

August 6th, 2020

Junya Suzuki

Chairman of the Board, President and CEO

Nissha Co., Ltd.

Exchanges Listed: Tokyo Stock Exchanges, First Section 7915

Contact: Hayato Nishihara

Senior Executive Vice President, CFO, Director of the Board

T +81 75 811 8111

Notice of Difference between Business Forecast and Actual Results for the First Half of FY2020, Revision of the Business Forecast and Determination of Dividend (Interim Dividend) and Revision of Dividend Forecast (Year-End Dividend) for FY2020

Nissha Co., Ltd. (“the Company”) hereby announces the difference between the business forecast announced on May 13, 2020 and actual results for the first half of FY2020 (January 1, 2020 to June 30, 2020) and the revision of the business forecast for FY2020 (January 1, 2020 to December 31, 2020), as follows.

In addition, the Company announces that the Board of Directors of the Company resolved, at its meeting held on August 6, 2020, to pay dividends from retained earnings and dividend forecast for year-end was also revised.

1. Difference between consolidated business forecast and actual results in the first half of FY2020 (January 1, 2020 to June 30, 2020)

(Millions of yen, except basic earnings per share)

	Net Sales	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share (Yen)
(A) Previous Forecast	77,000	(4,000)	(4,200)	(5,200)	(104.13)
(B) Actual results	77,164	(1,242)	(1,151)	(245)	(4.91)
Changes in Amount (B) - (A)	164	2,757	3,048	4,954	
Percentage of Change (%)	0.2	—	—	—	
Reference: Results for the six months ended June 30, 2019	74,408	(6,351)	(6,726)	(6,799)	(136.23)

Reasons for the difference

Net sales progressed almost as estimated. For profit and loss, operating profit and profit before income taxes exceeded the forecast mainly due to improvements in product mix and benefits from cost reduction. In addition to these factors, profit attributable to owners of parent increased because ¥1.8 billion of income taxes payable, etc. arising from sales of investment securities classified as “financial assets measured at fair value through other comprehensive income” were recognized through other comprehensive income.

2. Revision of consolidated business forecast for FY2020 (January 1, 2020 to December 31, 2020)

(Millions of yen, except basic earnings per share)

	Net Sales	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share (Yen)
(A) Previous Forecast	166,000	(2,000)	(2,700)	(3,500)	(70.12)
(B) Revised Forecast	166,000	1,500	1,200	1,300	26.02
Changes in Amount (B) - (A)	—	3,500	3,900	4,800	
Percentage of Change (%)	—	—	—	—	
Reference: Results for the fiscal year ended December 31, 2019	174,035	(16,253)	(16,634)	(17,183)	(344.27)

(Note) In the second quarter ended June 30, 2020, the Company finalized provisional accounting treatments for business combinations, which is reflected in the relevant figures for the results of the fiscal year ended December 31, 2019.

Reasons for the Revision

There is no change in net sales from the previous forecast because demand in the Devices segment increased while demand in the Industrial Materials segment and Medical Technology segment decreased.

In terms of profit and loss, operating profit, profit before income taxes and profit attributable to owners of parent are expected to exceed the forecast respectively based on improvements in product mix and the actual results for the six months ended June 30, 2020.

3. Determination of dividend (Interim dividend) and revision of dividend forecast (Year-end dividend)

(1) Overview of dividend (Interim dividend)

	Approved amount	Most recent dividend forecast (Released May 13, 2020)	Results for fiscal year ended December 31, 2019 (Interim dividend)
Base date	June 30, 2020	Same as on left	June 30, 2019
Dividend per share	15.00 yen	Undetermined	15.00 yen
Total amount of dividends	755 million yen	—	749 million yen
Effective date	September 1, 2020	—	September 2, 2019
Dividend resource	Retained earnings	—	Retained earnings

(2) Overview of revision of dividend forecast (Year-end dividend)

	Annual dividends per share		
	2nd-quarter	Year-end	Total
Base date			
Previous forecast (Released May 13, 2020)	Undetermined	Undetermined	Undetermined
Revised forecast		15.00 yen	30.00 yen
Actual dividend	15.00 yen		
Results for fiscal year ended December 31, 2019	15.00 yen	20.00 yen	35.00 yen

(Note) Breakdown of the year-end dividend for the fiscal year ended December 31, 2019: Ordinary dividend of ¥15 and commemorative dividend of ¥5 in recognition of the 90th anniversary of the Company's foundation

(3) Reasons for the Revision

The Company's basic policy is to provide stable ongoing dividends to its shareholders in consideration of a full range of factors including its business results in the current fiscal year, business forecasts, dividend payout ratios, financial soundness and other factors. Regarding interim dividend and year-end dividend, dividend forecasts released on May 13, 2020 were "undetermined". However, the Company considered its business trends, financial conditions and other factors comprehensively, and has decided to pay an interim dividend of ¥15 per share and to revise a year-end dividend forecast per share to ¥15.

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