



The Financial Statement Briefing For the Year Ended March 31, 2021

April 30, 2021

JASDAQ: 6467

株式会社 ニチダイ
NICHIDAI CORPORATION

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

【Net Sales】

10,823 Million of Yen (Growth Rate **26.7%Down**)

【Ordinary income】

△173 Million of Yen (Profit of 743 million yen in the previous year)

【Net income Attributable to Owners of the Parent】

△170 Million of Yen (Profit of 477 million yen in the previous year)

* Rounded down to the nearest million yen

■ Despite the recovery started from the second half year, slump in the automobile industry in the first half year pushed down sales and profits significantly compared to the previous year.

■ The Filter Business remained strong, achieving year-on-year growth both in sales and profits.

■ In the second half year, the Group restored profitability.

I) Introduction of Business

II) FY21/3 Financial Results Overview

III) FY22/3 Full Year Outlook

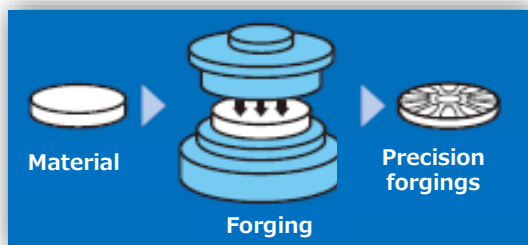
IV) Dividends

V) Medium-term Management Strategies

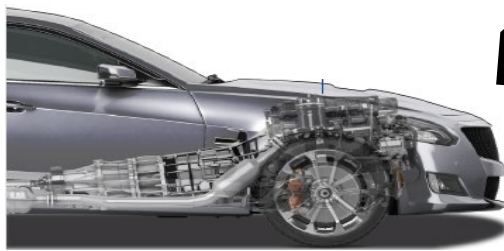
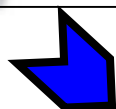
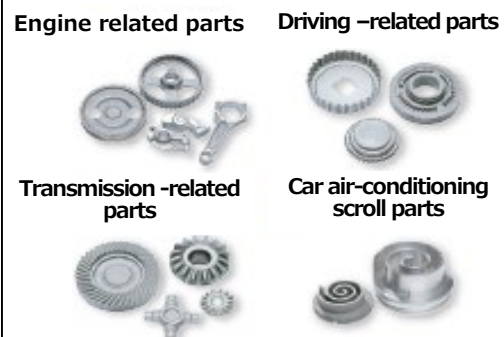
Introduction of Business

Net-Shape Business

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

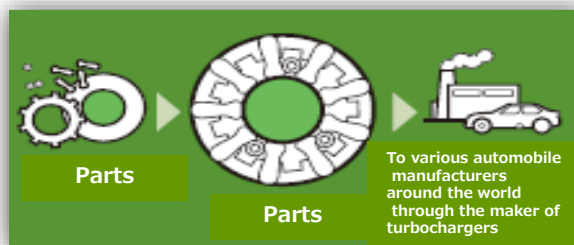


High-precision · Resource-saving · High strength

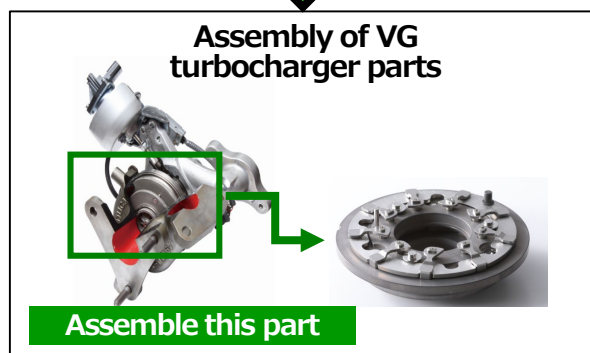


Assembly Business

Assembles useful components for improving fuel economy and reducing exhausts

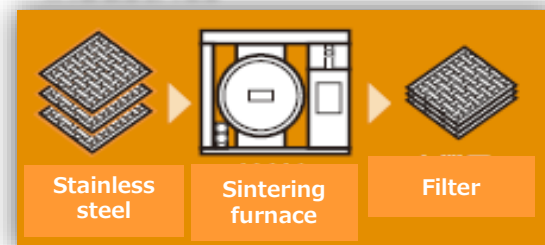


High quality · Automation · Bipolar production



Filter Business

Providing metal filters that can be used under severe conditions to various industries



High strength · Heat resistance · Oxidization resistance



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V) Medium-term Management Strategies

Ⅱ)FY 21/3 Summary of financial results - Sales and Profit -

Millions of Yen

	20/3 Results	21/3 Plan	21/3 Results	Growth Rate
Net Sales	14,774	10,400	10,823	△26.7%
Gross income from sales	2,948	1,410	1,609	△45.4%
S.G.&A expense	2,235	1,990	1,949	△12.8%
Operating income	712	△580	△339	—
Non-operating income	△30	△205	△165	—
Ordinary income	743	△375	△173	—
Net income Attributable to Owners of the Parent	477	△300	△170	—

* Rounded down to the nearest million yen

Exchange Rate	20/3 Results	21/3 Plan	21/3 Results
USD	109.55	108.00	103.52
THB	3.63	3.40	3.44

COMMENT

■ Net Sales

Affected by the slump in the automobile industry in the first half year, the Net-Shape Business and the Assembly Business experienced a major decline.

■ Gross income from sales

Decreased along with decline in sales.

■ S.G.&A expense

Restraints on various costs.

■ Operating income

Recorded a loss because the decline in sales was not offset.

Ⅱ)FY 21/3 Summary of financial results

- Status of sales by business -

Millions of Yen

	20/3 Results	21/3 Plan	21/3 Results	21/3	
				Growth Rate	Plan Rate
Net-Shape Business	7,231	4,900	5,020	△30.6%	102.5%
Assembly Business	5,272	3,240	3,494	△33.7%	107.8%
Filter Business	2,270	2,260	2,308	1.7%	102.1%
Consolidated Total	14,774	10,400	10,823	△26.7%	104.1%

COMMENT

■ Net-Shape Business

Decreased sharply as the COVID-19 pandemic affected the automobile industry.

■ Assembly Business

As with the case of the Net-Shape Business, the slump in the automobile industry caused a sharp decrease.

■ Filter Business

Remained strong, posting year-on-year growth.

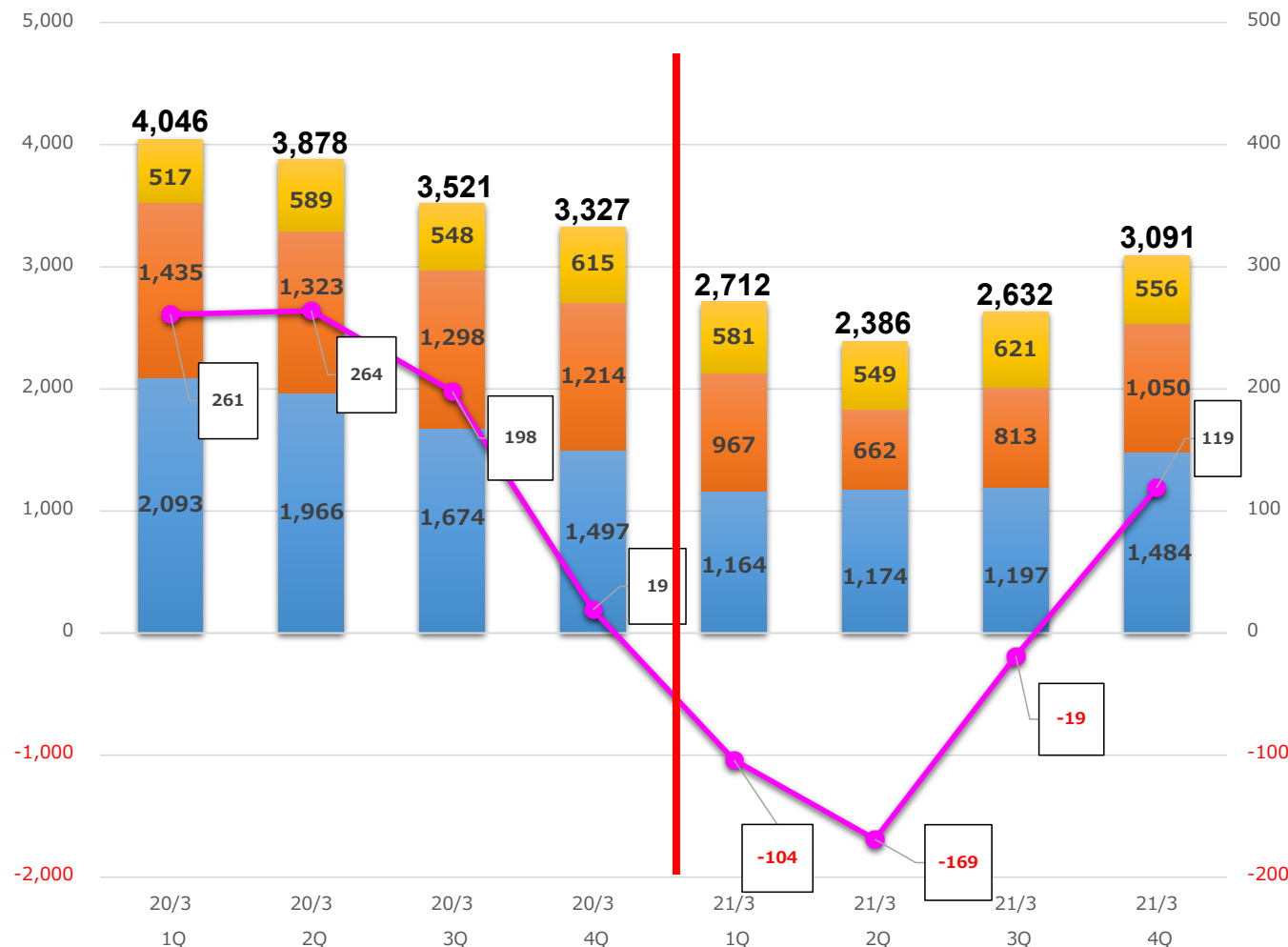
* Rounded down to the nearest million yen

II)FY 21/3 Summary of financial results - Quarterly performance trends -

Sales (Left axis)
Millions of Yen

Ordinary Income (Right Axis)
Millions of Yen

COMMENT



* Rounded down to the nearest million yen

Net Shape Assembly Filter Net Income

■ From the first quarter through the third quarter, both the Net-Shape Business and the Assembly Business saw drop in earnings and started to recover in the fourth quarter.

■ The Filter Business remained strong, with sales achieving the same level as the previous year.

■ In the fourth quarter, all the businesses turned into the black and recorded ordinary profit.

II)Financial Results Overview - Trend of Net-Shape Business -

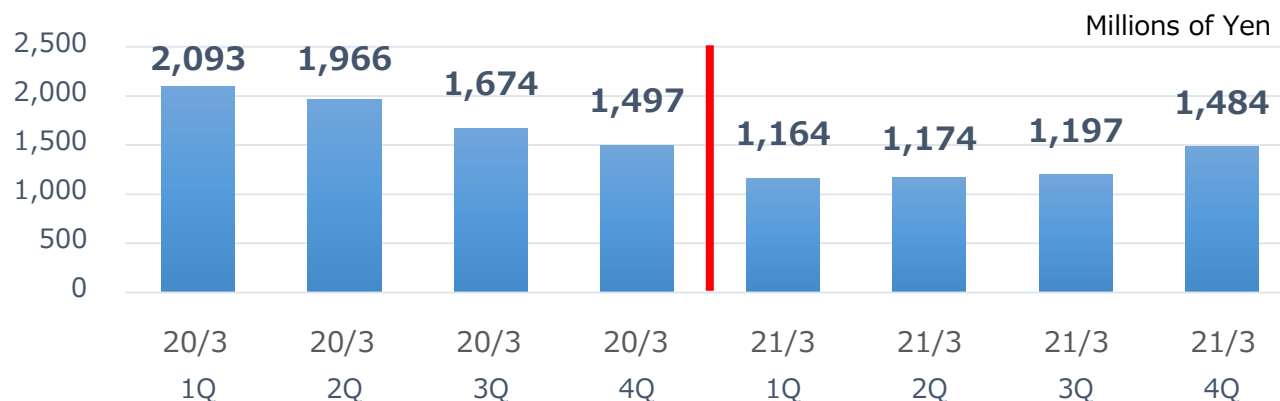
«Domestic and overseas sales and ordinary income»

Millions of Yen

	20/3 results	21/3 Results	Growth Rate
Domestic	4,666	3,353	△28.1%
Overseas	2,565	1,666	△35.0%
Sales Total	7,231	5,020	△30.6%
Ordinary income (Ordinary income rate)	295	△344	—
	4.1%	△6.9%	—

* Rounded down to the nearest million yen

«Quarterly Sales Trend»



NICHIDAI CORPORATION

COMMENT

【Factors behind change in net sales】

Sales dropped substantially due to the slump in the automobile industry, but entering the fourth quarter, recovered to the same level as the same period a year earlier because the Forging Die Division turned upward.

【Factors behind change in ordinary income】

Despite the upward turn in the fourth quarter, an ordinary loss was posted due to a great impact of poor performance results from the first quarter through the third quarter.

II)Financial Results Overview - Trend of Assembly Business -

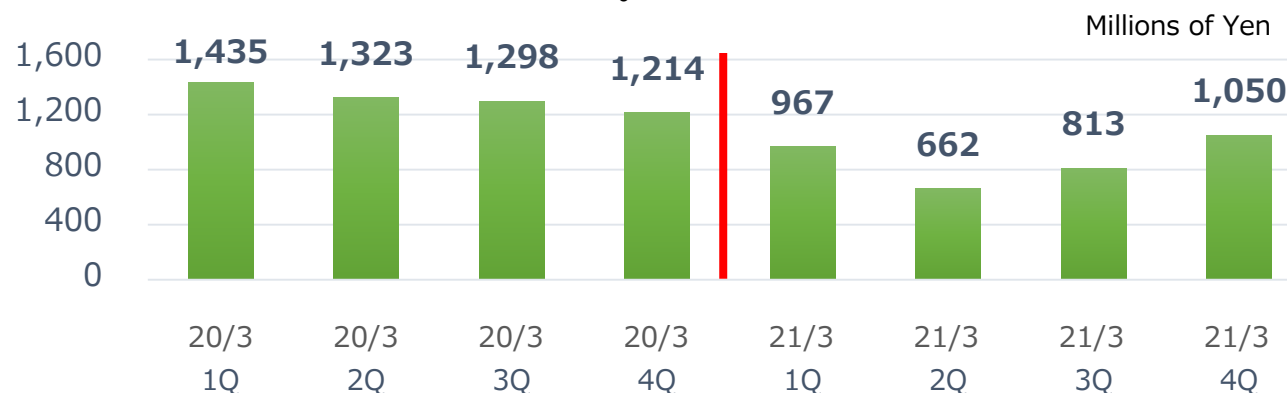
«Domestic and overseas sales and ordinary income»

Millions of Yen

	20/3 results	21/3 Results	Growth Rate
Domestic	2,789	2,024	△27.4%
Overseas	2,483	1,469	△40.8%
Sales Total	5,272	3,494	△33.7%
Ordinary income (Ordinary income rate)	137	△158	—
	2.6%	△4.5%	—

* Rounded down to the nearest million yen

« Quarterly Sales Trend »



COMMENT

【Factors behind change in net sales】

Sales hovered at a low level especially in the first half year due to the slump in the automobile industry, but started to show some signs of recovery in the fourth quarter.

【Factors behind change in ordinary income】

Despite the upward turn in the fourth quarter, an ordinary loss was posted due to a great impact of poor performance results from the first quarter through the third quarter.

II)Financial Results Overview - Trend of Filter Business -

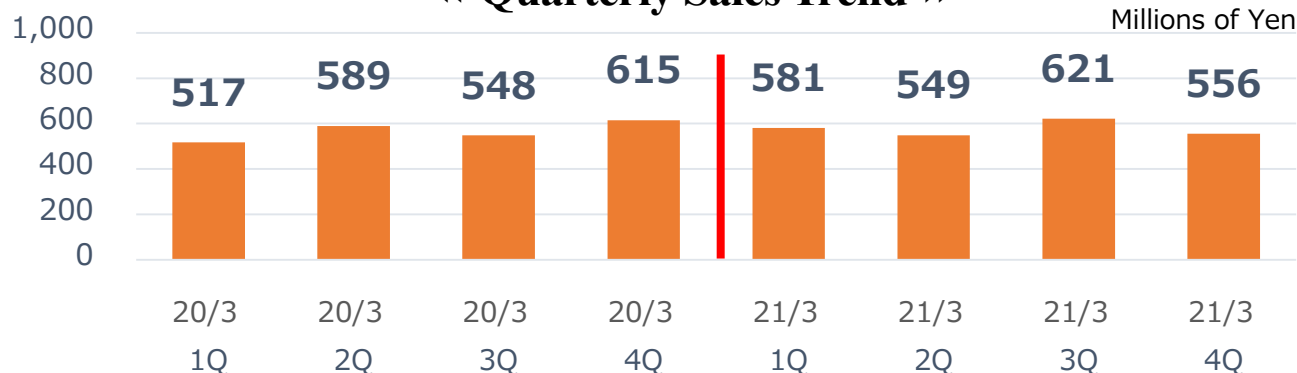
«Domestic and overseas sales and ordinary income»

Millions of Yen

	20/3 results	21/3 Results	Growth Rate
Domestic	1,773	1,660	△6.4%
Overseas	497	648	30.3%
Sales Total	2,270	2,308	1.7%
Ordinary income (Ordinary income rate)	310	328	5.8%
	13.7%	14.2%	—

* Rounded down to the nearest million yen

« Quarterly Sales Trend »



COMMENT

【Factors behind change in net sales】

Differently from the other two businesses, this segment maintained strong performance throughout the year as the filters are mainly intended for the industries other than automobile.

【Factors behind change in ordinary income】

Maintained the same level of performance as the previous year, achieving growth in both sales and profits.

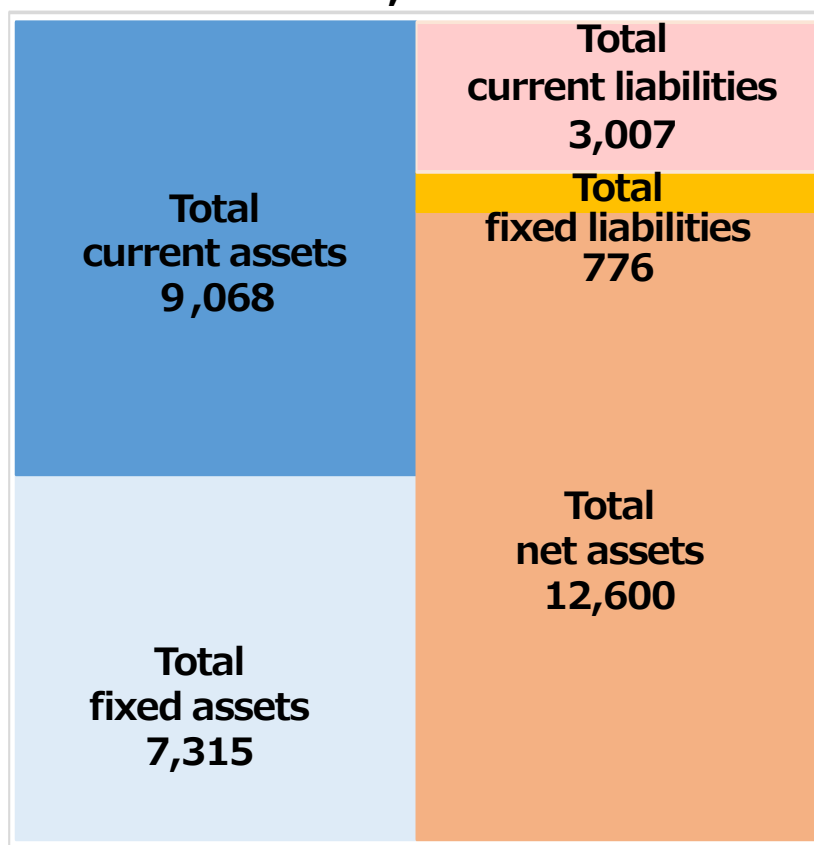
II)FY 21/3 Summary of financial results

- Status of B/S -

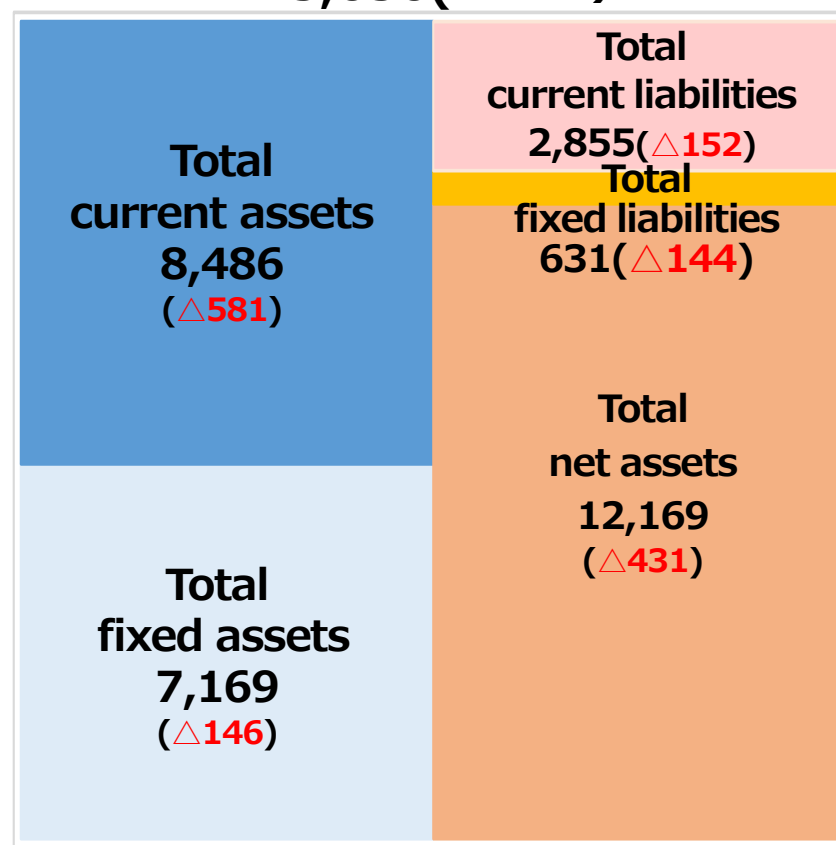
Consolidated Balance Sheet

Millions of Yen

FY20/3
Total Assets
16,384



FY21/3
Total Assets
15,656(△727)



※Rounded down to the nearest million yen

Increase/decrease indication with 20/3 + = increase, △ = decrease

Ⅱ)FY 21/3Financial statements - Cash Flows(CF) -

Millions of Yen

	20/3 Results	21/3 Results	Change
Cash flows from operating activities	2,263	781	$\Delta 1,482$
Cash flows from investing activities	$\Delta 924$	$\Delta 650$	273
Cash flows from financing activities	$\Delta 755$	$\Delta 260$	495
Amount of increase in cash and cash equivalents	678	$\Delta 223$	$\Delta 901$
Cash and cash equivalents balance at beginning of term	2,689	3,367	678
Cash and cash equivalents balance at end of term	3,367	3,144	$\Delta 223$
FCF	1,339	130	$\Delta 1,209$

COMMENT

■ Main breakdown of CF($\Delta 1,209$) from operating activities
Net income before income taxes($\Delta 907$)
preceding period: 735
This Term: $\Delta 172$

Increase/decrease in trade receivables ($\Delta 1,394$)
preceding period: 1,592
This Term:197

* Rounded down to the nearest million yen

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【Net Sales】

13,600 Million of Yen (Growth Rate 25.7%Up)

【Ordinary income】

430 Million of Yen (Loss of 173 million yen in the previous year)

【Net income Attributable to Owners of the Parent】

290 Million of Yen (Loss of 170 million yen in the previous year)

* Rounded down to the nearest million yen

- In addition to the US-China trade war, the situation that the end of COVID-19 is not in sight makes the outlook unclear.
- Meanwhile, as the automobile industry appears to be recovering, earnings are expected to increase from the current fiscal year.
- With the recovery of the Net-Shape Business and the Assembly Business which experienced a major decline in the current fiscal year, profit growth is expected on a company-wide basis.

Ⅲ)FY 22/3 Full year outlook - Status of sales by business -

Millions of Yen

	21/3 Results	22/3 Plan	Growth Rate
Net Sales	10,823	13,600	25.7%
Gross income from sales	1,609	2,670	65.9%
S.G.&A expense	1,949	2,270	16.5%
Operating income	△339	400	-
Non-operating income	△165	△30	-
Ordinary income	△173	430	-
Net income Attributable to Owners of the Parent	△170	290	-

* Rounded down to the nearest million yen

Yen

Exchange Rate	21/3 Results	22/3 Plan
USD	103.52	104.00
THB	3.44	3.40

COMMENT

■ Net Sales

As the Net-Shape Business and the Assembly Business, which are closely related to the automobile industry, are on a recovery trend, year-on-year growth in sales is expected.

■ Ordinary income

Recovery of the Net-Shape Business and the Assembly Business will push up profits.

Ⅲ)FY 22/3 Full year outlook - Sales and Profit -

Millions of Yen

	21/3 results	22/3 Plan	Growth Rate
Net-Shape	5,020	6,900	37.4%
Assembly	3,494	4,500	28.8%
Filter	2,308	2,200	△4.7%
Consolidated Total	10,823	13,600	25.7%

* Rounded down to the nearest million yen

COMMENT

■ Net-Shape Business

Expected to move toward recovery in step with the whole automobile industry.

■ Assembly Business

Expected to move toward recovery as with the case of the Net-Shape Business.

■ Filter Business

Sales are likely to decrease as the brisk demand will settle down.

Ⅲ)FY 22/3 Full year outlook - Capital Investment -

Millions of Yen

	17/3 Result	18/3 Result	19/3 Result	20/3 Result	21/3 Result	22/3 Plan
Capital Investment	966	434	771	512	466	1,180
Depreciation	793	860	853	831	759	840

* Rounded down to the nearest million yen

■ Major Investment Projects:

- Expansion of a production line at Nichidai (Thailand) Ltd.
- Introduction of a new core system.
- Construction of a new pressing sintering furnace at Nichidai Filter Corporation.

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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.

	End of Interim Period	Year End	Full Year
	Yen Sen	Yen Sen	Yen Sen
FY20/3	10.00	10.00	20.00
FY21/3	—	4.00	4.00
FY22/3 (Plan)	5.00	5.00	10.00

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V)Medium-term Management Strategies

In and after fiscal March 2019, we will push forward with the Medium-term Management Strategies based on the following challenges and strategies.

【Basic Strategy】

Challenge 1: Challenge to adding resilience to existing business

Building unrivaled technological strength

- Make efforts to become a niche top company.
- Evolve and establish synergy-driven original technologies.

Further improvement of QDC

- Achieve various KPIs.
- Make steady efforts to reduce cost.

Challenge 2: Challenge to the next generation

Further evolvement of overseas business

- Expand overseas ratio.
- Further enhance overseas bases.

Launch new businesses

- Respond to the next-generation vehicles.
- Make use of in-house seeds.

【Personal・Institutional strategy】

Challenge 3: Challenge to a great place to work

Environment enabling self-fulfillment

- Mechanism that welcomes challenges.
- Mechanism allowing to have a picture of growth.

Enhancement of comfortable working environment

- Workstyle reform.
- Communication reform.

Challenge 1: Challenge to adding resilience to existing business

- Building unrivaled technological strength
- Further improvement of QDC

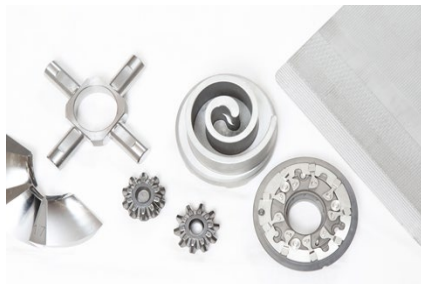
【INITIATIVES】

■ Measures to maintain and increase domestic orders

Set up Sales Engineering Department to enhance technical proposal capabilities.

■ Synergy creation

Establish components for turbocharger parts taking advantage of our precision forging technology.



Challenge 2: Challenge to the next generation

- Further evolvement of overseas business
- Launch new businesses

【INITIATIVES】

■ Sales activities at dealers in India

Overseas activities were strengthened in partnership with dealers in India last year.

■ Development of forged scroll products for EV

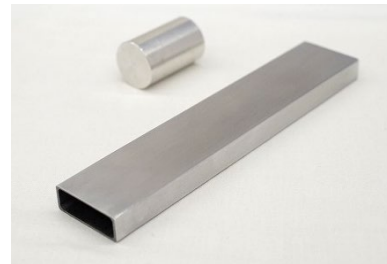
Proceed with the development of forged scroll products which are enjoying growing demand.

■ Establishment of New Business Development Department

Step up efforts to develop new methods such as a combination of rolling and forging.



scroll



New Production Rolling

Challenge 3: Challenge to a great place to work

- Environment enabling self-fulfillment
- Enhancement of comfortable working environment

【INITIATIVES】

- Corporate system and cultural reform
Start efforts toward personnel system reform.
- Work style reform in the age of pandemic
Improve efficiency and quality of work for employees utilizing IT tools, etc.



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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FY 21/3 financial statements

- Cost of Sales -

Millions of Yen

	20/3 Results	Ratio	21/3 Results	Ratio
Net sales	14,774	100.0%	10,823	100.0%
Material cost	4,824	32.7%	3,494	32.2%
Purchase of products	735	5.0%	576	5.3%
Subcontract processing	1,314	8.9%	1,005	9.2%
Subsidiary material cost	439	3.0%	351	3.2%
Labor cost	2,716	18.5%	2,434	22.4%
Depreciation	717	4.9%	653	6.0%
Change in inventory	△355	△2.4%	△80	△0.7%
Others	722	4.9%	616	5.7%
Cost of sales	11,825	80.0%	9,213	85.1%
Gross income from sales	2,948	20.0%	1,609	14.8%

* Rounded down to the nearest million yen

FY 21/3 Financial statements

- SG&A Expenses -

Millions of Yen

	20/3 Results	Ratio	21/3 Results	Ratio
Net Sales	14,774	100.0%	10,823	100%
Packing / Freight	175	1.2%	141	1.3%
Transportation	118	0.8%	43	0.4%
Labor cost	1,116	7.6%	1,041	9.6%
Depreciation	116	0.8%	107	0.9%
Rent	60	0.4%	63	0.5%
Others	648	4.4%	551	5.1%
SG&A Expenses	2,235	15.1%	1,949	18.0%

* Rounded down to the nearest million yen

Medium-term Management Strategies

-Progress and challenges-

Point	Initiatives	Progress
Challenge 1 Challenge to adding resilience to existing business	<u>Building unrivaled technological strength</u> ■ Make efforts to become a niche top company. ■ Evolve and establish synergy-driven original technologies.	✓ Net-Shape Business: Promote the acquisition of new users of dies and precision forgings goods through more aggressive technological development and sales activities that utilize total engineering capabilities. (Start of activities of Sales Engineering Department, etc.) ✓ Assembly Business: Work on stable supply of components for turbocharger parts utilizing precision forging technology ✓ Filter Business: Cultivating measures in the existing customer expansion
	<u>Further improvement of QDC</u> ■ Achieve various KPIs. ■ Make steady efforts to reduce cost.	✓ Assembly Business: Introduced a new equipment line. Promote the production efficiency measures
Challenge 2 Challenge to the next generation	<u>Further evolvement of overseas business</u> ■ Expand overseas ratio. ■ Further enhance overseas bases.	✓ Utilizing the strengths of the Net-Shape Business, we are making progress in responding to overseas customers and expanding sales. ✓ Partnership with Indian distributor
	<u>Launch new businesses</u> ■ Respond to the next-generation vehicles. ■ Make use of in-house seeds.	✓ Starting of New Business Development Department (April 2021). Started company-wide development activities. ✓ Development and promotion of scroll forged products for EV ✓ Development for demand for next-generation automobile products in both the Net-Shape Business and Filter Business
Challenge 3 Challenge to a great place to work	<u>Environment enabling self-fulfillment</u> ■ Mechanism that welcomes challenges. ■ Mechanism allowing to have a picture of growth.	✓ Started efforts to reform the personnel system ✓ Further enhancement of the education and training system is an issue
	<u>Enhancement of comfortable working environment</u> ■ Workstyle reform. ■ Communication reform.	✓ Considering measures such as utilizing IT technology ✓ Considering measures to increase time productivity