

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 8, 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 of ordinary general meeting of shareholders: June 24, 2020  
 Scheduled date to file Securities Report: June 25, 2020  
 Scheduled date to commence dividend payments: June 25, 2020  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

#### (1) Consolidated operating results

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	%
Year ended March 31, 2020	123,722	3.8	13,098	3.0	13,501	2.8	10,773	8.7
Year ended March 31, 2019	119,160	2.6	12,720	(3.9)	13,137	(4.8)	9,915	(11.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	292.22	291.59	11.8	9.7	10.6
Year ended March 31, 2019	268.13	267.61	11.8	9.9	10.7

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	141,483	94,135	66.7	2,579.04
As of March 31, 2019	136,068	87,404	64.5	2,374.08

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	18,007	(9,140)	(4,483)	36,725
Year ended March 31, 2019	12,973	(3,595)	(4,553)	32,525

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	–	28.00	–	28.00	56.00	2,071	20.9	2.5
Year ended March 31, 2020	–	30.00	–	30.00	60.00	2,204	20.5	2.4
Year ending March 31, 2021 (Forecast)	–	25.00	–	25.00	50.00		30.0	

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 year ended March 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2020	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 March 31, 2020	716,376 shares	As of March 31, 2019	341,495 shares
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Average number of shares during the period

Year ended March 31, 2020	36,867,656 shares	Year ended March 31, 2019	36,981,024 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	33,172	36,725
Notes and accounts receivable - trade	29,200	26,034
Merchandise and finished goods	12,525	13,021
Work in process	2,343	2,142
Raw materials and supplies	3,230	3,122
Other	921	887
Allowance for doubtful accounts	(49)	(48)
Total current assets	81,343	81,883
Non-current assets		
Property, plant and equipment		
Buildings and structures	42,000	41,552
Accumulated depreciation	(29,864)	(30,482)
Buildings and structures, net	12,135	11,069
Machinery, equipment and vehicles	92,413	94,283
Accumulated depreciation	(82,483)	(84,270)
Machinery, equipment and vehicles, net	9,930	10,013
Tools, furniture and fixtures	5,887	5,939
Accumulated depreciation	(5,534)	(5,594)
Tools, furniture and fixtures, net	353	344
Land	20,380	20,396
Leased assets	456	459
Accumulated depreciation	(184)	(244)
Leased assets, net	271	214
Construction in progress	294	6,968
Total property, plant and equipment	43,366	49,007
Intangible assets		
Leased assets	57	41
Software	1,306	914
Other	231	350
Total intangible assets	1,595	1,307
Investments and other assets		
Investment securities	5,728	4,624
Deferred tax assets	2,458	3,209
Retirement benefit asset	233	211
Other	1,366	1,268
Allowance for doubtful accounts	(24)	(27)
Total investments and other assets	9,762	9,285
Total non-current assets	54,725	59,600
Total assets	136,068	141,483

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	14,905	14,682
Short-term borrowings	210	20
Current portion of long-term borrowings	2,553	1,489
Lease obligations	116	107
Accrued expenses	5,995	6,266
Income taxes payable	1,898	2,150
Provision for bonuses	1,481	1,586
Provision for bonuses for directors (and other officers)	104	112
Provision for product warranties	595	396
Other	3,689	3,103
Total current liabilities	31,551	29,916
Non-current liabilities		
Long-term borrowings	13,416	13,427
Lease obligations	239	169
Deferred tax liabilities	379	341
Provision for retirement benefits for directors (and other officers)	162	159
Provision for product warranties	1,154	1,162
Retirement benefit liability	1,565	1,973
Other	195	198
Total non-current liabilities	17,113	17,431
Total liabilities	48,664	47,348
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,136	8,136
Capital surplus	10,933	10,933
Retained earnings	67,417	76,049
Treasury shares	(319)	(1,300)
Total shareholders' equity	86,167	93,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,162	1,502
Foreign currency translation adjustment	(237)	(504)
Remeasurements of defined benefit plans	(292)	(403)
Total accumulated other comprehensive income	1,632	594
Share acquisition rights	112	138
Non-controlling interests	(507)	(415)
Total net assets	87,404	94,135
Total liabilities and net assets	136,068	141,483

## Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	119,160	123,722
Cost of sales	71,524	74,298
Gross profit	47,635	49,424
Selling, general and administrative expenses		
Freight and packing costs	15,664	17,072
Advertising and promotion expenses	1,684	1,674
Provision of allowance for doubtful accounts	2	(0)
Salaries and allowances and welfare expenses	7,637	7,908
Provision for bonuses	543	604
Provision for bonuses for directors (and other officers)	105	113
Retirement benefit expenses	280	269
Provision for retirement benefits for directors (and other officers)	26	28
Depreciation	810	789
Experimentation and research expenses	1,253	1,170
Provision for product warranties	398	250
Other	6,506	6,444
Total selling, general and administrative expenses	34,914	36,326
Operating profit	12,720	13,098
Non-operating income		
Interest income	124	137
Dividend income	155	155
Rental income from real estate	89	88
Foreign exchange gains	64	–
Insurance claim income	51	98
Other	115	119
Total non-operating income	600	598
Non-operating expenses		
Interest expenses	137	113
Foreign exchange losses	–	26
Other	46	54
Total non-operating expenses	183	194
Ordinary profit	13,137	13,501

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Extraordinary income		
Gain on sales of non-current assets	8	551
Total extraordinary income	8	551
Extraordinary losses		
Loss on sales of non-current assets	0	–
Loss on retirement of non-current assets	72	51
Loss on sales of investment securities	–	94
Total extraordinary losses	72	146
Profit before income taxes	13,073	13,906
Income taxes - current	3,323	3,500
Income taxes - deferred	(229)	(459)
Total income taxes	3,093	3,040
Profit	9,979	10,866
Profit attributable to		
Profit attributable to owners of parent	9,915	10,773
Profit attributable to non-controlling interests	63	92
Other comprehensive income		
Valuation difference on available-for-sale securities	(405)	(659)
Foreign currency translation adjustment	(516)	(267)
Remeasurements of defined benefit plans, net of tax	102	(111)
Total other comprehensive income	(818)	(1,038)
Comprehensive income	9,160	9,827
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,098	9,735
Comprehensive income attributable to non-controlling interests	62	91

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,136	10,927	59,776	(326)	78,513
Changes during period					
Dividends of surplus			(2,274)		(2,274)
Profit attributable to owners of parent			9,915		9,915
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		5		8	14
Net changes in items other than shareholders' equity					
Total changes during period	–	5	7,641	6	7,654
Balance at end of period	8,136	10,933	67,417	(319)	86,167

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,567	277	(394)	2,449	103	(569)	80,497
Changes during period							
Dividends of surplus							(2,274)
Profit attributable to owners of parent							9,915
Purchase of treasury shares							(1)
Disposal of treasury shares							14
Net changes in items other than shareholders' equity	(405)	(514)	102	(817)	8	62	(746)
Total changes during period	(405)	(514)	102	(817)	8	62	6,907
Balance at end of period	2,162	(237)	(292)	1,632	112	(507)	87,404

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,136	10,933	67,417	(319)	86,167
Changes during period					
Dividends of surplus			(2,141)		(2,141)
Profit attributable to owners of parent			10,773		10,773
Purchase of treasury shares				(980)	(980)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	0	8,631	(980)	7,651
Balance at end of period	8,136	10,933	76,049	(1,300)	93,818

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,162	(237)	(292)	1,632	112	(507)	87,404
Changes during period							
Dividends of surplus							(2,141)
Profit attributable to owners of parent							10,773
Purchase of treasury shares							(980)
Disposal of treasury shares							0
Net changes in items other than shareholders' equity	(659)	(266)	(111)	(1,038)	26	91	(920)
Total changes during period	(659)	(266)	(111)	(1,038)	26	91	6,731
Balance at end of period	1,502	(504)	(403)	594	138	(415)	94,135



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	13,073	13,906
Depreciation	4,846	4,670
Increase (decrease) in provision for product warranties	(88)	(190)
Increase (decrease) in retirement benefit liability	220	247
Interest and dividend income	(279)	(292)
Interest expenses	137	113
Foreign exchange losses (gains)	(47)	25
Loss (gain) on sales of investment securities	–	94
Gain on sales of non-current assets	–	(551)
Loss on retirement of non-current assets	72	51
Decrease (increase) in trade receivables	(1,651)	3,130
Decrease (increase) in inventories	(1,516)	(297)
Increase (decrease) in trade payables	510	(177)
Other, net	715	427
Subtotal	15,993	21,158
Interest and dividends received	268	299
Interest paid	(141)	(115)
Income taxes paid	(3,148)	(3,335)
Income taxes refund	1	0
Net cash provided by (used in) operating activities	12,973	18,007
Cash flows from investing activities		
Payments into time deposits	(668)	(178)
Proceeds from withdrawal of time deposits	–	874
Purchase of property, plant and equipment	(2,946)	(10,950)
Proceeds from sales of property, plant and equipment	9	407
Purchase of intangible assets	(62)	(216)
Proceeds from sales of intangible assets	–	648
Purchase of investment securities	(1)	(2)
Proceeds from sales of investment securities	0	60
Other, net	73	215
Net cash provided by (used in) investing activities	(3,595)	(9,140)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(70)	(190)
Proceeds from long-term borrowings	3,000	1,500
Repayments of long-term borrowings	(5,064)	(2,553)
Repayments of lease obligations	(143)	(117)
Purchase of treasury shares	–	(980)
Dividends paid	(2,274)	(2,141)
Other, net	(1)	(0)
Net cash provided by (used in) financing activities	(4,553)	(4,483)
Effect of exchange rate change on cash and cash equivalents	(85)	(183)
Net increase (decrease) in cash and cash equivalents	4,738	4,199
Cash and cash equivalents at beginning of period	27,786	32,525
Cash and cash equivalents at end of period	32,525	36,725