

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

January 30, 2020

Company name: NICHIIHA CORPORATION
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7943 URL <https://www.nichiha.co.jp>
 Representative: PRESIDENT TATSUO YAMANAKA
 Inquiries: DIRECTOR SENIOR EXECUTIVE KAZUSHI TONOI TEL 052-220-5111
 OFFICER
 Scheduled date to file Quarterly Securities Report: February 13, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(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	%
Nine months ended December 31, 2019	93,294	4.4	10,049	4.7	10,373	5.1	7,985	9.4
Nine months ended December 31, 2018	89,322	1.9	9,599	(7.9)	9,867	(7.0)	7,298	(7.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2019	216.31		215.86	
Nine months ended December 31, 2018	197.35		196.97	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	140,178	92,258	66.0	2,515.15
As of March 31, 2019	136,068	87,404	64.5	2,374.08

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	28.00	–	28.00	56.00
Year ending March 31, 2020	–	30.00	–		
Year ending March 31, 2020 (Forecast)				30.00	60.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	127,100	6.7	14,000	10.1	14,300	8.8	10,700	7.9	289.32

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2019
(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 December 31, 2019	37,324,264 shares	As of March 31, 2019	37,324,264 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2019	516,276 shares	As of March 31, 2019	341,495 shares
-------------------------	----------------	----------------------	----------------

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

Nine months ended December 31, 2019	36,918,335 shares	Nine months ended December 31, 2018	36,980,472 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	33,172	32,808
Notes and accounts receivable - trade	29,200	30,039
Merchandise and finished goods	12,525	13,886
Work in process	2,343	1,838
Raw materials and supplies	3,230	3,197
Other	921	817
Allowance for doubtful accounts	(49)	(58)
Total current assets	81,343	82,530
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,135	11,063
Machinery, equipment and vehicles, net	9,930	9,305
Tools, furniture and fixtures, net	353	328
Land	20,380	20,378
Leased assets, net	271	234
Construction in progress	294	5,693
Total property, plant and equipment	43,366	47,003
Intangible assets		
Leased assets	57	45
Software	1,306	1,019
Other	231	347
Total intangible assets	1,595	1,412
Investments and other assets		
Investment securities	5,728	5,661
Deferred tax assets	2,458	2,065
Retirement benefit asset	233	230
Other	1,366	1,297
Allowance for doubtful accounts	(24)	(24)
Total investments and other assets	9,762	9,231
Total non-current assets	54,725	57,648
Total assets	136,068	140,178

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,905	15,220
Short-term borrowings	2,763	1,755
Lease obligations	116	113
Income taxes payable	1,898	1,053
Provision for bonuses	1,481	647
Provision for bonuses for directors (and other officers)	104	75
Provision for product warranties	595	485
Other	9,685	11,019
Total current liabilities	31,551	30,369
Non-current liabilities		
Long-term borrowings	13,416	13,780
Lease obligations	239	189
Deferred tax liabilities	379	389
Provision for retirement benefits for directors (and other officers)	162	152
Provision for product warranties	1,154	1,154
Retirement benefit liability	1,565	1,688
Other	195	197
Total non-current liabilities	17,113	17,551
Total liabilities	48,664	47,920
Net assets		
Shareholders' equity		
Share capital	8,136	8,136
Capital surplus	10,933	10,933
Retained earnings	67,417	73,261
Treasury shares	(319)	(819)
Total shareholders' equity	86,167	91,511
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,162	2,223
Foreign currency translation adjustment	(237)	(898)
Remeasurements of defined benefit plans	(292)	(258)
Total accumulated other comprehensive income	1,632	1,065
Share acquisition rights	112	131
Non-controlling interests	(507)	(450)
Total net assets	87,404	92,258
Total liabilities and net assets	136,068	140,178

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

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	89,322	93,294
Cost of sales	53,759	55,930
Gross profit	35,563	37,363
Selling, general and administrative expenses	25,964	27,314
Operating profit	9,599	10,049
Non-operating income		
Interest income	82	117
Dividend income	79	80
Rental income from real estate	67	66
Foreign exchange gains	47	15
Insurance claim income	35	94
Other	78	90
Total non-operating income	390	464
Non-operating expenses		
Interest expenses	104	92
Other	16	47
Total non-operating expenses	121	140
Ordinary profit	9,867	10,373
Extraordinary income		
Gain on sales of non-current assets	7	554
Total extraordinary income	7	554
Extraordinary losses		
Loss on retirement of non-current assets	22	26
Loss on sales of investment securities	-	94
Total extraordinary losses	22	121
Profit before income taxes	9,852	10,806
Income taxes - current	2,255	2,431
Income taxes - deferred	251	329
Total income taxes	2,507	2,761
Profit	7,345	8,044
Profit attributable to		
Profit attributable to owners of parent	7,298	7,985
Profit attributable to non-controlling interests	47	58
Other comprehensive income		
Valuation difference on available-for-sale securities	(596)	61
Foreign currency translation adjustment	(127)	(663)
Remeasurements of defined benefit plans, net of tax	44	33
Total other comprehensive income	(679)	(568)
Comprehensive income	6,666	7,476
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,618	7,419
Comprehensive income attributable to non-controlling interests	47	56