

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 8, 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 to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	67,209	7.2	5,465	(17.4)	6,767	(1.4)	4,791	(8.5)
Six months ended September 30, 2021	62,683	8.3	6,616	44.4	6,861	51.4	5,235	59.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	130.74		130.43	
Six months ended September 30, 2021	143.00		142.59	

(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, 2022	170,523	118,421	69.5	3,232.36
As of March 31, 2022	161,845	111,177	68.7	3,039.02

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, 2022	–	42.00	–	55.00	97.00
Year ending March 31, 2023	–	48.50			
Year ending March 31, 2023 (Forecast)			–	48.50	97.00

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
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 six months ended September 30, 2022
(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
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|--|-----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| Changes in accounting policies due to other reasons: | Yes |
| Changes in accounting estimates: | Yes |
| 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, 2022	37,324,264 shares	As of March 31, 2022	37,324,264 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	647,470 shares	As of March 31, 2022	711,876 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, 2022	36,649,186 shares	Six months ended September 30, 2021	36,612,651 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	44,210	40,086
Notes and accounts receivable - trade	24,451	26,523
Electronically recorded monetary claims - operating	2,089	2,216
Merchandise and finished goods	11,156	13,533
Work in process	1,895	2,173
Raw materials and supplies	3,992	4,624
Other	1,554	1,601
Allowance for doubtful accounts	(38)	(49)
Total current assets	89,311	90,710
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,511	10,759
Machinery, equipment and vehicles, net	9,939	10,711
Tools, furniture and fixtures, net	384	452
Land	20,399	20,413
Leased assets, net	204	160
Construction in progress	20,114	26,839
Total property, plant and equipment	61,555	69,335
Intangible assets		
Leased assets	20	12
Software	466	612
Other	521	325
Total intangible assets	1,008	949
Investments and other assets		
Investment securities	6,141	5,886
Deferred tax assets	1,915	1,735
Retirement benefit asset	291	334
Other	1,648	1,599
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	9,969	9,528
Total non-current assets	72,533	79,813
Total assets	161,845	170,523

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,987	17,974
Short-term borrowings	2,311	2,801
Lease liabilities	116	90
Income taxes payable	2,080	1,266
Provision for bonuses	1,681	1,656
Provision for bonuses for directors (and other officers)	99	45
Provision for product warranties	89	114
Other	11,577	12,768
Total current liabilities	34,943	36,715
Non-current liabilities		
Long-term borrowings	12,942	12,471
Lease liabilities	127	96
Deferred tax liabilities	97	117
Provision for retirement benefits for directors (and other officers)	173	187
Provision for product warranties	1,081	1,081
Retirement benefit liability	1,106	1,233
Other	195	197
Total non-current liabilities	15,723	15,386
Total liabilities	50,667	52,102
Net assets		
Shareholders' equity		
Share capital	8,136	8,136
Capital surplus	10,934	10,925
Retained earnings	89,789	92,560
Treasury shares	(1,293)	(1,176)
Total shareholders' equity	107,567	110,446
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,561	2,383
Foreign currency translation adjustment	748	5,366
Remeasurements of defined benefit plans	388	356
Total accumulated other comprehensive income	3,697	8,106
Share acquisition rights	210	130
Non-controlling interests	(298)	(261)
Total net assets	111,177	118,421
Total liabilities and net assets	161,845	170,523

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	62,683	67,209
Cost of sales	36,763	41,295
Gross profit	25,919	25,914
Selling, general and administrative expenses	19,303	20,448
Operating profit	6,616	5,465
Non-operating income		
Interest income	16	39
Dividend income	96	126
Rental income from real estate	43	45
Foreign exchange gains	29	1,067
Other	140	104
Total non-operating income	324	1,382
Non-operating expenses		
Interest expenses	56	58
Other	23	23
Total non-operating expenses	80	81
Ordinary profit	6,861	6,767
Extraordinary income		
Gain on sale of non-current assets	3	3
Gain on forgiveness of debts	467	–
Total extraordinary income	470	3
Extraordinary losses		
Loss on retirement of non-current assets	17	15
Loss on valuation of investment securities	10	–
Total extraordinary losses	27	15
Profit before income taxes	7,304	6,755
Income taxes - current	1,714	1,535
Income taxes - deferred	324	415
Total income taxes	2,039	1,950
Profit	5,265	4,804
Profit attributable to		
Profit attributable to owners of parent	5,235	4,791
Profit attributable to non-controlling interests	30	13
Other comprehensive income		
Valuation difference on available-for-sale securities	30	(177)
Foreign currency translation adjustment	1,755	4,640
Remeasurements of defined benefit plans, net of tax	(21)	(31)
Total other comprehensive income	1,765	4,431
Comprehensive income	7,030	9,236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,992	9,200
Comprehensive income attributable to non-controlling interests	38	36

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	7,304	6,755
Depreciation	2,323	1,600
Increase (decrease) in provision for product warranties	(1)	18
Increase (decrease) in retirement benefit liability	59	127
Interest and dividend income	(112)	(165)
Interest expenses	56	58
Gain on forgiveness of debt	(467)	–
Foreign exchange losses (gains)	(10)	(195)
Gain on sale of non-current assets	(3)	(3)
Loss on retirement of non-current assets	17	15
Decrease (increase) in trade receivables	(918)	(1,791)
Decrease (increase) in inventories	(658)	(2,319)
Increase (decrease) in trade payables	(163)	174
Other, net	1,135	674
Subtotal	8,561	4,949
Interest and dividends received	115	172
Interest paid	(57)	(58)
Settlement received	1,013	–
Income taxes paid	(1,119)	(2,364)
Income taxes refund	–	30
Net cash provided by (used in) operating activities	8,513	2,729
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,165)	(5,494)
Proceeds from sale of property, plant and equipment	3	3
Purchase of intangible assets	(132)	(42)
Purchase of investment securities	(0)	(1)
Other, net	(25)	48
Net cash provided by (used in) investing activities	(3,321)	(5,485)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	110	70
Proceeds from long-term borrowings	914	1,411
Repayments of long-term borrowings	(618)	(1,462)
Repayments of lease liabilities	(63)	(65)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,665)	(2,013)
Other, net	–	0
Net cash provided by (used in) financing activities	(1,324)	(2,060)
Effect of exchange rate change on cash and cash equivalents	339	692
Net increase (decrease) in cash and cash equivalents	4,207	(4,124)
Cash and cash equivalents at beginning of period	39,688	44,210
Cash and cash equivalents at end of period	43,895	40,086