

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 Three Months Ended June 30, 2020 (Based on Japanese GAAP)

July 31, 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: August 7, 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 three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(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	%
Three months ended June 30, 2020	28,327	(2.8)	2,016	(25.7)	2,014	(23.0)	1,458	(19.4)
Three months ended June 30, 2019	29,135	5.0	2,713	14.0	2,618	5.7	1,809	(1.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	39.84		39.74	
Three months ended June 30, 2019	48.93		48.83	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2020	139,957	94,426	67.7	2,586.34
As of March 31, 2020	141,483	94,135	66.7	2,579.04

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, 2020	–	30.00	–	30.00	60.00
Year ending March 31, 2021	–				
Year ending March 31, 2021 (Forecast)		25.00	–	25.00	50.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	112,000	(9.5)	8,000	(38.9)	8,400	(37.8)	6,100	(43.4)	166.63

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020
 (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 June 30, 2020	37,324,264 shares	As of March 31, 2020	37,324,264 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2020	711,136 shares	As of March 31, 2020	716,376 shares
---------------------	----------------	----------------------	----------------

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

Three months ended June 30, 2020	36,609,168 shares	Three months ended June 30, 2019	36,982,754 shares
----------------------------------	-------------------	----------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	36,725	32,822
Notes and accounts receivable - trade	26,034	24,098
Merchandise and finished goods	13,021	12,912
Work in process	2,142	2,005
Raw materials and supplies	3,122	3,236
Other	887	1,927
Allowance for doubtful accounts	(48)	(47)
Total current assets	81,883	76,955
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,069	10,840
Machinery, equipment and vehicles, net	10,013	10,161
Tools, furniture and fixtures, net	344	563
Land	20,396	20,396
Leased assets, net	214	200
Construction in progress	6,968	10,408
Total property, plant and equipment	49,007	52,571
Intangible assets		
Leased assets	41	38
Software	914	811
Other	350	499
Total intangible assets	1,307	1,349
Investments and other assets		
Investment securities	4,624	4,756
Deferred tax assets	3,209	2,875
Retirement benefit asset	211	211
Other	1,268	1,265
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	9,285	9,081
Total non-current assets	59,600	63,002
Total assets	141,483	139,957

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,682	14,268
Short-term borrowings	1,509	1,466
Lease obligations	107	101
Income taxes payable	2,150	146
Provision for bonuses	1,586	615
Provision for bonuses for directors (and other officers)	112	22
Provision for product warranties	396	331
Other	9,370	11,420
Total current liabilities	29,916	28,372
Non-current liabilities		
Long-term borrowings	13,427	13,091
Lease obligations	169	156
Deferred tax liabilities	341	409
Provision for retirement benefits for directors (and other officers)	159	146
Provision for product warranties	1,162	1,162
Retirement benefit liability	1,973	1,992
Other	198	199
Total non-current liabilities	17,431	17,157
Total liabilities	47,348	45,530
Net assets		
Shareholders' equity		
Share capital	8,136	8,136
Capital surplus	10,933	10,934
Retained earnings	76,049	76,409
Treasury shares	(1,300)	(1,290)
Total shareholders' equity	93,818	94,190
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,502	1,596
Foreign currency translation adjustment	(504)	(705)
Remeasurements of defined benefit plans	(403)	(387)
Total accumulated other comprehensive income	594	503
Share acquisition rights	138	133
Non-controlling interests	(415)	(400)
Total net assets	94,135	94,426
Total liabilities and net assets	141,483	139,957

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

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	29,135	28,327
Cost of sales	17,560	17,902
Gross profit	11,574	10,424
Selling, general and administrative expenses	8,861	8,408
Operating profit	2,713	2,016
Non-operating income		
Interest income	38	9
Dividend income	6	8
Rental income from real estate	22	21
Insurance claim income	5	0
Other	22	42
Total non-operating income	96	83
Non-operating expenses		
Interest expenses	31	28
Foreign exchange losses	149	52
Other	10	3
Total non-operating expenses	191	84
Ordinary profit	2,618	2,014
Extraordinary income		
Gain on sales of non-current assets	3	2
Total extraordinary income	3	2
Extraordinary losses		
Loss on retirement of non-current assets	12	31
Loss on valuation of investment securities	103	–
Infectious Disease Related Cost	–	17
Total extraordinary losses	115	49
Profit before income taxes	2,505	1,967
Income taxes - current	381	148
Income taxes - deferred	297	344
Total income taxes	678	492
Profit	1,826	1,474
Profit attributable to		
Profit attributable to owners of parent	1,809	1,458
Profit attributable to non-controlling interests	17	15
Other comprehensive income		
Valuation difference on available-for-sale securities	(333)	94
Foreign currency translation adjustment	114	(201)
Remeasurements of defined benefit plans, net of tax	11	16
Total other comprehensive income	(207)	(91)
Comprehensive income	1,619	1,383
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,601	1,367
Comprehensive income attributable to non-controlling interests	17	15