

The Financial Statement Briefing For the Year Ended March 31, 2023

May 12, 2023

STANDARD : 6467

株式会社 ニチダイ
NICHIDAI CORPORATION

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

I)Introduction of Business

II)FY23/3 Financial Results Overview

III)Medium-term Management Strategies

IV)FY24/3 Full Year Outlook

V)Dividends

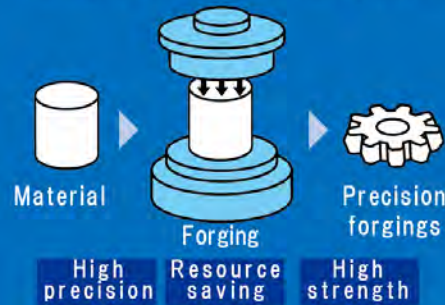
I) Business introduction

Automotive related

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

Net-Shape Business

Process materials into complex shapes in one press



Die

Providing total engineering from process design to die and parts manufacturing

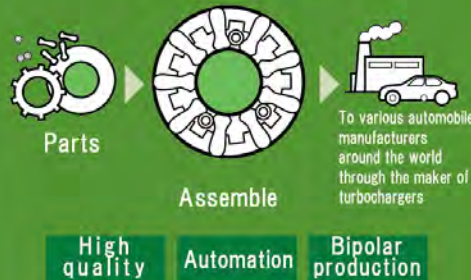
Precision forgings
Providing high-value-added parts that utilize die technology



Assemble the turbocharger parts

Assembly Business

Assemble parts of VG turbocharger



Turbocharger parts



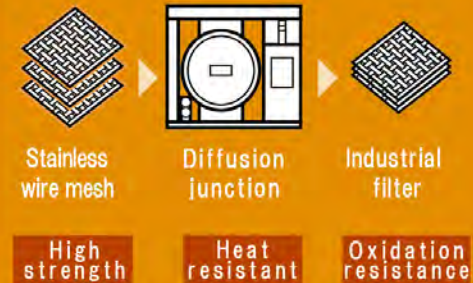
Assemble this part

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.



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.

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Ⅱ)FY23/3 Summary of financial results - Plan modification -

- ✓ Due to the semiconductor supply shortage causing a stagnation in automobile production, the performance forecast was revised twice in October 2022 and March 2023.
- ✓ In the fiscal period ending in March 2023, an impairment loss of 201 million yen was recorded for fixed assets at the domestic site of the precision forged products division.

Millions of Yen

| | FY23/3 Plan (May,2022) | FY23/3 Revised plan (Apr,2022) | FY23/3 Revised plan (Mar,2023) | FY23/3 Result |
|---|---------------------------|-----------------------------------|-----------------------------------|------------------|
| Net Sales | 12,200 | 11,400 | 10,851 | 10,847 |
| Gross income from sales | 2,540 | 2,230 | 1,974 | 1,986 |
| S.G.&A expense | 2,230 | 2,190 | 2,205 | 2,188 |
| Operating income | 310 | 40 | ▲231 | ▲202 |
| Non-operating income | 10 | ▲140 | ▲145 | ▲136 |
| Ordinary income | 300 | 180 | ▲86 | ▲65 |
| Net income Attributable to Owners of the Parent | 200 | 65 | ▲391 | ▲484 |

※Rounded down to the nearest million yen

| | | | | | |
|------------------------|-----|--------|--------|--------|--------|
| Exchange Rate (Yen) | USD | 123.00 | 130.00 | 130.00 | 130.78 |
| | THB | 3.60 | 3.70 | 3.8 | 3.73 |

Ⅱ)FY23/3 Summary of financial results

- Sales and Profit -

- ✓ Sales Revenue: The sales revenue of businesses related to the automotive industry has decreased due to the instability in automobile production.
- ✓ Operating Profit: In addition to the impact of the decrease in sales revenue, there has been an influence from the surge in energy prices and raw material costs.
- ✓ Non-operating Income and Expenses: The impact of foreign exchange gains, an increase in subsidy income, and the difference in insurance contract changes.
- ✓ Net Profit attributable to Parent Company Shareholders for the current period:
Impairment Loss: FY22/3 743 million yen ⇒ FY23/3 268 million yen.

Millions of Yen

| | FY22/3 Result | FY23/3 Plan | FY23/3 Result | Growth rate |
|---|---------------|-------------|---------------|-------------|
| Net Sales | 12,301 | 12,200 | 10,847 | ▲11.8% |
| Gross income from sales | 2,340 | 2,540 | 1,986 | ▲15.1% |
| S.G.&A expense | 2,123 | 2,230 | 2,188 | +3.0% |
| Operating income | 217 | 310 | ▲202 | — |
| Non-operating income | ▲47 | 10 | ▲136 | — |
| Ordinary income | 264 | 300 | ▲65 | — |
| Net income Attributable to Owners of the Parent | ▲619 | 200 | ▲484 | — |

※Rounded down to the nearest million yen

| | | | | |
|---------------------|-----|--------|--------|--------|
| Exchange Rate (Yen) | USD | 109.86 | 123.00 | 130.78 |
| | THB | 3.44 | 3.60 | 3.73 |

Ⅱ)FY23/3 Summary of financial results

- Status of sales by business -

- ✓ The Net Shape business and Assembly business, which are closely related to the automotive industry, have been experiencing sales below the initial plan.
- ✓ However, the Filter business has been maintaining strong performance, exceeding the initial sales target.

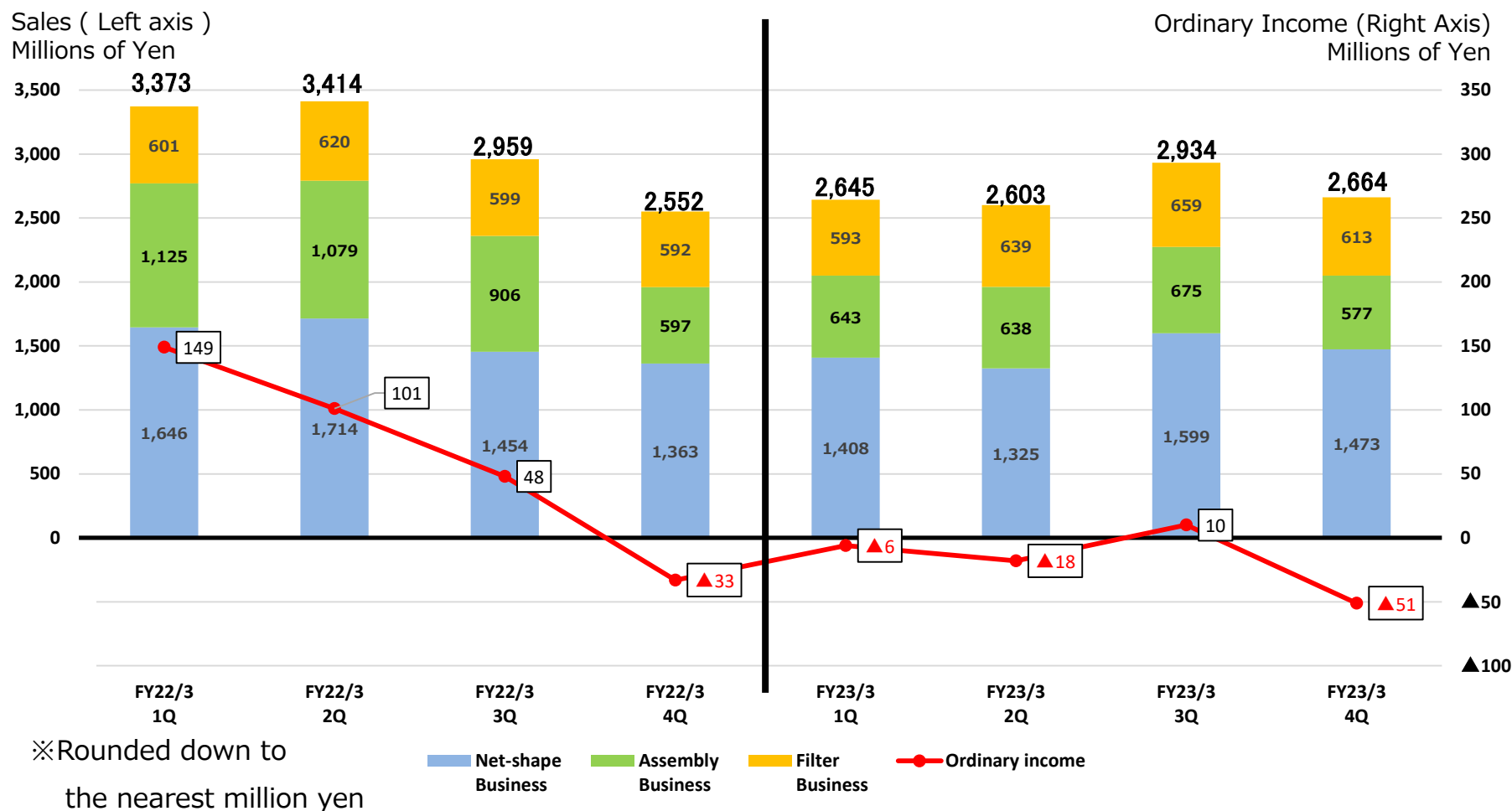
Millions of Yen

| | FY22/3 Result | FY23/3 Plan (Apr,2022) | FY23/3 Revised plan (Oct,2023) | FY23/3 Result | Growth Rate |
|-----------------------|---------------|---------------------------|-----------------------------------|------------------|----------------|
| Net-Shape Business | 6,179 | 6,750 | 6,100 | 5,806 | ▲ 6.0% |
| Assembly Business | 3,708 | 3,000 | 2,870 | 2,534 | ▲ 31.7% |
| Filter Business | 2,413 | 2,450 | 2,430 | 2,506 | +3.8% |
| Consolidated Total | 12,301 | 12,200 | 11,400 | 10,847 | ▲ 11.8% |

※Rounded down to the nearest million yen

II)FY23/3 Summary of financial results - Quarterly performance trends -

- ✓ In the third quarter of the fiscal year ending in March 2023, there were signs of recovery. However, in the fourth quarter, the sales revenue of the Net Shape and Assembly businesses decreased.



II)Financial Results Overview

- Trend of Net-Shape Business -

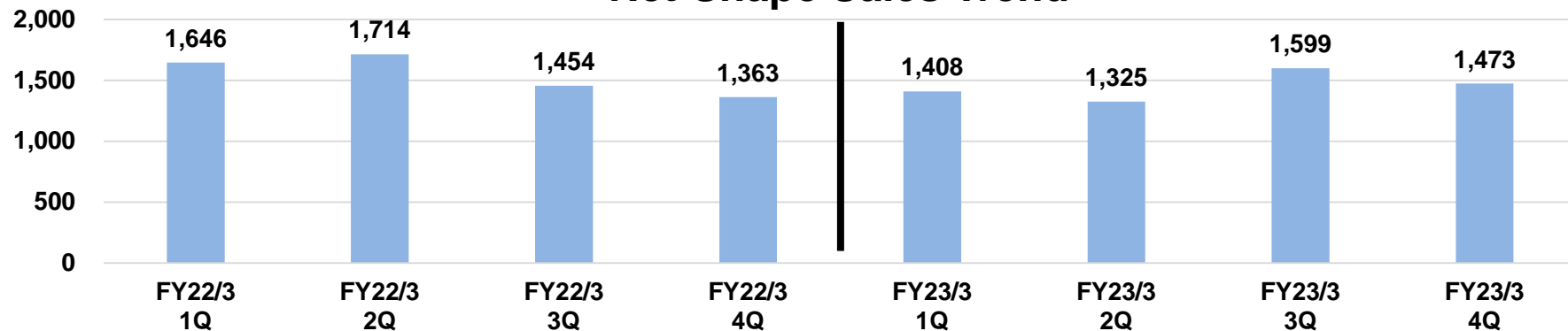
- ✓ Precision Dies: Domestically, the semiconductor supply shortage has had an impact on the instability of automobile production. Internationally, although there has been an increase in regions such as India and Thailand, other regions have experienced a decrease.
- ✓ Precision Forging Parts: Both domestic and international scroll forged products are experiencing a decline compared to the previous year.
- ✓ Ordinary Income: Decreased sales revenue from Precision Dies and sluggishness in Precision Forging Parts leading to losses being recorded.

| Net-Shape Business | FY22/3 Results | FY23/3 Results | Growth Rate |
|---|----------------|----------------|-------------|
| Domestic | 4,103 | 3,742 | ▲8.8% |
| Overseas | 2,075 | 2,063 | ▲0.6% |
| Total sales | 6,179 | 5,806 | ▲6.0% |
| Ordinary income (Ordinary Income Rate) | 65 | ▲223 | — |
| | 1.1% | ▲3.9% | — |

Millions of Yen

Net-Shape Sales Trend

※Rounded down to the nearest million yen



II)Financial Results Overview

- Trend of Assembly Business -

- ✓ Total sales : Significant decrease in major product categories for overseas markets, particularly pronounced in the fourth quarter.
- ✓ Ordinary income: Due to the sluggish sales revenue, an operating loss is being recorded.

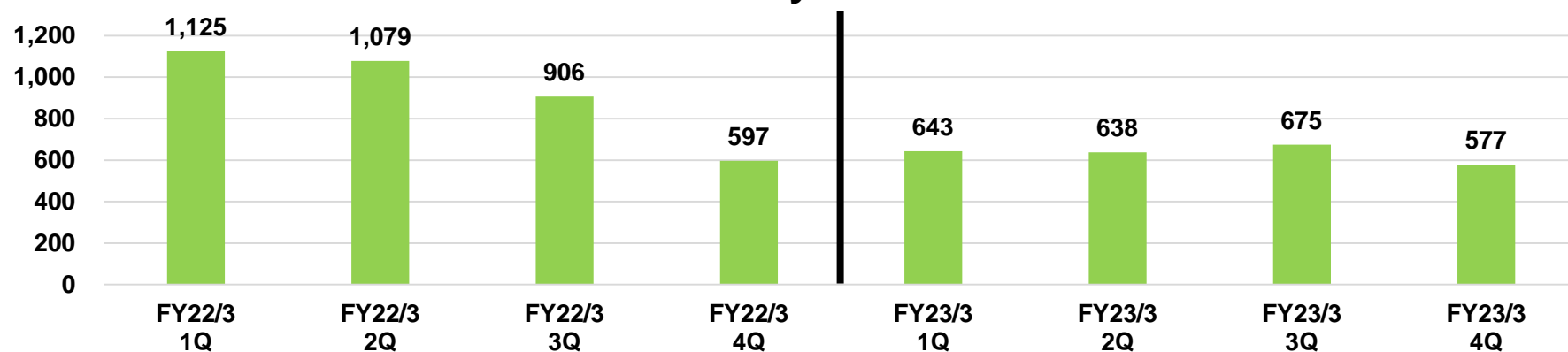
Millions of Yen

| Assembly Business | FY22/3 Results | FY23/3 Results | Growth Rate |
|---|----------------|----------------|-------------|
| Domestic | 1,571 | 1,367 | ▲13.0% |
| Overseas | 2,136 | 1,167 | ▲45.4% |
| Total sales | 3,708 | 2,534 | ▲31.7% |
| Ordinary income (Ordinary Income Rate) | ▲113 | ▲93 | — |
| | ▲3.1% | ▲3.7% | — |

※Rounded down to the nearest million yen

Millions of Yen

Assembly Sales Trend



II)Financial Results Overview

- Trend of Filter Business -

- ✓ Total sales : Despite changing the customer composition, sales revenue has been maintained domestically. However, there has been a decrease in sales revenue for Asia in the overseas market.
- ✓ Ordinary income: There are impacts of rising power costs, increased material prices, and product composition in overseas markets..

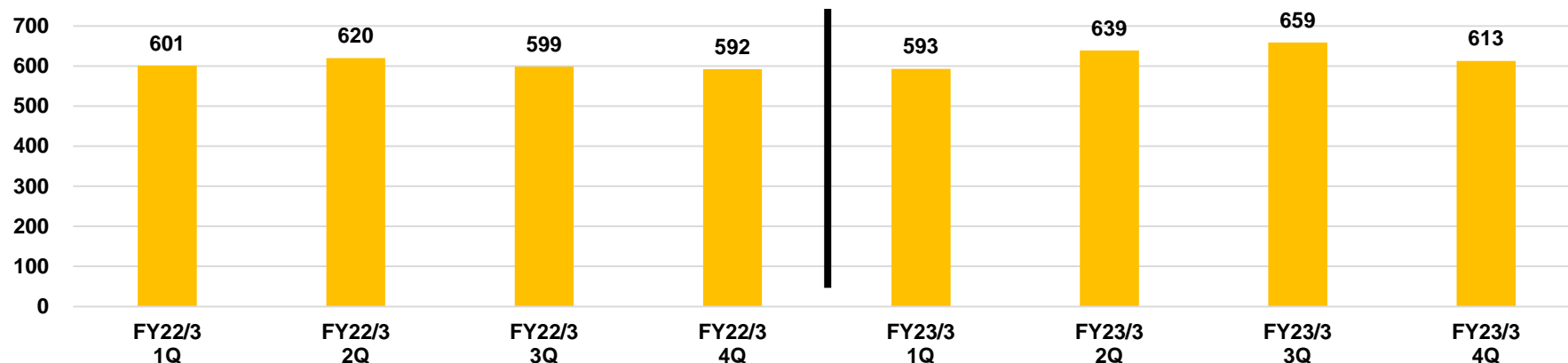
Millions of Yen

| Filter Business | FY22/3 Results | FY23/3 Results | Growth Rate |
|---|----------------|----------------|-------------|
| Domestic | 1,591 | 1,720 | +8.1% |
| Overseas | 822 | 785 | ▲4.4% |
| Total sales | 2,413 | 2,506 | +3.8% |
| Ordinary income (Ordinary Income Rate) | 312 | 251 | ▲19.6% |
| | 13.0% | 10.0% | — |

Millions of Yen

Filter Sales Trend

※Rounded down to the nearest million yen



II)FY 23/3 Summary of financial results

- Status of B/S -

- ✓ Increase in total assets: There has been an impact from the exchange rates of overseas subsidiaries.
- ✓ Decrease in fixed assets: There has been an influence from the recognition of impairment losses.
- ✓ Liabilities: Interest-bearing liabilities FY22/3 2,059 million yen ⇒ FY23/3 2,217 million yen
- ✓ Foreign currency translation adjustment account: FY22/3 295 million yen ⇒ FY23/3 615 million yen

FY22/3 Total assets: 15,327 ➔ ⁺⁴⁷ FY23/3 Total assets: 15,374

Assets

| | | |
|---|------|---|
| <div>Current assets 9,180 (59.9%)</div> <div>Fixed assets 6,146 (40.1%)</div> | +252 | <div>Current assets 9,432 (61.3%)</div> <div>Fixed assets 5,941 (38.7%)</div> |
| FY22/3 | | FY23/3 |

Liabilities

| | | |
|---|------|---|
| <div>Total liabilities 3,887 (25.4%)</div> <div>Total net assets 11,439 (74.6%)</div> | +185 | <div>Total liabilities 4,073 (26.5%)</div> <div>Total net assets 11,301 (73.5%)</div> |
| FY22/3 | | FY23/3 |

Ⅱ)FY23/3 Financial statements

– Cash Flows(CF) –

■ The decrease in cash flow from operating activities.

Impairment loss : FY22/3 743 million yen ⇒ FY23/3 268 million yen

Depreciation : FY22/3 784 million yen ⇒ FY23/3 635 million yen

Millions of Yen

| | FY22/3 Results | FY23/3 Results | Increase/decrease amount |
|--|----------------|----------------|--------------------------|
| Cash flows from operating activities | 699 | 208 | ▲491 |
| Cash flows from investing activities | ▲586 | ▲467 | 119 |
| Cash flows from financing activities | 504 | 89 | ▲414 |
| Amount of increase in cash and cash equivalents | 623 | 32 | ▲590 |
| Cash and cash equivalents balance at beginning of term | 3,144 | 3,767 | 623 |
| Cash and cash equivalents balance at end of term | 3,767 | 3,800 | 32 |
| FCF | 112 | ▲258 | ▲370 |

※Rounded down to the nearest million yen

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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.

CHANGE① Create Value for Customers with VSOP Spirit

- ✓ [Net Shape Business]: The impact of downward revisions in automobile production has led to a decrease in quantity. However, proactive activities focused on future prospects are being pursued.
- ✓ The utilization of the Indian distributor has been intensified, resulting in successful approaches to key users.
- ✓ Although there has been a decrease in quantity for scroll products targeting electric vehicles (EVs) due to the semiconductor supply shortage, development efforts for future advancements are underway.
- ✓ The development of Forging DX is progressing.
- ✓ [Filter Business]: Progress has been made in the 3N aspects (new applications, new products, and new customers).

CHANGE② Build a Company that Allows Employees to Shine

- ✓ A personnel system that aligns with the changes in the business environment has been introduced, and it will be implemented starting from April 2023.
- ✓ Measures such as the introduction of communication tools have been taken to promote active internal communication within the company.

CHANGE③ Contribute to Building a Sustainable Society

- ✓ NDT (NICHIDAI Thailand) has implemented additional solar power generation at their facilities.
- ✓ We have also started considering the introduction of solar power generation domestically.
- ✓ We have launched a sustainability-focused website to promote their sustainability initiatives.

Ⅲ)Medium-term Management Strategies

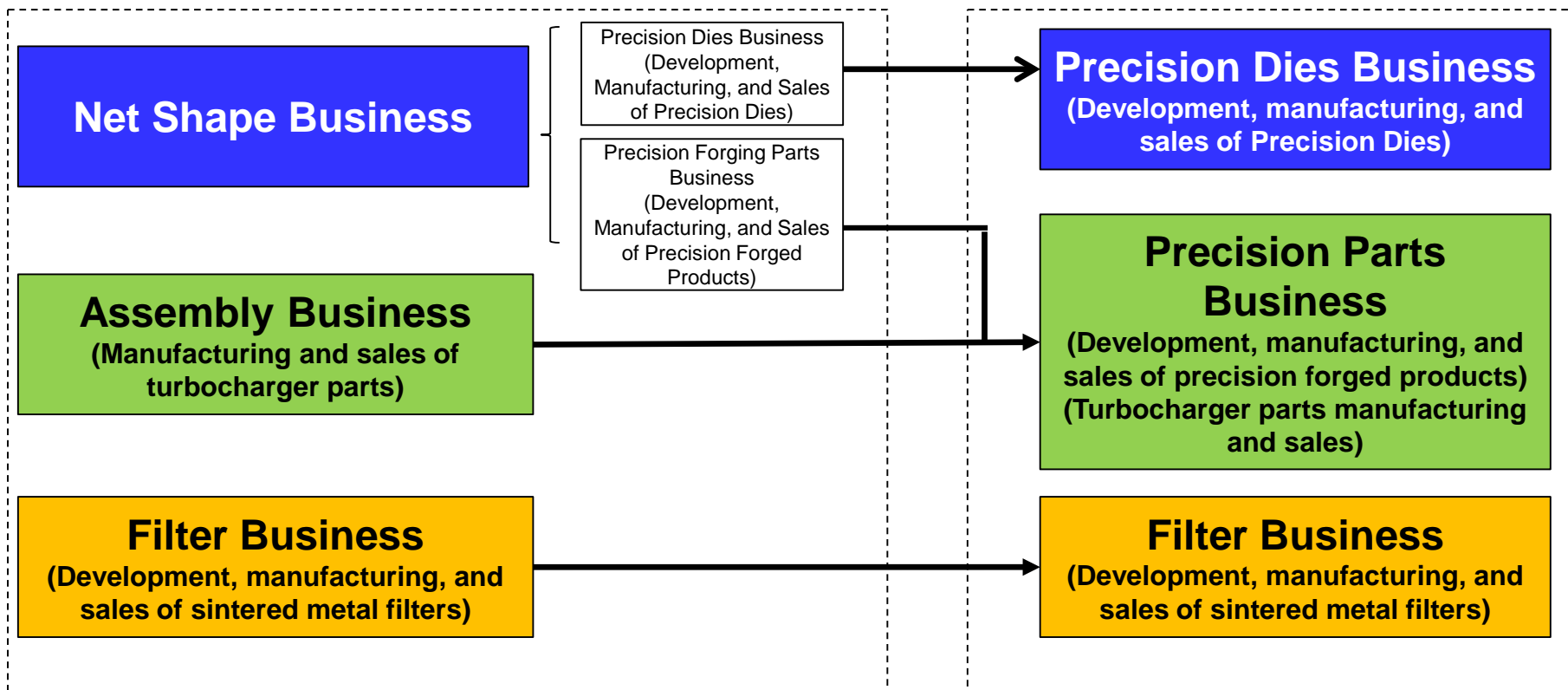
– Change in reporting segments –

【The purpose of the change】

- ✓ The Net Shape Business Headquarters has undergone organizational restructuring, dividing it into the Precision Dies and the Precision Parts Business.
- ✓ The aim of this organizational restructuring is to adapt to the structural changes in the automotive industry, which is a key customer industry, and to enhance synergies between the business units.
- ✓ With the objective of such organizational restructuring and its aims, the reporting segments have been changed as follows.

FY2023/3

FY2024/3



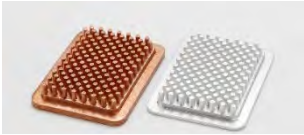






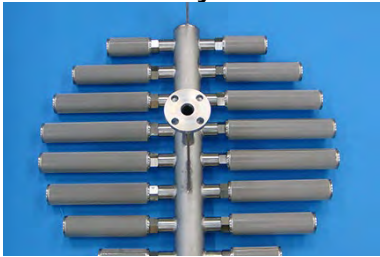
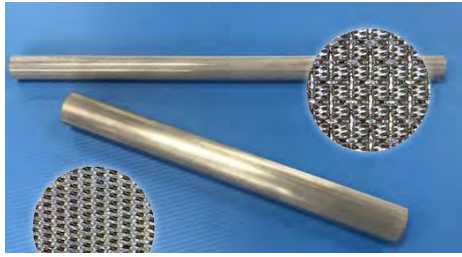
Ⅲ)Medium-term Management Strategies – Purpose of organizational change –

- ✓ The aim of the organizational change is to enhance efficiency and combine the strengths of each business in order to pursue new business creation.

| New Segment | Key Products | Production Methods | Enhancement of Strengths | Strategic Direction |
|-----------------|---|--------------------------|---|---|
| Precision Dies | <ul style="list-style-type: none"> ✓ Precision Forging Dies | Made-to-Order Production | <ul style="list-style-type: none"> ✓ Utilizing Technological Expertise for Development ✓ Sales Strengths in Technical Proposals | <ul style="list-style-type: none"> ✓ Ensuring Profitability ✓ Exploration of New Fields, including Other Types of Dies ✓ Exploration of Products for Electric Vehicles (EVs) |
| Precision Parts | <ul style="list-style-type: none"> ✓ Precision Forged Products ✓ Turbocharger Parts | Mass Production | <ul style="list-style-type: none"> ✓ Production Launch Capability ✓ Mass Production Management Capability | <div> <p>Aim to combine the strengths of this business with the exploration and development capabilities in other businesses to create new products.</p> </div> |
| Filter | <ul style="list-style-type: none"> ✓ Sintered Metal Filters | Made-to-Order Production | <ul style="list-style-type: none"> ✓ Product Development Capability Utilizing Sintering Technology ✓ Sales Capability to Promote 3N (New Applications, New Products, New Customers) | <ul style="list-style-type: none"> ✓ Exploring new fields through the promotion of 3N to identify opportunities for growth and expansion. |

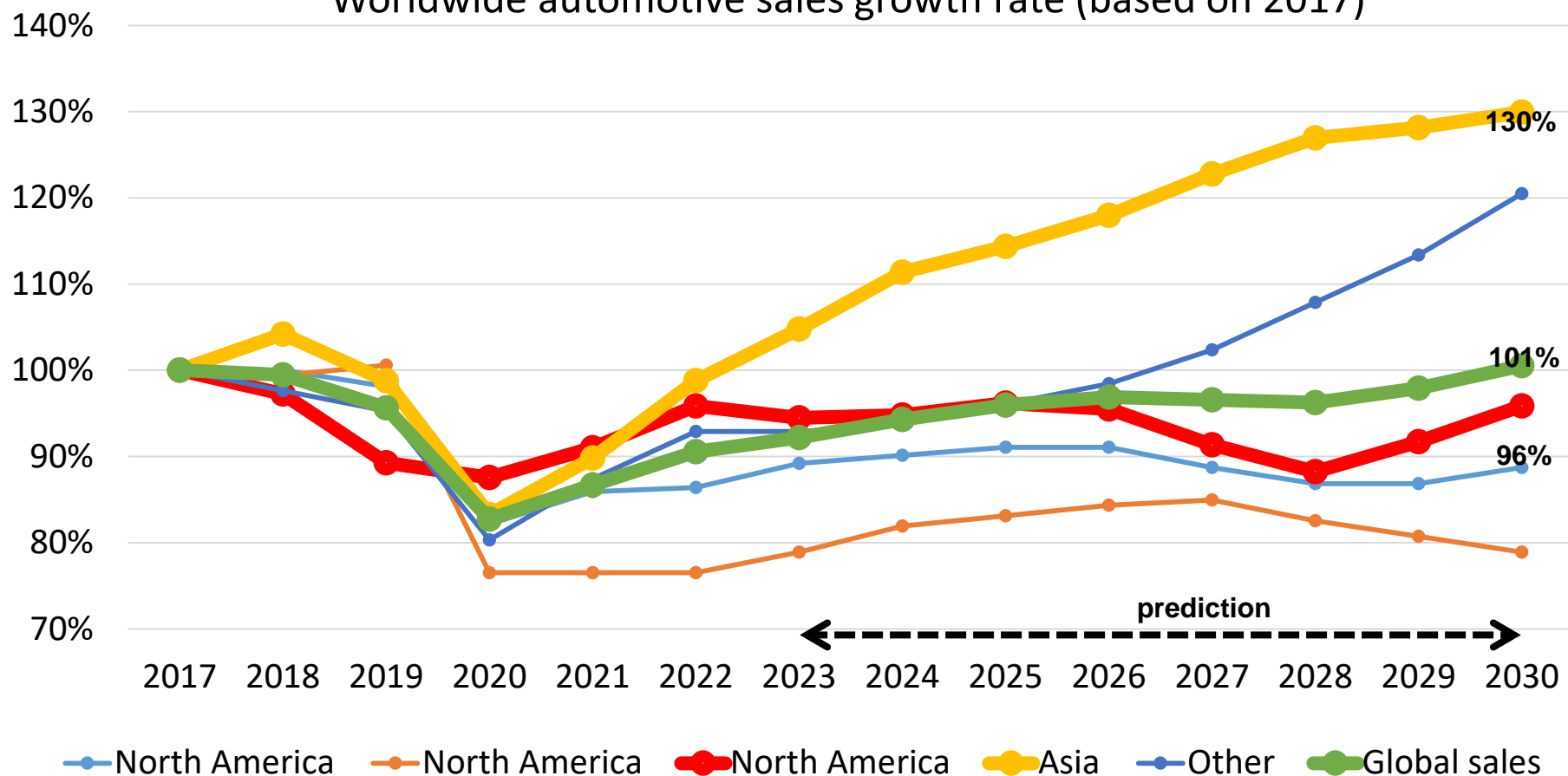
Ⅲ)Medium-term Management Strategies

– Exploration of new fields –

| | |
|---|---|
| <p>Exploration of new fields in net shaping technology (such as EVs)</p> | <ul style="list-style-type: none"> ✓ Exploration of new areas, including electric vehicles (EVs), in anticipation of electrification. ✓ Considering combinations with other manufacturing methods and potential entry into other types of molds as well. <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  <p>heat sink</p> </div> <div style="text-align: center;">  <p>battery case</p> </div> <div style="text-align: center;">  <p>battery tab</p> </div> </div> |
| <p>Exploration in the DX (Digital Transformation) field</p> | <ul style="list-style-type: none"> ✓ We are exploring the use of big data to visualize dies. Our goal is to extend the lifespan of molds and reduce defects by leveraging this technology. <div style="display: flex; justify-content: space-around; align-items: flex-end;">    </div> |
| <p>Exploration in new fields for filter sintering technology (such as hydrogen)</p> | <ul style="list-style-type: none"> ✓ Through the 3N policy in the filter field, we are exploring new fields beyond the automotive industry. <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  <p>Air conditioning filter</p> </div> <div style="text-align: center;">  <p>Air diffuser tube / Foam tube</p> </div> <div style="text-align: center;">  <p>Air roll (non-contact conveying roll)</p> </div> </div> |

- ✓ The demand for dies and precision forged products is expected to grow in Asian countries such as India and Thailand in the future.
- ✓ We plan to pursue a growth strategy by leveraging our Indian distributor and establishing a base in Thailand.

Worldwide automotive sales growth rate (based on 2017)



※The data source is based on various materials compiled by our company.

- ✓ We plan to add solar panels at NICHIDAI Thailand and also introduce them domestically in the 24/3 period. We will strive to reduce carbon dioxide emissions in our business activities.



- ✓ We will publish our company's sustainability policy on our website. We aim to become a company that can contribute to a sustainable society in the future.



HOME > Corporate Information > Sustainability

Sustainability

Sustainability policy

Our company aims to be a business that can contribute to a sustainable society based on our corporate Principles of Management, Vision of Management, and Core Principle.

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IV)FY 24/3 Full year outlook - Sales and Profit -

- ✓ We anticipate the recovery of the Precision Dies Business, mainly driven by the recovery of the automotive industry.
- ✓ We will prioritize measures aimed at performance recovery and revenue assurance.

Millions of Yen

| | FY23/3 Results | FY24/3 Plan | Growth Rate |
|---|----------------|-------------|-------------|
| Net Sales | 10,847 | 11,900 | 9.7% |
| Gross income from sales | 1,986 | 2,465 | 24.1% |
| S.G.&A expense | 2,188 | 2,295 | 4.8% |
| Operating income | ▲202 | 170 | — |
| Non-operating income | ▲136 | ▲5 | — |
| Ordinary income | ▲65 | 175 | — |
| Net income Attributable to Owners of the Parent | ▲484 | 115 | — |

※Rounded down to the nearest million yen

Yen

| | | | |
|---------------------|-----|--------|--------|
| Exchange Rate (Yen) | USD | 130.78 | 130.00 |
| | THB | 3.73 | 3.80 |

IV)FY 24/3 Full year outlook - Status of sales by business -

Precision Dies Business: We anticipate an increase in demand from the automotive industry in the latter half of the fiscal year due to its recovery.

Precision Parts Business: We expect an increase in demand for forged products for EV car air conditioning systems and forged products for engine cars.

Filter Business: We anticipate stable sales performance throughout the fiscal year ending in March 2024.

Millions of Yen

| | FY23/3 Results | FY24/3 Plan | Growth Rate |
|--------------------------|----------------|-------------|-------------|
| Precision Dies Business | 4,743 | 5,250 | +10.7% |
| Precision Parts Business | 3,597 | 3,970 | +10.4% |
| Filter Business | 2,506 | 2,680 | +6.9% |
| Consolidated Total | 10,847 | 11,900 | +9.7% |

※Rounded down to the nearest million yen

IV)FY 24/3 Full year outlook - Capital Investment -

Millions of Yen

| | 19/3 Result | 20/3 Result | 21/3 Result | 22/3 Result | 23/3 Result | 24/3 Plan |
|--------------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Capital Investment | 771 | 512 | 466 | 1,233 | 591 | 1,054 |
| Depreciation | 853 | 831 | 759 | 784 | 635 | 600 |

※Rounded down to the nearest million yen

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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.

| | 2nd Half | YEAR-END | Full-Year |
|---------------------------|----------------------------|-----------------|------------------|
| | Yen | Yen | Yen |
| FY20/3 | — | 4.00 | 4.00 |
| FY21/3 | 5.00 | 3.00 | 8.00 |
| FY23/3 | 4.00 | 2.00 (Plans) | 6.00 (Plans) |
| FY24/3 (Plans) | 4.00 | 4.00 | 8.00 |

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

FY 23/3 Financial statements

- Cost of Sales -

Millions of Yen

| | 22/3 Results | Ratio | 23/3 Results | Ratio |
|--------------------------|-----------------|--------|-----------------|-------|
| Net sales | 12,301 | 100.0% | 10,847 | 100% |
| Material cost | 3,943 | 32.1% | 3,142 | 29.0% |
| Purchase of products | 758 | 6.2% | 568 | 5.2% |
| Subcontract processing | 1,019 | 8.3% | 979 | 9.0% |
| Subsidiary material cost | 437 | 3.6% | 463 | 4.3% |
| Labor cost | 2,616 | 21.3% | 2,531 | 23.3% |
| Depreciation | 637 | 5.2% | 486 | 4.5% |
| Change in inventory | 41 | 0.3% | 7 | 0.1% |
| Others | 589 | 4.8% | 694 | 7.8% |
| Cost of sales | 9,961 | 81.0% | 8,860 | 81.7% |
| Gross income from sales | 2,340 | 19.0% | 1,986 | 18.3% |

※Rounded down to the nearest million yen

FY 23/3 Financial statements

- SG&A Expenses -

Millions of Yen

| | 22/3 Results | Ratio | 23/3 Results | Ratio |
|------------------------------|-----------------|--------------|-----------------|--------------|
| Net Sales | 12,301 | 100.0% | 10,847 | 100% |
| Packing / Freight | 163 | 1.3% | 157 | 1.4% |
| Transportation | 51 | 0.4% | 78 | 0.7% |
| Labor cost | 1,097 | 8.9% | 1,107 | 10.2% |
| Depreciation | 146 | 1.2% | 148 | 1.4% |
| Rent | 63 | 0.5% | 63 | 0.6% |
| Others | 600 | 4.9% | 634 | 5.8% |
| SG&A Expenses | 2,123 | 17.3% | 2,188 | 17.8% |

※Rounded down to the nearest million yen