

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 8, 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 to file Quarterly Securities Report: November 13, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023 | 68,408 | 1.8 | 3,804 | (30.4) | 5,258 | (22.3) | 3,335 | (30.4) |
| Six months ended September 30, 2022 | 67,209 | 7.2 | 5,465 | (17.4) | 6,767 | (1.4) | 4,791 | (8.5) |

| | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2023 | 91.90 | 91.73 |
| Six months ended September 30, 2022 | 130.74 | 130.43 |

(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, 2023 | 176,704 | 124,529 | 70.5 | 3,447.34 |
| As of March 31, 2023 | 169,337 | 119,619 | 70.7 | 3,294.99 |

2. Cash dividends

| | Annual dividends per share | | | | |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|--------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2023 | — | 48.50 | — | 48.50 | 97.00 |
| Year ending March 31, 2024 | — | 57.00 | | | |
| Year ending March 31, 2024 (Forecast) | | | — | 57.00 | 114.00 |

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 |
| Full year | 147,000 | 6.5 | 10,500 | (10.3) | 12,100 | (5.5) | 8,300 | (8.2) | 228.66 |

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- 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, 2023 | 37,324,264 shares | As of March 31, 2023 | 37,324,264 shares |
|--------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|--------------------------|------------------|----------------------|----------------|
| As of September 30, 2023 | 1,176,950 shares | As of March 31, 2023 | 986,120 shares |
|--------------------------|------------------|----------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Six months ended September 30, 2023 | 36,298,399 shares | Six months ended September 30, 2022 | 36,649,186 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 32,740 | 28,056 |
| Notes and accounts receivable - trade | 25,227 | 28,142 |
| Electronically recorded monetary claims - operating | 1,768 | 2,251 |
| Merchandise and finished goods | 14,470 | 18,384 |
| Work in process | 2,222 | 3,419 |
| Raw materials and supplies | 6,668 | 6,729 |
| Other | 2,494 | 2,016 |
| Allowance for doubtful accounts | (35) | (30) |
| Total current assets | 85,556 | 88,969 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 14,498 | 15,004 |
| Machinery, equipment and vehicles, net | 30,159 | 36,815 |
| Tools, furniture and fixtures, net | 628 | 611 |
| Land | 20,403 | 20,410 |
| Leased assets, net | 306 | 309 |
| Construction in progress | 5,157 | 317 |
| Total property, plant and equipment | 71,152 | 73,469 |
| Intangible assets | | |
| Leased assets | 6 | 3 |
| Software | 532 | 466 |
| Other | 350 | 208 |
| Total intangible assets | 890 | 678 |
| Investments and other assets | | |
| Investment securities | 6,866 | 8,885 |
| Deferred tax assets | 757 | 437 |
| Retirement benefit asset | 582 | 546 |
| Other | 3,559 | 3,745 |
| Allowance for doubtful accounts | (27) | (27) |
| Total investments and other assets | 11,736 | 13,587 |
| Total non-current assets | 83,780 | 87,735 |
| Total assets | 169,337 | 176,704 |

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 17,601 | 18,459 |
| Short-term borrowings | 3,208 | 4,372 |
| Lease liabilities | 89 | 116 |
| Income taxes payable | 578 | 1,484 |
| Provision for bonuses | 1,716 | 1,729 |
| Provision for bonuses for directors (and other officers) | 66 | 31 |
| Provision for product warranties | 72 | 88 |
| Other | 11,505 | 11,472 |
| Total current liabilities | 34,839 | 37,755 |
| Non-current liabilities | | |
| Long-term borrowings | 11,925 | 10,921 |
| Lease liabilities | 257 | 249 |
| Deferred tax liabilities | 174 | 519 |
| Provision for retirement benefits for directors (and other officers) | 182 | 160 |
| Provision for product warranties | 869 | 869 |
| Retirement benefit liability | 1,264 | 1,297 |
| Other | 203 | 401 |
| Total non-current liabilities | 14,877 | 14,420 |
| Total liabilities | 49,717 | 52,175 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 8,136 | 8,136 |
| Capital surplus | 10,925 | 10,927 |
| Retained earnings | 95,027 | 96,601 |
| Treasury shares | (2,059) | (2,671) |
| Total shareholders' equity | 112,030 | 112,993 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,754 | 4,155 |
| Foreign currency translation adjustment | 4,429 | 6,988 |
| Remeasurements of defined benefit plans | 519 | 474 |
| Total accumulated other comprehensive income | 7,703 | 11,618 |
| Share acquisition rights | 150 | 144 |
| Non-controlling interests | (264) | (227) |
| Total net assets | 119,619 | 124,529 |
| Total liabilities and net assets | 169,337 | 176,704 |

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

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|--|--|--|
| Net sales | 67,209 | 68,408 |
| Cost of sales | 41,295 | 44,551 |
| Gross profit | 25,914 | 23,856 |
| Selling, general and administrative expenses | 20,448 | 20,052 |
| Operating profit | 5,465 | 3,804 |
| Non-operating income | | |
| Interest income | 39 | 57 |
| Dividend income | 126 | 139 |
| Rental income from real estate | 45 | 44 |
| Foreign exchange gains | 1,067 | 1,203 |
| Other | 104 | 75 |
| Total non-operating income | 1,382 | 1,520 |
| Non-operating expenses | | |
| Interest expenses | 58 | 34 |
| Other | 23 | 32 |
| Total non-operating expenses | 81 | 66 |
| Ordinary profit | 6,767 | 5,258 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 3 | 0 |
| Total extraordinary income | 3 | 0 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 15 | 17 |
| Impairment losses | – | 279 |
| Total extraordinary losses | 15 | 297 |
| Profit before income taxes | 6,755 | 4,961 |
| Income taxes - current | 1,535 | 1,550 |
| Income taxes - deferred | 415 | 51 |
| Total income taxes | 1,950 | 1,601 |
| Profit | 4,804 | 3,359 |
| Profit attributable to | | |
| Profit attributable to owners of parent | 4,791 | 3,335 |
| Profit attributable to non-controlling interests | 13 | 23 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (177) | 1,400 |
| Foreign currency translation adjustment | 4,640 | 2,573 |
| Remeasurements of defined benefit plans, net of tax | (31) | (45) |
| Total other comprehensive income | 4,431 | 3,928 |
| Comprehensive income | 9,236 | 7,288 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 9,200 | 7,250 |
| Comprehensive income attributable to non-controlling interests | 36 | 37 |

Consolidated statements of cash flows

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 6,755 | 4,961 |
| Depreciation | 1,600 | 2,572 |
| Impairment losses | – | 279 |
| Increase (decrease) in provision for product warranties | 18 | 11 |
| Increase (decrease) in retirement benefit liability | 127 | 33 |
| Decrease (increase) in retirement benefit asset | (42) | 35 |
| Interest and dividend income | (165) | (197) |
| Interest expenses | 58 | 34 |
| Foreign exchange losses (gains) | (195) | (523) |
| Gain on sale of non-current assets | (3) | (0) |
| Loss on retirement of non-current assets | 15 | 17 |
| Decrease (increase) in trade receivables | (1,791) | (3,189) |
| Decrease (increase) in inventories | (2,319) | (4,271) |
| Increase (decrease) in trade payables | 174 | 306 |
| Other, net | 716 | 1,042 |
| Subtotal | 4,949 | 1,111 |
| Interest and dividends received | 172 | 203 |
| Interest paid | (58) | (34) |
| Income taxes paid | (2,364) | (1,020) |
| Income taxes refund | 30 | 321 |
| Net cash provided by (used in) operating activities | 2,729 | 582 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (5,494) | (3,132) |
| Proceeds from sale of property, plant and equipment | 3 | 0 |
| Purchase of intangible assets | (42) | (53) |
| Purchase of investment securities | (1) | (1) |
| Other, net | 48 | (57) |
| Net cash provided by (used in) investing activities | (5,485) | (3,243) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 70 | 60 |
| Proceeds from long-term borrowings | 1,411 | 1,996 |
| Repayments of long-term borrowings | (1,462) | (1,896) |
| Repayments of lease liabilities | (65) | (21) |
| Purchase of treasury shares | (0) | (634) |
| Dividends paid | (2,013) | (1,762) |
| Other, net | 0 | 0 |
| Net cash provided by (used in) financing activities | (2,060) | (2,258) |
| Effect of exchange rate change on cash and cash equivalents | 692 | 235 |
| Net increase (decrease) in cash and cash equivalents | (4,124) | (4,683) |
| Cash and cash equivalents at beginning of period | 44,210 | 32,740 |
| Cash and cash equivalents at end of period | 40,086 | 28,056 |