



The Financial Statement Briefing For 2Q of the Year Ending March 31, 2023

Nov. 4, 2022

Standard: 6467

株式会社 ニチダイ
NICHIDAI CORPORATION

<https://www.nichidai.jp/>

- I) Business introduction**
- II) FY23/3 Summary of financial results
for the second quarter
- III) FY23/3 Full year outlook
- IV) Dividends
- V) Medium-term Management Strategies

Automotive related

Total support dies for the Production of high-precision automotive parts

Net-Shape Business

Process materials into complex shapes in one press



High precision Resource saving High strength

Die

Providing total engineering from process design to die and parts manufacturing

Precision forgings Providing high-value-added parts that utilize die technology



Assemble the turbocharger parts

Assembly Business

Assemble parts of VG turbocharger



High quality Automation Bipolar production

Turbocharger parts



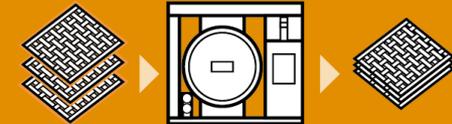
Assemble this part

Various industries

Providing metal filters that can be used even in harsh conditions to various industries

Filter Business

Sintered stainless steel meshes with our proprietary technology.



High strength Heat resistant Oxidation resistance

Industrial filter

We are good at processing and development according to the application of the customer manufacturer.



Cleaning and recycling service

Our filters can be cleaned and used many times, reducing filter exchange cost as well as waste and contributing to environmental conservation.

- I) Business introduction
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Ⅱ) FY 23/3 Summary of financial results for the second quarter – Full-year earnings forecast revision –

Millions of Yen

	FY23/3 2Q Plan (Announced in April)	FY23/3 2Q result	Increase And Decrease	Growth Rate
Net Sales	5,850	5,248	▲601	▲10.3%
Operating income	90	▲143	▲233	–
Ordinary income	85	▲25	▲110	–
Net income Attributable to Owners of the Parent	25	▲151	▲176	–

※Rounded down to the nearest million yen

Comments

- There is a discrepancy between the results forecast for the second quarter of the fiscal year ending March 31, 2023, which was announced in April 2022, and the actual results.
- In the first half of the year, due to sluggish production by Japanese automakers, which are our main customers, Net-shape Business sales were lower than expected, resulting in a loss.

Ⅱ) FY 23/3 Summary of financial results for the second quarter – Sales and Profit –

Millions of Yen

	FY22/3 2Q Results	FY23/3 2Q Results	Growth Rate	FY23/3 2Q Plan
Net Sales	6,788	5,248	▲22.7%	5,850
Gross income from sales	1,338	939	▲29.8%	1,190
S.G.&A expense	1,082	1,083	+0.0%	1,100
Operating income	255	▲143	–	90
Non-operating income	5	▲118	–	5
Ordinary income	250	▲25	–	85
Net income Attributable to Owners of the Parent	142	▲151	–	25

※Rounded down to the nearest million yen

Yen

Exchange Rate	FY22/3 2Q Results	FY23/3 2Q Results
USD	107.76	123.18
THB	3.49	3.64

Comments

■ Net Sales

In the first half of the year, sales decreased significantly compared to the previous year due to the impact of the stagnation of the automobile industry due to the difficulty in procuring parts.

■ Operating income

Posted a loss due to a significant decrease in sales.

■ Non-operating profit and loss

Due to the rapid depreciation of the yen, we posted an exchange gain of 40 million yen and subsidy income of 22 million yen.

2)FY23/3 Summary of financial results for the second quarter

-Net Sales by Business Segment-

Millions of yen

Business name	FY22/3 2Q Results	FY23/3 2Q Results	Growth Rate
Net-Shape Business	3,360	2,733	▲18.7%
Assembly Business	2,204	1,281	▲41.9%
Filter Business	1,222	1,233	+0.9%
Consolidated total	6,788	5,248	▲22.7%

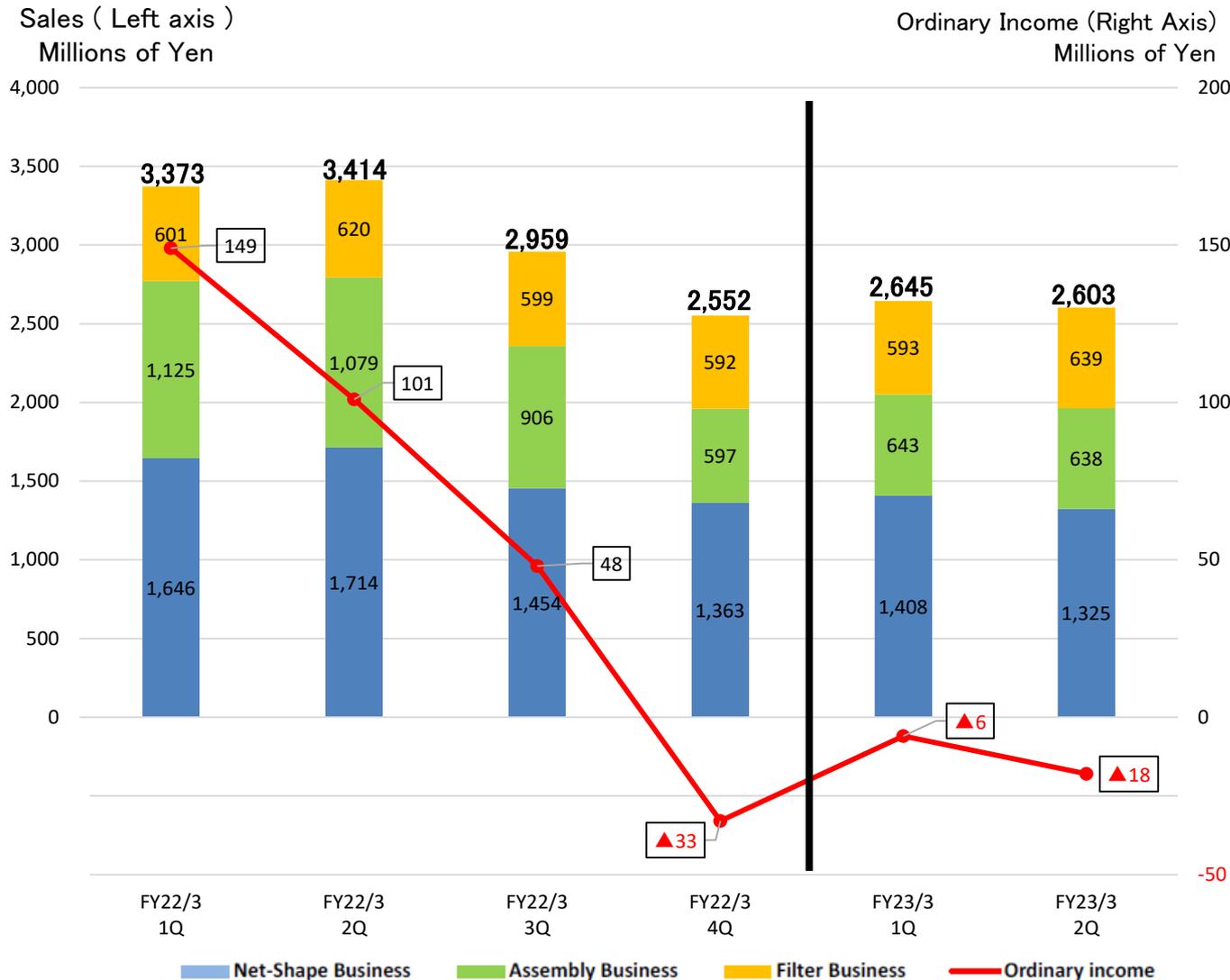
Comments

- **Net-shape Business**
Sales remained sluggish due to the impact of production stagnation in the automobile industry.
- **Assembly Business**
Demand for turbocharger parts remained sluggish, and sales decreased.
- **Filter Business**
Recorded sales at the same level as the previous year while capturing new demand.

※Rounded down to the nearest million yen

II) FY 23/3 Summary of financial results for the second quarter

– Quarterly performance trends –



※Rounded down to the nearest million yen

Graph upward: Total sales

Comments

■ The recovery in automobile production, which was predicted at the beginning of the term, was sluggish due to the lockdown in Shanghai and the worldwide difficulty in procuring semiconductors and parts, which also affected our business.

■ Sales of the Net-shape Business and Assembly Business, which are closely related to the automobile industry, decreased due to the slump in the automobile industry.

■ The Filter Business remained strong.

Ⅱ) FY 23/3 Summary of financial results for the second quarter – Trend of Net-shape Business –

《Domestic and overseas sales and ordinary income》

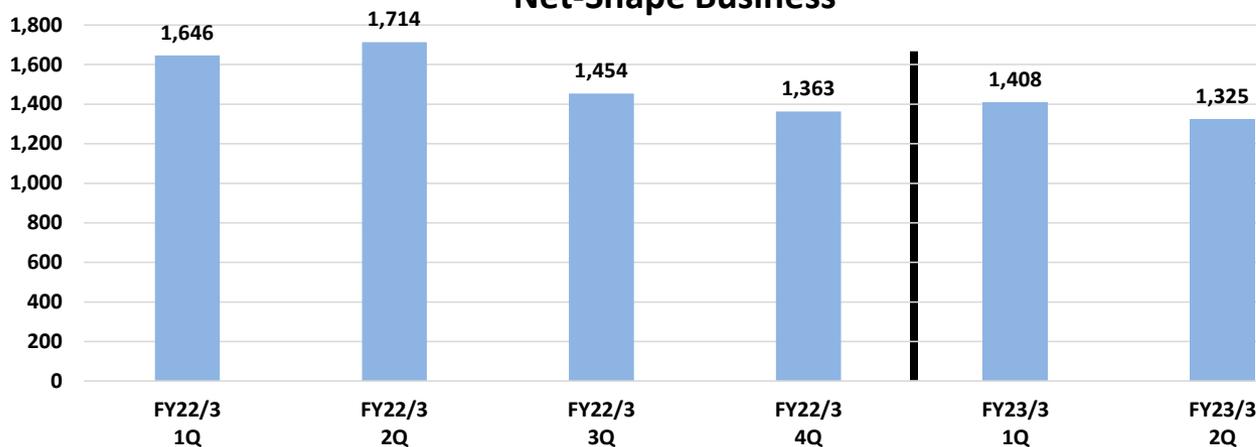
Millions of Yen

Net-Shape Business	FY22/3 2Q Results	FY23/3 2Q Results	Growth Rate
Domestic	2,092	1,791	▲14.4%
Overseas	1,268	942	▲25.7%
Total sales	3,360	2,733	▲18.7%
Ordinary income (Ordinary Income Rate)	87	▲113	–
	2.6%	▲4.1%	–

※Rounded down to the nearest million yen

Net-Shape Business

Millions of Yen



Comments

【Reasons for increase in sales】

In the first half of the year, sales of dies and precision-forged products remained at low levels due to the sluggishness of the Japanese automobile industry more than expected. As a result, sales decreased significantly year-on-year.

【Reasons for decrease in ordinary income】

A loss was recorded due to a large decrease in sales.

Ⅱ) FY 23/3 Summary of financial results for the second quarter – Trend of Assembly Business –

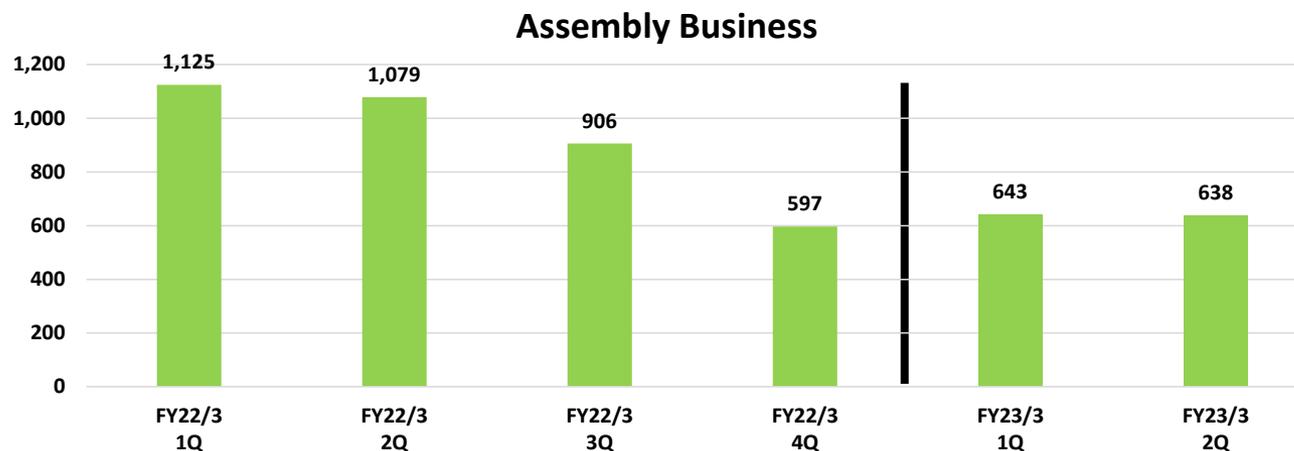
《Domestic and overseas sales and ordinary income》

Millions of Yen

Assembly Business	FY22/3 2Q Results	FY23/3 2Q Results	Growth Rate
Domestic	943	718	▲23.8%
Overseas	1,261	563	▲55.3%
Total sales	2,204	1,281	▲41.9%
Ordinary income (Ordinary Income Rate)	0	▲53	—
	0.0%	▲4.2%	—

※Rounded down to the nearest million yen

Millions of Yen



Comments

【Reasons for increase in sales】

In the first half of the year, automobile production stagnated due to parts supply shortages and other factors. Sales decreased significantly due to a decline in demand for turbocharger parts.

【Reasons for decrease in ordinary income】

Posted a loss due to a sharp drop in sales.

Ⅱ) FY 23/3 Summary of financial results for the second quarter – Trend of Filter Business –

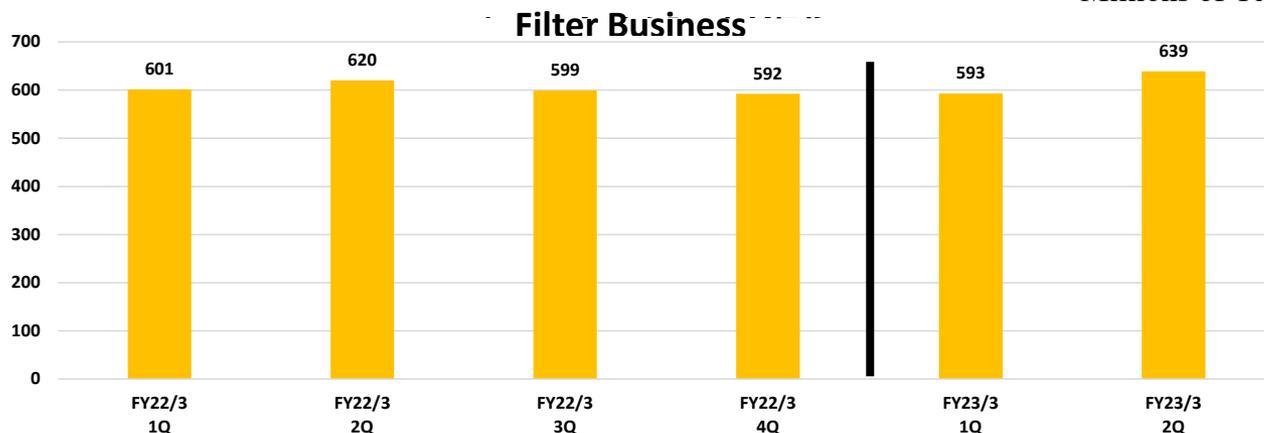
《Domestic and overseas sales and ordinary income》

Millions of Yen

Filter Business	FY22/3 2Q Results	FY23/3 2Q Results	Growth Rate
Domestic	807	824	+2.1%
Overseas	415	409	▲ 1.5%
Total sales	1,222	1,233	+0.9%
Ordinary income (Ordinary Income Rate)	161	141	▲ 12.5%
	13.3%	11.5%	—

※Rounded down to the nearest million yen

Millions of Yen



Comments

【Reasons for increase in sales】

We supply products to a wide variety of customer industries and maintain stable sales.

【Reasons for increase in ordinary income】

Ordinary income decreased year-on-year due to changes in the product mix.

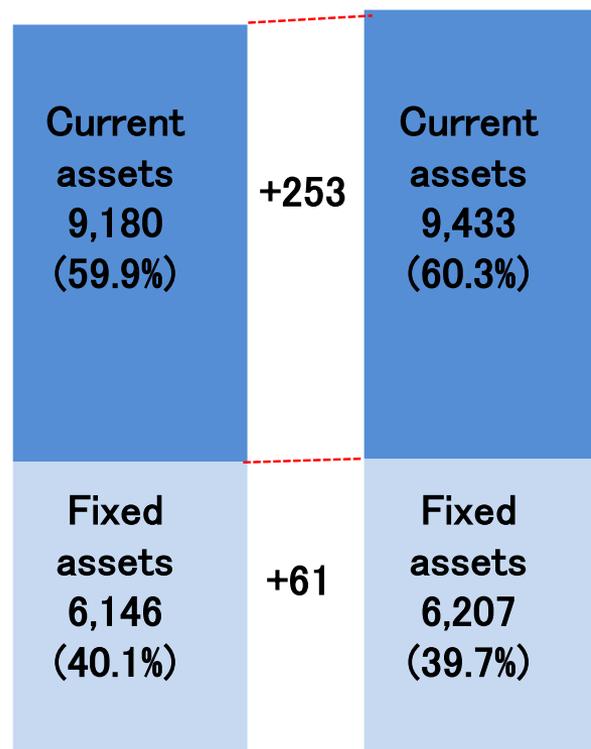
2) FY 23/3 Summary of financial results for the second quarter -Status of B/S-

FY22/3 Total assets 15,327	+313 	FY23/3 2Q Total assets 15,641
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※Rounded down to the nearest million yen
 () Figures in parentheses are composition ratios.

Assets

Millions of yen

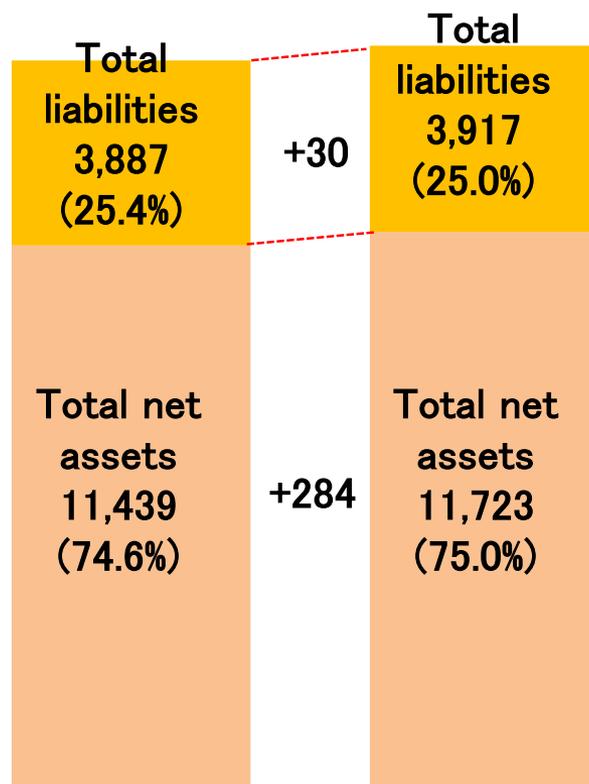


FY22/3

FY23/3 2Q

Liabilities

Millions of yen



FY22/3

FY23/3 2Q

Comments

■ Current assets

Cash and deposits

22/3 4,056million yen

23/3 2Q 4,138million yen

(+81million yen)

Inventory

22/3 1,986million yen

23/3 2Q 2,040million yen

(+54million yen)

■ Interest-bearing debt

22/3 2,059million yen

23/3 2Q 2,002million yen

(▲57million yen)

■ Currency translation

adjustments

22/3 295million yen

23/3 2Q 655million yen

(+360million yen)

II) FY 23/3 Summary of financial results for the second quarter – Cash Flows(CF) –

Millions of Yen

	FY21/3 2Q Results	FY22/3 2Q Results	Increase And Decrease
Cash flows from operating activities	380	190	▲ 190
Cash flows from investing activities	▲ 310	▲ 276	+33
Cash flows from financing activities	346	▲ 89	▲ 436
Converted values of cash and cash equivalents	11	233	+221
Amount of increase in cash and cash equivalents	429	57	▲ 371
Cash and cash equivalents balance at beginning of term	3,144	3,767	+623
Cash and cash equivalents balance at end of term	3,573	3,825	+252
FCF	70	▲ 86	▲ 156

Comments

■ Main breakdown of CF due to Operating activities

Net Income Before Income Taxes(▲ is loss)

FY22/3 2Q 224million yen
FY23/3 2Q ▲ 86million yen
(▲ 310million yen)

Converted values of cash and cash equivalents

FY22/3 2Q 11million yen
FY23/3 2Q 233million yen

※Rounded down to the nearest million yen

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Ⅲ) FY23/3 Full year outlook

-Changes in the business environment-

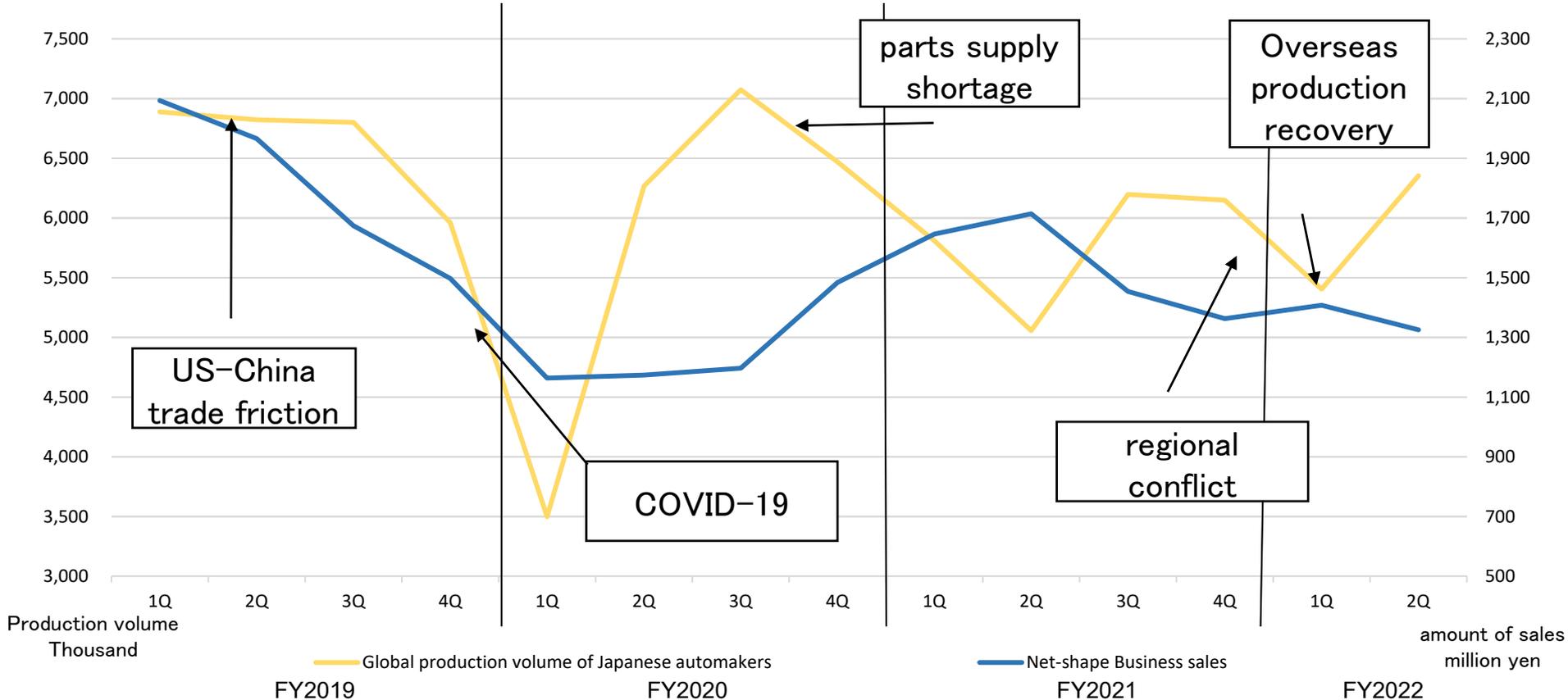
Business environment	FY23/3 First half situation	FY23/3 Second half forecast
Soaring raw material prices due to high resource prices	Each business is affected, and production costs rised.	It is expected that the cost burden will continue to increase in the future.
Impact of parts supply shortage	Decline in production by automobile manufacturers, affecting business performance.	It is assumed that the parts supply shortage will be alleviated.
Effects of regional conflicts	The turmoil in the European situation brought about a cooling of the economy and affected automobile manufacturers.	The European economy is expected to continue to cool down due to regional conflicts.
Impact of the spread of the COVID-19	The economy and production were hit hard, and the decrease in automobile production due to the shortage of semiconductors had a particularly large impact on our company.	The impact is expected to be reduced due to changes in government policies, etc.
Rapid shift to EV vehicles through decarbonization initiatives	Even in the background of difficulties in procuring energy due to regional conflicts, it is still in progress.	Assuming continued shift to EV.

Ⅲ) FY23/3 Full year outlook

-Status of Net-shape Business-

- The Net-shape Business is closely related to the automobile industry, and is greatly affected by environmental changes that occur in the automobile industry.
- The sales of our Net-shape Business are linked to the global production volume of Japanese automobile manufacturers.

Net-shape Business sales (right axis) and global production volume of Japanese automakers (left axis)



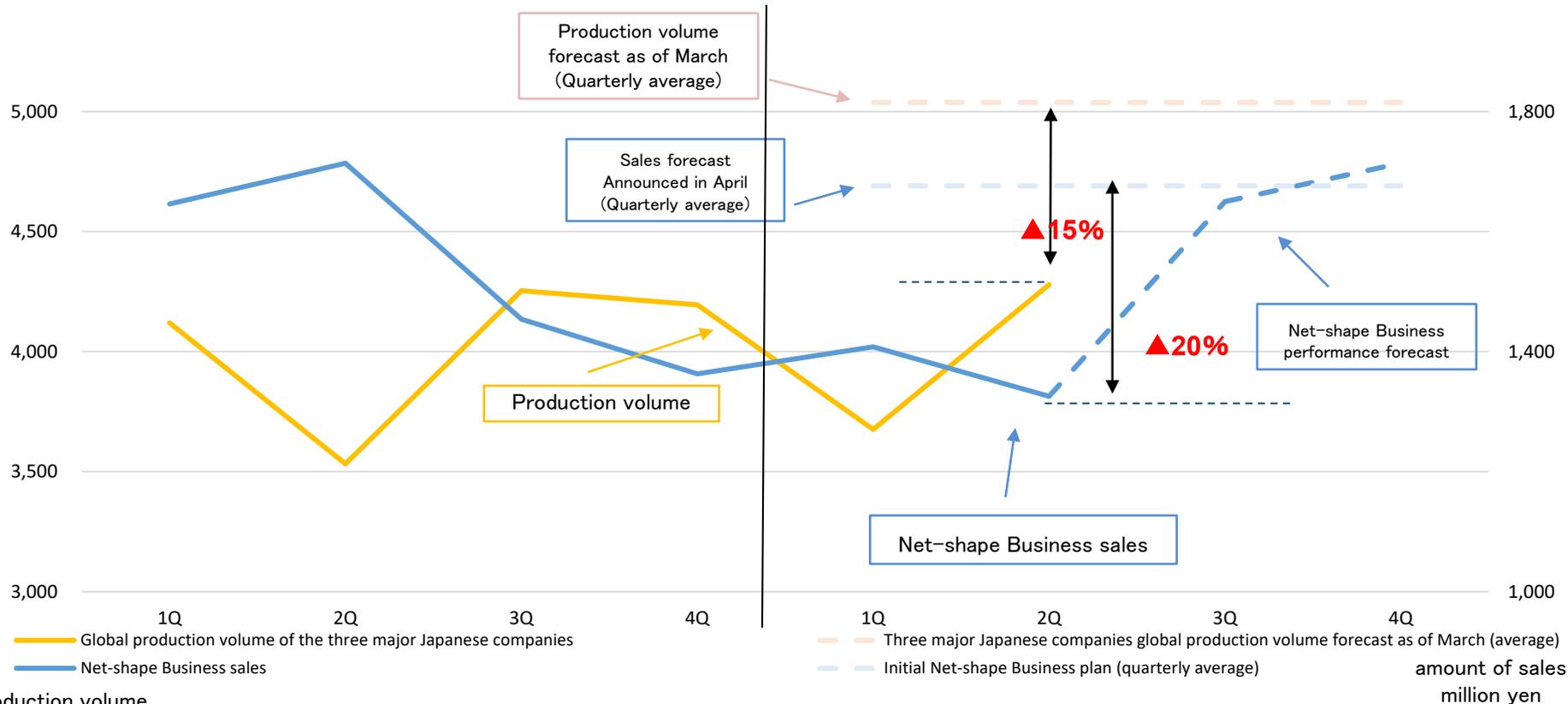
※Created by our company based on various reports.

Ⅲ) FY23/3 Full year outlook

-Status of Net-shape Business-

- The production volume of major automobile makers is also about 15% lower than the initial forecast. (FY2022 2Q)
- Sales of the Net-shape Business are about 20% lower than the original forecast. (FY2022 2Q)
- In the second half of the year, along with the recovery in production volume, we expect our sales to recover as well.

Net-shape Business sales (right axis) and global production volume of Japanese automakers (left axis)



Production volume
Thousand

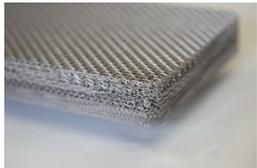
FY2021

FY2022

※Created by our company based on various reports.

- The Filter Business is expanding into a wide range of industries other than automobile-related industries, and is growing as an essential pillar for strengthening earnings.
- Maintain sales while changing customer composition by acquiring new customers.
- Sales are expected to remain at the same level in the second half.

Various product lineup in the Filter Business (example)



IV)FY 23/3 Full year outlook - Status of sales by business -

Millions of Yen

	22/3 Results	23/3 Plan before revision	23/3 Plan after revision	Growth Rate
Net Sales	12,301	12,200	11,400	▲7.3%
Gross income from sales	2,340	2,540	2,230	▲4.7%
S.G.&A expense	2,123	2,230	2,190	+3.1%
Operating income	217	310	40	▲81.6%
Non-operating income	▲47	10	▲140	—
Ordinary income	264	300	180	▲32.0%
Net income Attributable to Owners of the Parent	▲619	200	65	—

※Rounded down to the nearest million yen

Yen

Exchange Rate	22/3 Results	23/3 Plan before revision	23/3 Plan after revision
USD	109.86	123.00	130.00
THB	3.44	3.60	3.70

COMMENT

- Due to the poor performance in the first half, the full-year earnings forecast has been revised.(announced on October 31, 2022)
- From the second half of the year, it is expected that automobile production will recover due to the easing of parts supply shortages, etc., and business performance will recover.

IV)FY 23/3 Full year outlook - Sales and Profit -

Millions of Yen

	22/3 Results	23/3 Plan before revision	23/3 Plan after revision	Growth Rate
Net-Shape Business	6,179	6,750	6,100	▲1.3%
Assembly Business	3,708	3,000	2,870	▲22.6%
Filter Business	2,413	2,450	2,430	+0.7%
Consolidated Total	12,301	12,200	11,400	▲7.3%

COMMENT

■Net-shape Business

Sales are expected to be on par with the previous year due to a recovery from the second half.

■Assembly Business

A certain level of production recovery is expected compared to the first half of the year

■Filter Business

Sales are expected to remain strong and to reach the same level as the previous year.

※Rounded down to the nearest million yen

IV)FY 23/3 Full year outlook - Capital Investment -

Millions of Yen

	18/3 Result	19/3 Result	20/3 Result	21/3 Result	22/3 Result	23/3 Forecast
Capital Investment	434	771	512	466	1,233	730
Depreciation	860	853	831	759	784	640

※Rounded down to the nearest million yen

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IV) Dividends

NICHIDAI considers returning its profit to its shareholders as its important business issue and is working toward constantly paying them stock dividends while securing internal reserves required for its future business development and stronger management culture. The Company determines the dividend amount in view of the business environment, trend of operating results, dividend payout ratio and other indices.

	2nd Half	YEAR-END	Full-Year
	Yen	Yen	Yen
FY21/3	—	4.00	4.00
FY22/3	5.00	3.00	8.00
FY23/3 (Plans)	4.00	4.00 (Plan)	8.00 (Plan)

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CHANGE① Create Value for Customers with VSOP※1 Spirit

- Grow the Business and Build Earning Capacity
- Create New Businesses and Evolve into a Global Corporation

CHANGE② Build a Company that Allows Employees to Shine

- Establish an Appreciation of the Mutuality of Employee Growth and Company Growth
- Grow into a Company that Employees can Take Pride In

CHANGE③ Contribute to Building a Sustainable Society

- Be a Company that Society Needs and Prefers
- Help Evolve into a Next-Generation Society

※1: VSOP: Vitality, Specialty, Originality, Passion. The spirit that has been passed down since the founding of the Nichidai group. It is included in our management vision.

Thank you very much

株式会社 ニチダイ NICHIDAI CORPORATION

This document has been prepared based on the judgments and assumptions made through information available for our company at this time. Therefore, actual operating results may differ from forecasts due to intrinsic uncertainties.

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Supplementary material

Millions of Yen

	FY22/3 2Q Results	Ratio	FY23/3 2Q Results	Ratio
Net sales	6,788	100.0%	5,248	100.0%
Material cost	2,399	35.3%	1,458	27.8%
Purchase of products	480	7.1%	267	5.1%
Subcontract processing	585	8.6%	502	9.6%
Subsidiary material cost	217	3.2%	216	4.1%
Labor cost	1,359	20.0%	1,275	24.3%
Depreciation	321	4.7%	235	4.5%
Change in inventory	205	3.0%	▲6	▲0.1%
Others	292	4.3%	346	6.9%
Cost of sales	5,450	80.3%	4,308	82.0%
Gross income from sales	1,338	19.7%	939	17.9%

※Rounded down to the nearest million yen

Millions of Yen

	FY22/3 2Q Results	Ratio	FY23/3 2Q Results	Ratio
Net Sales	6,788	100.0%	5,248	100.0%
Packing/Freight	83	1.2%	72	1.5%
Transportation	23	0.3%	32	0.6%
Labor cost	557	8.2%	557	10.6%
Depreciation	71	1.0%	74	1.4%
Rent	31	0.5%	32	0.6%
Others	315	4.6%	314	6.0%
SG&A Expenses	1,082	16.0%	1,083	20.6%

※Rounded down to the nearest million yen

CHANGE	Point	Summary
① Create Value for Customers with VSOP Spirit	<ul style="list-style-type: none"> ● Grow the Business and Build Earning Capacity 	<ul style="list-style-type: none"> ■ Points related to strengthening existing businesses. Based on the core technologies of "precision forging technology" and "sintering technology", we aim to strengthen our proposal capabilities. ■ QDC: An acronym for Quality, Delivery, and Cost. Because of our differentiating strategy, we list them in the order of QDC.
	<ul style="list-style-type: none"> • Better attune sales by enhancing and applying core technologies 	
	<ul style="list-style-type: none"> • Maximize QDC from the customer's standpoint 	
	<ul style="list-style-type: none"> ● Create New Businesses and Evolve into a Global Corporation 	<ul style="list-style-type: none"> ■ Search for new fields while leveraging the strengths of the three businesses. ■ Continuing from the previous medium-term management strategy, we will raise points regarding global strategy.
	<ul style="list-style-type: none"> • Utilize synergies to explore and take on challenges in new fields 	
	<ul style="list-style-type: none"> • Strengthen our global competitiveness 	

CHANGE	Point	Summary
<p>② Build a Company that Allows Employees to Shine</p>	<ul style="list-style-type: none"> ● Establish an Appreciation of the Mutuality of Employee Growth and Company Growth ▪ Build a framework that welcomes taking on challenges ▪ Reform the organizational climate ● Grow into a Company that Employees can Take Pride In ▪ Promote diversity ▪ Pursue health and productivity management 	<ul style="list-style-type: none"> ■ Continuing from the previous medium-term management strategy, we will focus on measures related to employees. ■ Expand the theme and strengthen the response to changes in the environment.
<p>③ Contribute to Building a Sustainable Society Be a Company that Society Needs and Prefer</p>	<ul style="list-style-type: none"> ● Use technology to help solve societal issues <ul style="list-style-type: none"> ▪ Solving social issues with technology ▪ Carry out ESG management ● Help Evolve into a Next-Generation Society <ul style="list-style-type: none"> ▪ Make manufacturing environmentally sound ▪ Take steps to help society become sustainable 	<ul style="list-style-type: none"> ■ Confirm the affinity between the management philosophy, vision and the concept of “sustainability” and formulate a policy. ■ Sustainability policy: We aim to be a company that can contribute to a sustainable society based on our “Management Philosophy”, “Management Vision” and “Value Standards”.