

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 7, 2019

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: November 12, 2019
 Scheduled date to commence dividend payments: December 2, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 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	%
Six months ended September 30, 2019	60,600	7.1	6,076	11.8	6,159	7.7	4,849	15.4
Six months ended September 30, 2018	56,570	(0.5)	5,435	(18.6)	5,720	(16.4)	4,202	(16.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	131.20	130.93
Six months ended September 30, 2018	113.63	113.41

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	138,405	90,371	65.5	2,459.74
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	Yen	Yen	Yen	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 six months ended September 30, 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 September 30, 2019	37,324,264 shares	As of March 31, 2019	37,324,264 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	442,516 shares	As of March 31, 2019	341,495 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	36,965,637 shares	Six months ended September 30, 2018	36,979,396 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	33,172	34,396
Notes and accounts receivable - trade	29,200	26,741
Merchandise and finished goods	12,525	13,911
Work in process	2,343	2,257
Raw materials and supplies	3,230	3,201
Other	921	1,318
Allowance for doubtful accounts	(49)	(58)
Total current assets	81,343	81,767
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,135	11,259
Machinery, equipment and vehicles, net	9,930	9,649
Tools, furniture and fixtures, net	353	346
Land	20,380	20,378
Leased assets, net	271	258
Construction in progress	294	4,015
Total property, plant and equipment	43,366	45,908
Intangible assets		
Leased assets	57	49
Software	1,306	1,101
Other	231	268
Total intangible assets	1,595	1,419
Investments and other assets		
Investment securities	5,728	5,405
Deferred tax assets	2,458	2,395
Retirement benefit asset	233	230
Other	1,366	1,303
Allowance for doubtful accounts	(24)	(24)
Total investments and other assets	9,762	9,310
Total non-current assets	54,725	56,637
Total assets	136,068	138,405

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,905	14,576
Short-term borrowings	2,763	2,014
Lease obligations	116	116
Income taxes payable	1,898	1,603
Provision for bonuses	1,481	1,497
Provision for bonuses for directors (and other officers)	104	50
Provision for product warranties	595	523
Other	9,685	9,820
Total current liabilities	31,551	30,201
Non-current liabilities		
Long-term borrowings	13,416	14,133
Lease obligations	239	215
Deferred tax liabilities	379	338
Provision for retirement benefits for directors (and other officers)	162	145
Provision for product warranties	1,154	1,154
Retirement benefit liability	1,565	1,648
Other	195	196
Total non-current liabilities	17,113	17,832
Total liabilities	48,664	48,033
Net assets		
Shareholders' equity		
Share capital	8,136	8,136
Capital surplus	10,933	10,933
Retained earnings	67,417	71,232
Treasury shares	(319)	(602)
Total shareholders' equity	86,167	89,699
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,162	2,045
Foreign currency translation adjustment	(237)	(755)
Remeasurements of defined benefit plans	(292)	(269)
Total accumulated other comprehensive income	1,632	1,019
Share acquisition rights	112	124
Non-controlling interests	(507)	(472)
Total net assets	87,404	90,371
Total liabilities and net assets	136,068	138,405

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

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	56,570	60,600
Cost of sales	34,171	36,474
Gross profit	22,399	24,125
Selling, general and administrative expenses	16,964	18,048
Operating profit	5,435	6,076
Non-operating income		
Interest income	47	82
Dividend income	75	76
Rental income from real estate	44	44
Foreign exchange gains	121	–
Insurance claim income	21	5
Other	52	46
Total non-operating income	364	256
Non-operating expenses		
Interest expenses	69	62
Foreign exchange losses	–	95
Other	10	16
Total non-operating expenses	79	173
Ordinary profit	5,720	6,159
Extraordinary income		
Gain on sales of non-current assets	4	563
Total extraordinary income	4	563
Extraordinary losses		
Loss on retirement of non-current assets	19	22
Loss on sales of investment securities	–	94
Total extraordinary losses	19	116
Profit before income taxes	5,705	6,605
Income taxes - current	1,495	1,685
Income taxes - deferred	(18)	32
Total income taxes	1,477	1,718
Profit	4,228	4,887
Profit attributable to		
Profit attributable to owners of parent	4,202	4,849
Profit attributable to non-controlling interests	25	37
Other comprehensive income		
Valuation difference on available-for-sale securities	(32)	(116)
Foreign currency translation adjustment	(471)	(520)
Remeasurements of defined benefit plans, net of tax	29	22
Total other comprehensive income	(474)	(614)
Comprehensive income	3,753	4,272
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,729	4,237
Comprehensive income attributable to non-controlling interests	24	35

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	5,705	6,605
Depreciation	2,305	2,265
Increase (decrease) in provision for product warranties	5	(72)
Increase (decrease) in retirement benefit liability	100	115
Interest and dividend income	(123)	(159)
Interest expenses	69	62
Foreign exchange losses (gains)	(73)	30
Loss (gain) on sales of investment securities	–	94
Gain on sales of non-current assets	(4)	(563)
Loss on retirement of non-current assets	19	22
Decrease (increase) in trade receivables	(78)	2,397
Decrease (increase) in inventories	(1,262)	(1,443)
Increase (decrease) in trade payables	(164)	(227)
Other, net	152	(516)
Subtotal	6,651	8,611
Interest and dividends received	128	169
Interest paid	(71)	(62)
Income taxes paid	(1,685)	(2,047)
Income taxes refund	3	0
Net cash provided by (used in) operating activities	5,027	6,671
Cash flows from investing activities		
Payments into time deposits	–	(129)
Proceeds from withdrawal of time deposits	–	680
Purchase of property, plant and equipment	(1,334)	(4,789)
Proceeds from sales of property, plant and equipment	4	358
Purchase of intangible assets	(44)	(101)
Proceeds from sales of intangible assets	–	569
Purchase of investment securities	(0)	(0)
Proceeds from sales of investment securities	–	60
Other, net	25	80
Net cash provided by (used in) investing activities	(1,349)	(3,271)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(130)
Proceeds from long-term borrowings	3,000	1,500
Repayments of long-term borrowings	(3,059)	(1,402)
Repayments of lease obligations	(72)	(61)
Purchase of treasury shares	(0)	(282)
Dividends paid	(1,238)	(1,035)
Other, net	0	(0)
Net cash provided by (used in) financing activities	(1,371)	(1,412)
Effect of exchange rate change on cash and cash equivalents	(85)	(210)
Net increase (decrease) in cash and cash equivalents	2,220	1,776
Cash and cash equivalents at beginning of period	27,786	32,525
Cash and cash equivalents at end of period	30,007	34,302