compared with receipts of ¥394 million in the same period of the previous fiscal year).

This mainly reflected a decrease in cash due to ¥1,674 million in expenditures for the acquisition of property, plant and equipment.

(Net cash provided by [used in] financing activities)

Net cash used in financing activities was ¥2,831 million (compared with expenditures of ¥2,773 million in the same period of the previous fiscal year).

This was because of a decrease in cash due to ¥2,773 million in cash dividends paid.

(3) Explanation of information related to future prospects including consolidated results forecasts

The results in the first quarter of the consolidated fiscal year were generally in line with forecasts. As a result, we have not revised our first-half or full-year forecasts for the fiscal year ending March 31, 2023, released on May 9, 2022.

The Company prepared these earnings forecasts based on the information available on the day that these materials were released, and actual results could differ from forecasts depending on a variety of factors.

2. Consolidated financial statements and related notes

(1) Quarterly consolidated balance sheets

	(Millions of yen)	
	FY2021 (As of March 31, 2022)	FY2022 Q1 (As of June 30, 2022)
Assets		
Current Assets		
Cash and deposits	54,597	50,959
Notes and accounts receivable – trade	32,031	32,739
Electronically recorded monetary claims	10,860	12,366
Accounts receivable from completed construction contracts	21,488	20,390
Merchandise and finished goods	18,727	19,226
Work in process	3,618	3,792
Raw materials and supplies	13,364	14,743
Costs on uncompleted construction contracts	1,010	2,123
Others	3,742	3,231
Allowance for doubtful accounts	(19)	(20)
Total current assets	159,422	159,552
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	62,657	65,804
Accumulated depreciation and impairment loss	(36,221)	(36,923)
Buildings and structures, net	26,436	28,880
Machinery, equipment and vehicles	80,968	83,047
Accumulated depreciation and impairment loss	(67,651)	(69,155)
Machinery, equipment and vehicles, net	13,317	13,891
Land	14,821	14,845
Lease assets	239	189
Accumulated depreciation	(153)	(101)
Lease assets, net	86	87
Construction in progress	4,983	2,906
Other	11,875	12,311
Accumulated depreciation and impairment loss	(9,669)	(9,967)
Other, net	2,206	2,344
Total property, plant and equipment	61,851	62,956
Intangible assets		
Software	772	859
Other	635	564
Total intangible assets	1,407	1,423
Investments and other assets		
Investment securities	17,151	16,597
Long-term loans receivable	364	363
Net defined benefit asset	1,463	1,477
Deferred tax assets	1,355	1,274
Other	3,936	3,907
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	24,242	23,592
Total noncurrent assets	87,502	87,972
Total assets	246,924	247,525

	(Millions of yen)	
	FY2021 (As of March 31, 2022)	FY2022 Q1 (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	22,542	21,049
Electronically recorded monetary obligations	14,421	15,090
Short-term loans payable	10,145	10,645
Accounts payable – other	6,047	5,640
Income taxes payable	6,087	1,993
Advances received on uncompleted construction contracts	190	232
Provision for bonuses	3,268	2,000
Other	5,021	7,600
Total current liabilities	67,725	64,252
Noncurrent liabilities		
Bonds payable	13,000	13,000
Long-term loans payable	625	133
Deferred tax liabilities	1,921	2,440
Net defined benefit liability	4,467	4,512
Reserves for litigation losses	460	282
Other	3,202	3,229
Total noncurrent liabilities	23,677	23,597
Total liabilities	91,402	87,850
Net assets		
Shareholders' equity		
Capital stock	12,128	12,128
Capital surplus	13,857	13,857
Retained earnings	123,904	126,603
Treasury stock	(4,059)	(4,060)
Total shareholders' equity	145,830	148,529
Total other cumulative comprehensive income		
Valuation difference on available-for-sale securities	8,911	8,508
Foreign currency translation adjustment	890	2,628
Remeasurements of defined benefit plans	(1,346)	(1,300)
Total other cumulative comprehensive income	8,455	9,836
Non-controlling interests	1,235	1,309
Total net assets	155,522	159,674
Total liabilities and net assets	246,924	247,525

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
Quarterly consolidated statements of income
First quarter of consolidated fiscal year

	(Millions of yen)	
	FY2021 Q1 (From April 1, 2021 to June 30, 2021)	FY2022 Q1 (From April 1, 2022 to June 30, 2022)
Net sales		
Net sales of merchandise and finished goods	38,857	41,912
Net sales of completed construction contracts	13,414	12,705
Total net sales	52,272	54,617
Cost of sales		
Cost of merchandise and finished goods sold	27,873	30,528
Cost of sales of completed construction contracts	11,391	10,761
Total cost of sales	39,264	41,290
Gross profit	13,007	13,327
Selling, general and administrative expenses		
Selling expenses	1,977	2,151
General and administrative expenses	4,429	4,586
Total selling, general and administrative expenses	6,407	6,737
Operating income	6,600	6,589
Non-operating income		
Interest income	22	20
Dividends income	205	256
Foreign exchange gain	241	1,171
Rent income	137	144
Equity in earnings of affiliates	21	11
Other	72	139
Total non-operating income	700	1,744
Non-operating expenses		
Interest expenses	33	29
Other	58	40
Total non-operating expenses	91	69
Ordinary income	7,208	8,263
Extraordinary income		
Gain on sales of noncurrent assets	2	13
Gain on liquidation of affiliates	310	-
Total extraordinary income	313	13
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	46	11
Provision for litigation loss reserves	32	66
Loss due to disasters	-	45
Total extraordinary losses	78	123
Income before income taxes	7,443	8,153
Income taxes – current	1,579	1,782
Income taxes – deferred	415	722
Total income taxes	1,994	2,505
Net income	5,448	5,648
Net income attributable to non-controlling interests	32	30
Profit attributable to owners of the parent	5,416	5,617

Quarterly consolidated statement of comprehensive income
 First quarter of consolidated fiscal year

	(Millions of yen)	
	FY2021 Q1 (From April 1, 2021 to June 30, 2021)	FY2022 Q1 (From April 1, 2022 to June 30, 2022)
Net income	5,448	5,648
Other comprehensive income		
Valuation difference on available-for-sale securities	(86)	(403)
Foreign currency translation adjustment	922	1,787
Remeasurements of defined benefit plans	23	46
Total other comprehensive income	859	1,430
Comprehensive income	6,307	7,078
Breakdown		
Comprehensive income attributable to owners of the parent company	6,258	6,998
Comprehensive income attributable to non-controlling interests	49	80

(3) Quarterly consolidated statements of cash flows

	(Millions of yen)	
	FY2021 Q1 (From April 1, 2021 to June 30, 2021)	FY2022 Q1 (From April 1, 2022 to June 30, 2022)
Net cash provided by (used in) operating activities		
Income before income taxes	7,443	8,153
Depreciation & amortization	1,487	1,672
Loss (gain) on sales of property, plant and equipment	(2)	(12)
Loss (gain) on liquidation of affiliates	(310)	-
Decrease (increase) in net defined benefit asset	(5)	(13)
Increase (decrease) in net defined benefit liability	62	44
Increase (decrease) in provision for bonuses	(1,326)	(1,276)
Interest and dividends income received	(227)	(276)
Interest expenses	33	29
Foreign exchange losses (gains)	(207)	(733)
Decrease (increase) in notes and accounts receivable – trade	1,924	(543)
Decrease (increase) in inventories	(289)	(1,314)
Decrease (increase) in costs on uncompleted construction contracts	(464)	(1,116)
Increase (decrease) in notes and accounts payable – trade	648	(1,984)
Increase (decrease) in accounts payable – other	(247)	(1,208)
Increase (decrease) in accrued expenses	2,876	3,015
Increase (decrease) in advances received on uncompleted construction contracts	(5)	17
Increase (decrease) in provisions for litigation losses	(95)	(178)
Loss due to disasters	-	45
Other	401	790
Subtotal	11,693	5,111
Interest and dividends income received	227	276
Interest expenses paid	(34)	(26)
Proceeds from subsidy income	-	38
Loss due to disaster paid	-	(16)
Income taxes paid	(3,508)	(5,443)
Income taxes refund	-	2
Net cash provided by (used in) operating activities	8,378	(57)
Net cash provided by (used in) investing activities		
Expenditures for the acquisition of property, plant and equipment	(963)	(1,674)
Proceeds from sales of property, plant and equipment	5	13
Expenditures for the acquisition of intangible fixed assets	(101)	(79)
Payments of loans receivable	(3)	(0)
Collection of loans receivable	0	0
Proceeds from liquidation of affiliated companies	1,542	-
Other	(86)	(99)
Net cash provided by (used in) investing activities	394	(1,839)
Cash flows from financing activities		
Redemption of bonds	(200)	-
Cash dividends paid	(2,517)	(2,773)
Net decrease (increase) in treasury stock	(1)	(0)
Dividends paid to non-controlling interests	(8)	(6)
Other	(46)	(51)
Cash flows from financing activities	(2,773)	(2,831)
Effect of exchange rate change on cash and cash equivalents	310	1,079
Net increase (decrease) in cash and cash equivalents	6,308	(3,649)
Cash and cash equivalents at beginning of period	39,589	54,414
Cash and cash equivalents at end of period	45,898	50,764

(4) Notes regarding quarterly consolidated financial statements

(Notes regarding going concern assumption)

Not applicable

(Notes regarding significant changes in shareholders' equity [if any])

Not applicable

(Segment information)

Segment information

I. First quarter of fiscal year 2021 (April 1, 2021 to June 30, 2021)

1. Information on net sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segments						Adjustments	Quarterly consolidated profit/loss posted
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	14,380	11,446	8,433	11,417	6,594	52,272	—	52,272
Intersegment sales or transfers	—	2,259	—	—	—	2,259	(2,259)	—
Total	14,380	13,706	8,433	11,417	6,594	54,532	(2,259)	52,272
Segment profit	1,474	1,961	1,827	1,311	25	6,600	—	6,600

2. Information related to impairment loss of noncurrent assets and goodwill by reporting segment:

Not applicable

II. First quarter of fiscal year 2022 (April 1, 2022 to June 30, 2022)

1. Information on net sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segments						Adjustments	Quarterly consolidated profit/loss posted
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	14,903	11,452	10,510	11,033	6,716	54,617	—	54,617
Intersegment sales or transfers	—	2,751	—	—	—	2,751	(2,751)	—
Total	14,903	14,204	10,510	11,033	6,716	57,369	(2,751)	54,617
Segment profit (loss)	1,898	2,047	2,342	410	(110)	6,589	—	6,589

2. Information related to impairment loss of noncurrent assets and goodwill by reporting segment:

Not applicable

3. Supplementary Materials

Financial results supplementary materials

(Percentage figures represent changes from previous fiscal year)

(1) Key consolidated financial figures (Trends)

(Millions of yen)

	First half			Full Year					
	FY2021 Result	FY2022		FY2018 Result	FY2019 Result	FY2020 Result	FY2021 Result	FY2022	
		Forecast	Change					Forecast	Change
Net sales	103,525	109,000	5.3%	215,495	208,876	196,372	216,236	225,000	4.1%
Operating income	12,671	12,000	(5.3)%	22,629	20,427	19,616	26,264	26,500	0.9%
Operating margin (%)	12.2%	11.0%		10.5%	9.8%	10.0%	12.1%	11.8%	
Ordinary income	13,895	12,000	(13.6)%	23,171	21,633	21,279	30,572	26,500	(13.3)%
Ordinary income margin (%)	13.4%	11.0%		10.8%	10.4%	10.8%	14.1%	11.8%	
Profit attributable to owners of parent	10,249	8,000	(21.9)%	15,861	14,674	10,715	22,034	18,000	(18.3)%
Net income margin (%)	9.9%	7.3%		7.4%	7.0%	5.5%	10.2%	8.0%	
Basic earnings per share (yen)	154.51	120.60	(21.9)%	238.70	221.21	161.53	332.18	271.36	(18.3)%
Total assets	230,330	—	—	206,426	208,076	219,602	246,924	—	—
Net assets	146,560	—	—	117,774	127,233	136,450	155,522	—	—
Shareholders' equity	145,458	—	—	116,786	126,297	135,429	154,286	—	—
Equity ratio (%)	63.2%	—	—	56.6%	60.7%	61.7%	62.5%	—	—
Interest-bearing debt	25,652	—	—	26,065	26,077	25,861	25,652	—	—
Interest-bearing debt ratio (%)	11.1%	—	—	12.6%	12.5%	11.8%	10.4%	—	—
Capital expenditures	2,337	—	—	12,816	8,978	7,703	11,355	10,000	(11.9)%
Depreciation & amortization	3,083	—	—	5,760	6,274	6,536	6,616	7,000	5.8%
R&D expenses	2,746	—	—	5,976	6,132	6,168	6,110	6,000	(1.8)%

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29; March 31, 2020), etc. has been applied from the beginning of FY2021, and major management indicators, etc. for FY2021 reflect the application of these accounting standards.

(2) Quarterly consolidated operating results (Trends)

(Millions of yen)

	FY2021				FY2022	
	Q1	Q2	Q3	Q4	Q1	Change
Net sales	52,272	51,253	56,294	56,416	54,617	4.5%
Operating income	6,600	6,071	7,399	6,193	6,589	(0.2)%
Operating margin (%)	12.6%	11.8%	13.1%	11.0%	12.1%	
Ordinary income	7,208	6,686	8,184	8,492	8,263	14.6%
Ordinary income margin (%)	13.8%	13.0%	14.5%	15.1%	15.1%	
Profit attributable to owners of parent	5,416	4,832	5,728	6,056	5,617	3.7%
Net income margin (%)	10.4%	9.4%	10.2%	10.7%	10.3%	

All forecasts and plans that are not historical facts in this document are future business results-related forecasts. These are based on information and data currently available to the company, and various uncertainties could cause actual results to differ.