

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 2023

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 23, 2023
 Scheduled date to file Securities Report: June 26, 2023
 Scheduled date to commence dividend payments: June 26, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	138,063	7.4	11,704	(6.9)	12,805	(5.8)	9,037	(10.9)
Year ended March 31, 2022	128,599	6.3	12,576	4.5	13,600	11.0	10,146	14.0

	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, 2023	247.21	246.67	7.8	7.7	8.5
Year ended March 31, 2022	277.14	276.30	9.5	8.8	9.8

(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, 2023	169,337	119,619	70.7	3,294.99
As of March 31, 2022	161,845	111,177	68.7	3,039.02

(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, 2023	5,543	(12,619)	(4,894)	32,740
Year ended March 31, 2022	14,993	(7,779)	(3,212)	44,210

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, 2022	—	42.00	—	55.00	97.00	3,551	35.0	3.3
Year ended March 31, 2023	—	48.50	—	48.50	97.00	3,541	39.2	3.1
Year ending March 31, 2024 (Forecast)	—	57.00	—	57.00	114.00		40.2	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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, 2023	72,300	7.6	5,900	7.9	6,100	(9.9)	4,300	(10.3)	118.33
Full year	150,000	8.6	14,000	19.6	14,500	13.2	10,300	14.0	283.45

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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:

Yes

Changes in accounting estimates:

Yes

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, 2023	37,324,264 shares	As of March 31, 2022	37,324,264 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2023	986,120 shares	As of March 31, 2022	711,876 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2023	36,557,712 shares	Year ended March 31, 2022	36,612,542 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	44,210	32,740
Notes and accounts receivable - trade	24,451	25,227
Electronically recorded monetary claims - operating	2,089	1,768
Merchandise and finished goods	11,156	14,470
Work in process	1,895	2,222
Raw materials and supplies	3,992	6,668
Other	1,554	2,494
Allowance for doubtful accounts	(38)	(35)
Total current assets	89,311	85,556
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,009	48,203
Accumulated depreciation	(32,497)	(33,705)
Buildings and structures, net	10,511	14,498
Machinery, equipment and vehicles	98,165	119,237
Accumulated depreciation	(88,225)	(89,077)
Machinery, equipment and vehicles, net	9,939	30,159
Tools, furniture and fixtures	6,180	6,427
Accumulated depreciation	(5,795)	(5,798)
Tools, furniture and fixtures, net	384	628
Land	20,399	20,403
Leased assets	469	485
Accumulated depreciation	(264)	(179)
Leased assets, net	204	306
Construction in progress	20,114	5,157
Total property, plant and equipment	61,555	71,152
Intangible assets		
Leased assets	20	6
Software	466	532
Other	521	350
Total intangible assets	1,008	890
Investments and other assets		
Investment securities	6,141	6,866
Deferred tax assets	1,915	757
Retirement benefit asset	291	582
Other	1,648	3,559
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	9,969	11,736
Total non-current assets	72,533	83,780
Total assets	161,845	169,337

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,987	17,601
Short-term borrowings	200	280
Current portion of long-term borrowings	2,111	2,928
Lease liabilities	116	89
Accrued expenses	5,695	6,014
Income taxes payable	2,080	578
Provision for bonuses	1,681	1,716
Provision for bonuses for directors (and other officers)	99	66
Provision for product warranties	89	72
Other	5,882	5,491
Total current liabilities	34,943	34,839
Non-current liabilities		
Long-term borrowings	12,942	11,925
Lease liabilities	127	257
Deferred tax liabilities	97	174
Provision for retirement benefits for directors (and other officers)	173	182
Provision for product warranties	1,081	869
Retirement benefit liability	1,106	1,264
Other	195	203
Total non-current liabilities	15,723	14,877
Total liabilities	50,667	49,717
Net assets		
Shareholders' equity		
Share capital	8,136	8,136
Capital surplus	10,934	10,925
Retained earnings	89,789	95,027
Treasury shares	(1,293)	(2,059)
Total shareholders' equity	107,567	112,030
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,561	2,754
Foreign currency translation adjustment	748	4,429
Remeasurements of defined benefit plans	388	519
Total accumulated other comprehensive income	3,697	7,703
Share acquisition rights	210	150
Non-controlling interests	(298)	(264)
Total net assets	111,177	119,619
Total liabilities and net assets	161,845	169,337

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	128,599	138,063
Cost of sales	77,111	85,753
Gross profit	51,488	52,310
Selling, general and administrative expenses		
Freight and packing costs	18,302	19,489
Advertising and promotion expenses	3,103	3,243
Provision of allowance for doubtful accounts	3	6
Salaries and allowances and welfare expenses	8,107	8,431
Provision for bonuses	798	828
Provision for bonuses for directors (and other officers)	99	66
Retirement benefit expenses	200	197
Provision for retirement benefits for directors (and other officers)	29	26
Depreciation	864	530
Experimentation and research expenses	1,320	1,234
Provision for product warranties	71	(121)
Other	6,010	6,671
Total selling, general and administrative expenses	38,911	40,606
Operating profit	12,576	11,704
Non-operating income		
Interest income	31	80
Dividend income	209	260
Rental income from real estate	89	90
Foreign exchange gains	641	547
Other	213	286
Total non-operating income	1,185	1,265
Non-operating expenses		
Interest expenses	115	116
Other	45	47
Total non-operating expenses	161	164
Ordinary profit	13,600	12,805

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of non-current assets	4	7
Gain on sale of investment securities	–	0
Gain on forgiveness of debts	476	–
Total extraordinary income	481	7
Extraordinary losses		
Loss on retirement of non-current assets	53	81
Impairment losses	–	11
Loss on valuation of investment securities	–	1
Loss on valuation of inventories	–	41
Total extraordinary losses	53	135
Profit before income taxes	14,027	12,678
Income taxes - current	3,256	2,408
Income taxes - deferred	570	1,218
Total income taxes	3,827	3,627
Profit	10,200	9,050
Profit attributable to		
Profit attributable to owners of parent	10,146	9,037
Profit attributable to non-controlling interests	53	13
Other comprehensive income		
Valuation difference on available-for-sale securities	(125)	193
Foreign currency translation adjustment	2,447	3,701
Remeasurements of defined benefit plans, net of tax	127	131
Total other comprehensive income	2,449	4,025
Comprehensive income	12,649	13,076
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,584	13,043
Comprehensive income attributable to non-controlling interests	64	33

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(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	89,789	(1,293)	107,567
Changes during period					
Dividends of surplus			(3,792)		(3,792)
Profit attributable to owners of parent			9,037		9,037
Purchase of treasury shares				(883)	(883)
Disposal of treasury shares		(16)		117	100
Transfer from retained earnings to capital surplus		6	(6)		-
Net changes in items other than shareholders' equity					-
Total changes during period	-	(9)	5,238	(766)	4,462
Balance at end of period	8,136	10,925	95,027	(2,059)	112,030

	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	2,561	748	388	3,697	210	(298)	111,177
Changes during period							
Dividends of surplus							(3,792)
Profit attributable to owners of parent							9,037
Purchase of treasury shares							(883)
Disposal of treasury shares							100
Transfer from retained earnings to capital surplus							-
Net changes in items other than shareholders' equity	193	3,681	131	4,005	(59)	33	3,979
Total changes during period	193	3,681	131	4,005	(59)	33	8,442
Balance at end of period	2,754	4,429	519	7,703	150	(264)	119,619

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	14,027	12,678
Depreciation	4,836	3,400
Impairment losses	–	11
Loss (gain) on valuation of investment securities	–	1
Loss on valuation of inventories	–	41
Increase (decrease) in provision for product warranties	(201)	(230)
Increase (decrease) in retirement benefit liability	(105)	158
Decrease (increase) in retirement benefit asset	(16)	(290)
Interest and dividend income	(241)	(340)
Interest expenses	115	116
Foreign exchange losses (gains)	(102)	(94)
Loss (gain) on sale of investment securities	–	(0)
Gain on sale of non-current assets	(4)	(7)
Loss on retirement of non-current assets	53	81
Gain on forgiveness of debts	(467)	–
Decrease (increase) in trade receivables	(1,010)	(183)
Decrease (increase) in inventories	(1,999)	(5,653)
Increase (decrease) in trade payables	2,133	(38)
Other, net	(986)	(422)
Subtotal	16,031	9,227
Interest and dividends received	228	332
Interest paid	(116)	(117)
Settlement received	1,013	–
Income taxes paid	(2,320)	(3,944)
Income taxes refund	158	46
Net cash provided by (used in) operating activities	14,993	5,543
Cash flows from investing activities		
Payments into time deposits	–	(2,000)
Purchase of property, plant and equipment	(7,466)	(10,088)
Proceeds from sale of property, plant and equipment	4	14
Purchase of intangible assets	(293)	(97)
Purchase of investment securities	(1)	(461)
Proceeds from sale of investment securities	–	14
Other, net	(22)	(1)
Net cash provided by (used in) investing activities	(7,779)	(12,619)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	90	80
Proceeds from long-term borrowings	914	1,911
Repayments of long-term borrowings	(888)	(2,111)
Repayments of lease liabilities	(123)	(98)
Purchase of treasury shares	(1)	(883)
Dividends paid	(3,203)	(3,792)
Other, net	–	0
Net cash provided by (used in) financing activities	(3,212)	(4,894)
Effect of exchange rate change on cash and cash equivalents	521	500
Net increase (decrease) in cash and cash equivalents	4,522	(11,470)
Cash and cash equivalents at beginning of period	39,688	44,210
Cash and cash equivalents at end of period	44,210	32,740