

Translation

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

February 12, 2021

Company name: Nittoseiko Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 5957 URL <https://www.nittoseiko.co.jp/>  
 Representative: President Masami Zaiki  
 Inquiries: Director, Accounting & Finance Division Shinichi Matsumoto TEL (0773)42-3111  
 Scheduled date of ordinary general meeting of shareholders: March 30, 2021  
 Scheduled date to file Securities Report: March 31, 2021  
 Scheduled date to commence dividend payments: March 31, 2021  
 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 December 31, 2020 (from January 1, 2020 to December 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 December 31, 2020	32,904	(5.6)	1,303	(49.8)	1,418	(50.3)	764	(60.5)
Year ended December 31, 2019	34,857	3.2	2,596	(12.1)	2,853	(10.7)	1,937	(4.6)

	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 December 31, 2020	20.78	–	2.9	3.1	4.0
Year ended December 31, 2019	52.08	–	7.5	6.4	7.5

(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, 2020	46,222	29,858	58.1	729.76
As of December 31, 2019	45,989	29,600	57.9	723.66

(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 December 31, 2020	3,321	(3,118)	(870)	8,299
Year ended December 31, 2019	2,633	476	(665)	9,012

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 December 31, 2019	–	6.00	–	6.00	12.00	448	23.0	1.7
Year ended December 31, 2020	–	4.00	–	4.50	8.50	316	40.9	1.2
Year ending December 31, 2021 (Forecast)	–	6.50	–	6.50	13.00		29.9	

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 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
Six months ending June 30, 2021	18,600	17.1	1,100	93.2	1,200	91.0	800	127.6	21.73
Full year	38,000	15.5	2,400	84.1	2,600	83.3	1,600	109.2	43.46

4. Notes

(1) Changes in significant subsidiaries during the year ended December 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 December 31, 2020	39,985,017 shares	As of December 31, 2019	39,985,017 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	3,166,909 shares	As of December 31, 2019	3,187,655 shares
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Average number of shares during the period

Year ended December 31, 2020	36,802,723 shares	Year ended December 31, 2019	37,192,274 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	10,103,958	9,287,052
Notes and accounts receivable - trade	8,574,769	8,027,676
Electronically recorded monetary claims - operating	2,745,105	2,515,482
Merchandise and finished goods	2,725,913	2,503,691
Work in process	1,926,484	2,181,590
Raw materials and supplies	1,757,580	2,231,370
Accounts receivable - other	738,358	724,253
Other	160,970	239,134
Allowance for doubtful accounts	(6,927)	(5,722)
Total current assets	28,726,212	27,704,529
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,325,406	3,618,797
Machinery, equipment and vehicles, net	2,483,487	2,334,199
Land	5,421,699	5,285,690
Construction in progress	1,150,423	1,208,096
Other, net	418,119	486,438
Total property, plant and equipment	12,799,136	12,933,221
Intangible assets		
Software	95,215	406,178
Customer related assets	36,900	80,675
Goodwill	93,459	647,406
Other	8,825	287,640
Total intangible assets	234,400	1,421,900
Investments and other assets		
Investment securities	2,131,444	1,820,031
Deferred tax assets	678,396	828,006
Retirement benefit asset	858,069	884,154
Long-term time deposits	80,000	80,000
Other	482,606	551,433
Allowance for doubtful accounts	(1,000)	(1,000)
Total investments and other assets	4,229,516	4,162,626
Total non-current assets	17,263,054	18,517,748
Total assets	45,989,266	46,222,277

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	4,290,490	4,054,768
Electronically recorded obligations - operating	2,821,609	2,619,652
Short-term borrowings	2,574,032	2,847,302
Accounts payable - other	316,517	237,115
Income taxes payable	414,457	407,441
Provision for bonuses	178,698	182,064
Other	1,478,688	1,269,967
<b>Total current liabilities</b>	<b>12,074,493</b>	<b>11,618,312</b>
<b>Non-current liabilities</b>		
Long-term borrowings	884,836	897,501
Provision for directors' retirement benefits	60,305	83,992
Provision for share-based remuneration for directors (and other officers)	35,440	40,488
Deferred tax liabilities	318,683	437,701
Retirement benefit liability	2,521,140	2,681,596
Other	493,452	604,657
<b>Total non-current liabilities</b>	<b>4,313,858</b>	<b>4,745,937</b>
<b>Total liabilities</b>	<b>16,388,352</b>	<b>16,364,250</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,522,580	3,522,580
Capital surplus	2,636,899	2,637,467
Retained earnings	22,171,998	22,565,069
Treasury shares	(1,288,779)	(1,279,736)
<b>Total shareholders' equity</b>	<b>27,042,698</b>	<b>27,445,380</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	143,993	86,514
Foreign currency translation adjustment	(479,812)	(597,824)
Remeasurements of defined benefit plans	(77,940)	(65,749)
<b>Total accumulated other comprehensive income</b>	<b>(413,760)</b>	<b>(577,058)</b>
<b>Non-controlling interests</b>	<b>2,971,975</b>	<b>2,989,706</b>
<b>Total net assets</b>	<b>29,600,913</b>	<b>29,858,027</b>
<b>Total liabilities and net assets</b>	<b>45,989,266</b>	<b>46,222,277</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	34,857,199	32,904,538
Cost of sales	26,379,593	25,263,579
Gross profit	8,477,605	7,640,959
Selling, general and administrative expenses	5,880,666	6,337,228
Operating profit	2,596,939	1,303,731
Non-operating income		
Interest income	44,968	35,582
Dividend income	17,433	16,418
Rental income	87,183	93,995
Sales scrap	32,039	15,271
Share of profit of entities accounted for using equity method	29,625	11,610
Other	193,515	208,445
Total non-operating income	404,765	381,325
Non-operating expenses		
Interest expenses	14,984	23,246
Rental costs	62,372	89,826
Foreign exchange losses	23,588	80,693
Other	46,856	73,091
Total non-operating expenses	147,803	266,857
Ordinary profit	2,853,902	1,418,199
Extraordinary income		
Gain on sales of non-current assets	134,957	1,686
Gain on sales of investment securities	49,344	45,478
Gain on step acquisitions	20,581	–
Total extraordinary income	204,883	47,164
Extraordinary losses		
Loss on disposal of non-current assets	15,707	8,214
Business restructuring expenses	71,571	–
Loss on sales of investment securities	–	103
Impairment loss	–	97,413
Total extraordinary losses	87,278	105,731
Profit before income taxes	2,971,507	1,359,632
Income taxes - current	904,849	473,637
Income taxes - deferred	(29,312)	(16,163)
Total income taxes	875,537	457,474
Profit	2,095,970	902,157
Profit attributable to non-controlling interests	158,826	137,244
Profit attributable to owners of parent	1,937,144	764,912

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	2,095,970	902,157
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,391)	(63,102)
Foreign currency translation adjustment	30,853	(150,608)
Remeasurements of defined benefit plans, net of tax	172,571	12,190
Share of other comprehensive income of entities accounted for using equity method	1,342	4,042
Total other comprehensive income	201,374	(197,477)
Comprehensive income	2,297,345	704,680
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,137,522	601,613
Comprehensive income attributable to non-controlling interests	159,822	103,066

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,522,580	2,636,899	20,704,662	(1,028,930)	25,835,211
Changes during period					
Dividends of surplus			(469,807)		(469,807)
Profit attributable to owners of parent			1,937,144		1,937,144
Purchase of treasury shares				(263,770)	(263,770)
Disposal of treasury shares				3,921	3,921
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,467,336	(259,849)	1,207,487
Balance at end of period	3,522,580	2,636,899	22,171,998	(1,288,779)	27,042,698

	Accumulated other comprehensive income				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	147,432	(511,059)	(250,511)	(614,138)	2,453,475	27,674,549
Changes during period						
Dividends of surplus						(469,807)
Profit attributable to owners of parent						1,937,144
Purchase of treasury shares						(263,770)
Disposal of treasury shares						3,921
Net changes in items other than shareholders' equity	(3,439)	31,246	172,571	200,378	518,499	718,877
Total changes during period	(3,439)	31,246	172,571	200,378	518,499	1,926,364
Balance at end of period	143,993	(479,812)	(77,940)	(413,760)	2,971,975	29,600,913

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,522,580	2,636,899	22,171,998	(1,288,779)	27,042,698
Changes during period					
Dividends of surplus			(371,841)		(371,841)
Profit attributable to owners of parent			764,912		764,912
Purchase of treasury shares				(894)	(894)
Disposal of treasury shares		567		9,938	10,505
Net changes in items other than shareholders' equity					
Total changes during period		567	393,070	9,043	402,681
Balance at end of period	3,522,580	2,637,467	22,565,069	(1,279,736)	27,445,380

	Accumulated other comprehensive income				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	143,993	(479,812)	(77,940)	(413,760)	2,971,975	29,600,913
Changes during period						
Dividends of surplus					–	(371,841)
Profit attributable to owners of parent					–	764,912
Purchase of treasury shares					–	(894)
Disposal of treasury shares					–	10,505
Net changes in items other than shareholders' equity	(57,478)	(118,011)	12,190	(163,298)	17,730	(145,567)
Total changes during period	(57,478)	(118,011)	12,190	(163,298)	17,730	257,113
Balance at end of period	86,514	(597,824)	(65,749)	(577,058)	2,989,706	29,858,027



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,971,507	1,359,632
Depreciation	1,036,652	1,176,945
Impairment loss	–	97,413
Increase (decrease) in provision for bonuses	6,309	(64,904)
Increase (decrease) in retirement benefit liability	47,507	(42,497)
Decrease (increase) in retirement benefit asset	(115,436)	(3,226)
Interest and dividend income	(62,401)	(52,001)
Interest expenses	14,984	23,246
Share of loss (profit) of entities accounted for using equity method	(29,625)	(11,610)
Business restructuring expenses	71,571	–
Gain on bargain purchase	–	–
Loss (gain) on sales of investment securities	(49,344)	(45,374)
Loss (gain) on disposal of non-current assets	15,707	8,214
Loss (gain) on sales of non-current assets	(134,957)	(1,686)
Loss (gain) on step acquisitions	(20,581)	–
Decrease (increase) in trade receivables	402,081	1,466,251
Decrease (increase) in inventories	27,837	506,530
Increase (decrease) in trade payables	111,243	(637,304)
Increase (decrease) in accrued consumption taxes	62,520	(31,548)
Increase (decrease) in accrued expenses	(19,274)	(3,340)
Other, net	(659,143)	49,606
Subtotal	3,677,157	3,794,347
Interest and dividends received	65,272	53,146
Interest paid	(14,996)	(23,252)
Business structure improvement expenses paid	(71,571)	–
Income taxes paid	(1,022,324)	(502,926)
Net cash provided by (used in) operating activities	2,633,537	3,321,315
Cash flows from investing activities		
Payments into time deposits	(448,494)	(463,647)
Proceeds from withdrawal of time deposits	2,416,785	547,040
Purchase of property, plant and equipment	(1,755,067)	(1,457,103)
Proceeds from sales of property, plant and equipment	140,532	24,570
Payments for retirement of property, plant and equipment	(15,707)	(8,409)
Purchase of investment securities	(114,889)	(4,734)
Proceeds from sales of investment securities	108,482	115,547
Proceeds from redemption of investment securities	200,000	190,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,986,378)
Payments for acquisition of businesses	–	–
Loan advances	(1,000)	(1,260)
Collection of loans receivable	2,601	4,284
Other, net	(56,313)	(78,025)
Net cash provided by (used in) investing activities	476,929	(3,118,116)

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	82,000	(405,000)
Proceeds from long-term borrowings	430,640	395,294
Repayments of long-term borrowings	(261,066)	(386,499)
Proceeds from sales of treasury shares	3,921	9,938
Purchase of treasury shares	(261,831)	(136)
Dividends paid	(469,807)	(371,841)
Dividends paid to non-controlling interests	(161,333)	(87,116)
Other, net	(27,980)	(25,355)
Net cash provided by (used in) financing activities	(665,457)	(870,717)
Effect of exchange rate change on cash and cash equivalents	(18,818)	(45,162)
Net increase (decrease) in cash and cash equivalents	2,426,191	(712,681)
Cash and cash equivalents at beginning of period	6,055,169	9,012,114
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	530,753	–
Cash and cash equivalents at end of period	9,012,114	8,299,433