

**Consolidated Financial Results for the First Quarter of the Fiscal Year
Ending March 31, 2024 (April 1, 2023 to June 30, 2023)
<Japanese GAAP>**

August 7, 2023

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 Stock Exchange Listing: Tokyo Stock Exchange (Code number 5393)
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 Scheduled date of filing of quarterly consolidated financial statements: August 10, 2023
 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 2023

(April 1, 2023 to June 30, 2023)

(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	%
FY2023 Q1	59,178	8.3	7,640	16.0	9,115	10.3	6,353	13.1
FY2022 Q1	54,617	4.5	6,589	(0.2)	8,263	14.6	5,617	3.7

Note: Comprehensive income FY2023 Q1 ¥9,251 million---30.7%; FY2022 Q1 ¥7,078 million---12.2%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2023 Q1	95.78	—
FY2022 Q1	84.69	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	271,256	179,941	65.8
As of March 31, 2023	266,907	173,742	64.6

(Reference) Shareholders' equity FY2023 Q1 ¥178,498 million; as of March 31, 2023 (FY2022) ¥172,359 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
FY2022	—	46.00	—	46.00	92.00
FY2023	—				
FY2023 (Forecast)		48.00	—	48.00	96.00

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

3. Forecast of consolidated financial results for Fiscal Year 2023 (April 1, 2023 to March 31, 2024)

(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	116,000	2.2	13,700	5.8	16,000	(2.2)	11,300	(0.1)	170.35
Full year	238,000	(0.0)	29,500	(1.5)	32,500	(1.8)	22,500	5.1	339.20

Note: Adjustments from the most recently released consolidated results forecast: Yes

*For details of the revisions to our earnings forecasts, please see "Notice of Revisions to Earnings Forecasts" released separately today.

*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)
FY2023 Q1 (As of June 30, 2023) 67,811,917 shares
FY2022 (As of March 31, 2023) 67,811,917 shares
2) Number of shares of treasury stock at the end of the period
FY2023 Q1 (As of June 30, 2023) 1,480,468 shares
FY2022 (As of March 31, 2023) 1,480,118 shares
3) Average number of shares outstanding during the period
FY2023 Q1 (As of June 30, 2023) 66,331,636 shares
FY2022 Q1 (As of June 30, 2022) 66,332,562 shares

*The consolidated financial results for the first quarter of the fiscal year ending March 31, 2024 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.

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1. Qualitative information on the quarter under review

(1) Explanation of operating results

During FY2023 Q1, the Japanese economy experienced a moderate recovery. In the manufacturing industry, capital investment and production were on a recovery trend, and exports were firm. Overseas, there were signs of improvement in China, and the US and emerging economies experienced a moderate recovery.

In these conditions, the Group's net sales rose 8.3% year on year to ¥59,178 million. Sales increased mainly in the Energy and Industrial Plants Division, where demand remained strong for petroleum refining, petrochemicals, and refrigerated warehouses, as well as in the Industrial Products Division, where demand remained strong for sealing materials for infrastructure in Japan.

In terms of profits, operating income rose 16.0% year on year to ¥7,640 million, ordinary income rose 10.3% year on year to ¥9,115 million, and profit attributable to owners of the parent rose 13.1% year on year to ¥6,353 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 11.3% year on year to ¥16,592 million, due to strong demand for petroleum refining, petrochemicals, and refrigerated warehouses in particular.

Sales in the **Industrial Products Division** increased 9.6% year on year to ¥12,555 million. This was due to steady demand for sealing materials for infrastructure in Japan, which offset sluggish demand for environmental products due to deterioration of economic conditions in China.

Sales in the **Advanced Products Division** rose 0.1% year on year to ¥10,520 million, owing to steadily fulfilling backlogs from the previous year despite declining demand for products for semiconductor production equipment amid declining investments, particularly in semiconductor memory.

Sales in the **Autoparts Division** increased 6.6% year on year to ¥11,761 million. This was due to a recovery trend in production volume at several automobile manufacturers amid signs of demand improvement, particularly in Japan.

Sales in the **Building Materials Division** rose 15.4% year on year to ¥7,748 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, 2024 were ¥271,256 million, up ¥4,349 million compared with the end of the previous fiscal year. This was largely because investment securities rose by ¥3,430 million, construction in progress rose by ¥1,602 million, and merchandise and finished goods increased by ¥1,200 million, while accounts receivable from completed construction contracts fell by ¥1,802 million.

Liabilities at the end of the first quarter of the fiscal year ending March 31, 2024 were ¥91,315 million, down ¥1,849 million compared with the end of the previous fiscal year. This was largely a result of decreases in income taxes payable of ¥2,891 million and in notes and accounts payable – trade of ¥1,376 million, while deferred tax liabilities rose by ¥1,550 million.

Net assets at the end of the first quarter of the fiscal year ending March 31, 2024 were ¥179,941 million, up ¥6,198 million compared with the end of the previous fiscal year. This was largely because retained earnings rose by ¥3,302 million and valuation difference on available-for-sale securities rose by ¥2,356 million.

2) Cash flows

Cash and cash equivalents at the end of the first quarter of the fiscal year ending March 31, 2024 (hereinafter, "cash") fell by ¥1,572 million compared with the end of the previous fiscal year, to ¥57,390 million. Cash flows and factors affecting cash flows are as follows:

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

Net cash provided by operating activities was ¥3,931 million (compared with expenditures of ¥57 million in the same period of the previous fiscal year).

This was primarily because, although cash decreased due to ¥4,709 million in income taxes paid and a ¥2,049 million decrease in notes and accounts payable – trade, cash increased due to ¥8,943 million in income before income taxes.

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

Net cash used in investing activities was ¥3,190 million (compared with expenditures of ¥1,839 million in the same period of the previous fiscal year).

This mainly reflected a decrease in cash due to ¥3,141 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 ¥2,827 million (compared with expenditures of ¥2,831 million in the same period of the previous fiscal year).

This was because of a decrease in cash due to ¥2,909 million in cash dividends paid.

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

The first-half and full-year earnings forecasts for the fiscal year ending March 31, 2024, announced on May 8, 2023, have been revised, largely to reflect earnings progress in the first quarter of the consolidated fiscal year. For details, please see the "Notice of Revisions to Earnings Forecasts" released separately today.

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)	
	FY2022 (As of March 31, 2023)	FY2023 Q1 (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	59,433	57,875
Notes and accounts receivable – trade	33,122	33,915
Electronically recorded monetary claims	13,961	14,861
Accounts receivable from completed construction contracts	22,292	20,490
Merchandise and finished goods	19,832	21,032
Work in process	3,808	3,605
Raw materials and supplies	18,346	19,100
Costs on uncompleted construction contracts	1,605	2,032
Others	3,567	3,277
Allowance for doubtful accounts	(8)	(8)
Total current assets	175,963	176,182
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	67,106	67,459
Accumulated depreciation and impairment loss	(38,276)	(38,858)
Buildings and structures, net	28,829	28,600
Machinery, equipment and vehicles	85,900	86,423
Accumulated depreciation and impairment loss	(72,127)	(73,236)
Machinery, equipment and vehicles, net	13,773	13,187
Land	14,962	14,969
Lease assets	443	445
Accumulated depreciation	(132)	(151)
Lease assets, net	311	293
Construction in progress	4,008	5,611
Others	12,707	12,937
Accumulated depreciation and impairment loss	(10,439)	(10,679)
Other, net	2,267	2,258
Total property, plant and equipment	64,152	64,920
Intangible assets		
Software	857	879
Other	668	669
Total intangible assets	1,525	1,548
Investments and other assets		
Investment securities	17,601	21,031
Long-term loans receivable	364	364
Net defined benefit asset	1,972	2,003
Deferred tax assets	1,442	1,390
Other	3,918	3,847
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	25,266	28,605
Total noncurrent assets	90,944	95,074
Total assets	266,907	271,256

(Millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 Q1 (As of June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	23,401	22,025
Electronically recorded monetary obligations	13,812	13,292
Current portion of bonds	8,000	8,000
Short-term loans payable	10,485	10,635
Accounts payable – other	6,453	5,999
Income taxes payable	4,850	1,958
Advances received on uncompleted construction contracts	211	163
Provision for bonuses	3,324	2,014
Other	6,133	8,988
Total current liabilities	76,671	73,077
Noncurrent liabilities		
Bonds payable	5,000	5,000
Deferred tax liabilities	2,589	4,139
Net defined benefit liability	4,395	4,418
Reserves for litigation losses	300	465
Other	4,208	4,214
Total noncurrent liabilities	16,493	18,238
Total liabilities	93,165	91,315
Net assets		
Shareholders' equity		
Capital stock	12,128	12,128
Capital surplus	13,857	13,857
Retained earnings	139,332	142,634
Treasury stock	(4,061)	(4,062)
Total shareholders' equity	161,256	164,557
Total other cumulative comprehensive income		
Valuation difference on available-for-sale securities	9,200	11,557
Foreign currency translation adjustment	2,730	3,156
Remeasurement of defined benefit plans	(828)	(772)
Total other cumulative comprehensive income	11,103	13,940
Non-controlling interests	1,382	1,442
Total net assets	173,742	179,941
Total liabilities and net assets	266,907	271,256

(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)	
	FY2022 Q1 (From April 1, 2022 to June 30, 2022)	FY2023 Q1 (From April 1, 2023 to June 30, 2023)
Net sales		
Net sales of merchandise and finished goods	41,912	44,797
Net sales of completed construction contracts	12,705	14,380
Total net sales	54,617	59,178
Cost of sales		
Cost of merchandise and finished goods sold	30,528	32,065
Cost of sales of completed construction contracts	10,761	12,325
Total cost of sales	41,290	44,390
Gross profit	13,327	14,787
Selling, general and administrative expenses		
Selling expenses	2,151	2,139
General and administrative expenses	4,586	5,007
Total selling, general and administrative expenses	6,737	7,146
Operating income	6,589	7,640
Non-operating income		
Interest income	20	30
Dividends income	256	256
Foreign exchange gain	1,171	910
Rent income	144	141
Equity in earnings of affiliates	11	29
Other	139	173
Total non-operating income	1,744	1,541
Non-operating expenses		
Interest expenses	29	25
Other	40	40
Total non-operating expenses	69	65
Ordinary income	8,263	9,115
Extraordinary income		
Gain on sales of noncurrent assets	13	4
Total extraordinary income	13	4
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	11	11
Provision for litigation loss reserves	66	165
Loss due to disasters	45	-
Total extraordinary losses	123	176
Income before income taxes	8,153	8,943
Income taxes – current	1,782	2,015
Income taxes – deferred	722	544
Total income taxes	2,505	2,560
Net income	5,648	6,382
Net income attributable to non-controlling interests	30	29
Profit attributable to owners of the parent	5,617	6,353

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

	(Millions of yen)	
	FY2022 Q1 (From April 1, 2022 to June 30, 2022)	FY2023 Q1 (From April 1, 2023 to June 30, 2023)
Net income	5,648	6,382
Other comprehensive income		
Valuation difference on available-for-sale securities	(403)	2,356
Foreign currency translation adjustment	1,787	455
Remeasurement of defined benefit plans	46	56
Total other comprehensive income	1,430	2,868
Comprehensive income	7,078	9,251
Breakdown		
Comprehensive income attributable to owners of the parent company	6,998	9,191
Comprehensive income attributable to non-controlling interests	80	59

(3) Quarterly consolidated statements of cash flows

	(Millions of yen)	
	FY2022 Q1 (From April 1, 2022 to June 30, 2022)	FY2023 Q1 (From April 1, 2023 to June 30, 2023)
Net cash provided by (used in) operating activities		
Income before income taxes	8,153	8,943
Depreciation & amortization	1,672	1,771
Loss (gain) on sales of noncurrent assets	(1)	7
Decrease (increase) in net defined benefit assets	(13)	(30)
Increase (decrease) in net defined benefit liability	44	23
Increase (decrease) in provision for bonuses	(1,276)	(1,310)
Interest and dividends income received	(276)	(286)
Interest expenses	29	25
Foreign exchange losses (gains)	(733)	(592)
Decrease (increase) in notes and accounts receivable – trade	(543)	371
Decrease (increase) in inventories	(1,314)	(1,496)
Decrease (increase) in costs on uncompleted construction contracts	(1,116)	(426)
Increase (decrease) in notes and accounts payable – trade	(1,984)	(2,049)
Increase (decrease) in accounts payable – other	(1,208)	(50)
Increase (decrease) in accrued expenses	3,015	2,870
Increase (decrease) in advances received on uncompleted construction contracts	17	(94)
Increase (decrease) in provisions for litigation losses	(178)	165
Loss due to disasters	45	-
Other	779	327
Subtotal	5,111	8,166
Interest and dividends income received	276	286
Interest expenses paid	(26)	(21)
Proceeds from subsidy income	38	30
Loss due to disaster paid	(16)	-
Income taxes paid	(5,443)	(4,709)
Income taxes refund	2	178
Net cash provided by (used in) operating activities	(57)	3,931
Net cash provided by (used in) investing activities		
Expenditures for the acquisition of property, plant and equipment	(1,674)	(3,141)
Proceeds from sales of property, plant and equipment	13	32
Expenditures for the acquisition of intangible fixed assets	(79)	(75)
Other	(99)	(6)
Net cash provided by (used in) investing activities	(1,839)	(3,190)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	650
Repayment of long-term loans payable	-	(500)
Cash dividends paid	(2,773)	(2,909)
Net decrease (increase) in treasury stock	(0)	(0)
Dividends paid to non-controlling interests	(6)	(1)
Other	(51)	(65)
Net cash provided by (used in) financing activities	(2,831)	(2,827)
Effect of exchange rate change on cash and cash equivalents	1,079	514
Net increase (decrease) in cash and cash equivalents	(3,649)	(1,572)
Cash and cash equivalents at beginning of period	54,414	58,962
Cash and cash equivalents at end of period	50,764	57,390

(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 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

II. First quarter of fiscal year 2023 (April 1, 2023 to June 30, 2023)

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	16,592	12,555	10,520	11,761	7,748	59,178	—	59,178
Intersegment sales or transfers	—	2,951	—	—	—	2,951	(2,951)	—
Total	16,592	15,507	10,520	11,761	7,748	62,129	(2,951)	59,178
Segment profit (loss)	2,158	2,594	2,369	683	(165)	7,640	—	7,640

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					
	FY2022 Result	FY2023		FY2019 Result	FY2020 Result	FY2021 Result	FY2022 Result	FY2023	
		Forecast	Change					Forecast	Change
Net sales	113,507	116,000	2.2%	208,876	196,372	216,236	238,116	238,000	(0.0)%
Operating income	12,953	13,700	5.8%	20,427	19,616	26,264	29,954	29,500	(1.5)%
Operating margin (%)	11.4%	11.8%		9.8%	10.0%	12.1%	12.6%	12.4%	
Ordinary income	16,352	16,000	(2.2)%	21,633	21,279	30,572	33,082	32,500	(1.8)%
Ordinary income margin (%)	14.4%	13.8%		10.4%	10.8%	14.1%	13.9%	13.7%	
Profit attributable to owners of the parent	11,309	11,300	(0.1)%	14,674	10,715	22,034	21,398	22,500	5.1%
Net income margin (%)	10.0%	9.7%		7.0%	5.5%	10.2%	9.0%	9.5%	
Basic earnings per share (yen)	170.50	170.35	(0.1)%	221.21	161.53	332.18	322.59	339.20	5.1%
Total assets	255,487	—	—	208,076	219,602	246,924	266,907	—	—
Net assets	166,337	—	—	127,233	136,450	155,522	173,742	—	—
Shareholders' equity	164,978	—	—	126,297	135,429	154,286	172,359	—	—
Equity ratio (%)	64.6%	—	—	60.7%	61.7%	62.5%	64.6%	—	—
Interest-bearing debt	25,444	—	—	26,077	25,861	25,652	25,892	—	—
Interest-bearing debt ratio (%)	10.0%	—	—	12.5%	11.8%	10.4%	9.7%	—	—
Capital expenditures	4,382	—	—	8,978	7,703	11,355	10,069	12,100	20.2%
Depreciation & amortization	3,486	—	—	6,274	6,536	6,616	7,454	7,800	4.6%
R&D expenses	2,773	—	—	6,132	6,168	6,110	5,715	6,000	5.0%

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 and thereafter reflect the application of these accounting standards.

(2) Quarterly consolidated operating results (Trends)

(Millions of yen)

	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	Change
Net sales	54,617	58,889	62,808	61,801	59,178	8.3%
Operating income	6,589	6,364	8,751	8,249	7,640	16.0%
Operating margin (%)	12.1%	10.8%	13.9%	13.3%	12.9%	
Ordinary income	8,263	8,088	8,566	8,164	9,115	10.3%
Ordinary income margin (%)	15.1%	13.7%	13.6%	13.2%	15.4%	
Profit attributable to owners of the parent	5,617	5,691	6,088	4,000	6,353	13.1%
Net income margin (%)	10.3%	9.7%	9.7%	6.5%	10.7%	

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.