

Consolidated Financial Results
For the Fiscal Year Ended March 31, 2020
(Japanese GAAP)



May 25, 2020

Tokyo Stock Exchanges in Japan

Company name : NHK SPRING CO., LTD.
 Code number : 5991
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Date of the annual general shareholder's meeting : June 25, 2020
 Payment date of cash dividends : June 26, 2020
 Filing date of financial statements : June 26, 2020
 Supplemental materials prepared for financial results : Yes
 Earnings announcement for financial results : No

(Amounts less than one million yen are rounded down)

1. Consolidated Results for Fiscal Year 2020 (April 1, 2019 through March 31, 2020)

(1) Consolidated Financial Results (Percentage indicates change from the previous fiscal year)

	Net sales		Operating income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020	664,499	(2.4)	20,715	(22.3)	21,266	(32.4)	4,612	(35.1)
FY2019	681,006	3.2	26,650	(25.0)	31,457	(13.6)	7,104	(65.3)

Note: Comprehensive income : FY2020 (2,019) million yen ((11.2) %) FY2019 △ 2,273 million yen (— %)

	Net income per share, Basic	Net income per share, Diluted	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
FY2020	19.46	—	1.7	3.8	3.1
FY2019	29.97	28.85	2.5	5.5	3.9

Reference: Equity in earnings (losses) of affiliates

: FY2020 983 million yen FY2019 1,103 million yen

Note: Diluted earnings per share for FY2020 are not presented because of no dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2020	532,615	286,553	50.9	1,151.04
FY2019	573,198	296,061	49.0	1,185.77

Reference: Shareholders' equity (Net assets excluding non-controlling interests)

: FY2020 270,988 million yen FY2019 281,134 million yen

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash provided by investing activities	Net cash provided by financing activities	Cash & cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2020	36,621	(45,809)	(16,950)	74,314
FY2019	36,794	(42,299)	7,327	98,403

2. Dividends

	Cash dividends per share					Amount of dividends paid (Annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2019	—	12.00	—	12.00	24.00	5,690	80.1	2.0
FY2020	—	12.00	—	5.00	17.00	4,022	87.3	1.5
FY2021 (Forecast)	—	—	—	—	—	—	—	—

Note: Dividend forecast for the fiscal year ending March 31, 2021 is currently undetermined.

3. Forecast of Consolidated Results for Fiscal Year 2021 (April 1, 2020 through March 31, 2021)

The consolidated financial forecast for the fiscal year ending in March 2021 is currently undetermined because it is difficult to estimate the impacts of COVID-19 in a rational manner. The company will promptly announce the forecast when it becomes possible to disclose it.

4. Others

(1) Changes of significant subsidiaries in fiscal year 2020 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)

(2) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements

- [1] Changes due to revisions of accounting standards : Yes
 [2] Changes due to other reasons : No
 [3] Changes of estimation due to accounting issues : No
 [4] Restatements : No

(3) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares	As of March 31, 2020	244,066,144 shares	As of March 31, 2019	244,066,144 shares
[2] Number of treasury stock	As of March 31, 2020	8,637,279 shares	As of March 31, 2019	6,975,024 shares
[3] Average number of shares	FY2020	236,957,766 shares	FY2019	237,091,403 shares

(Reference) Non-consolidated Financial Results Highlights (April 1, 2019 through March 31, 2020)

(1) Non-consolidated Financial Results (Percentage indicates change from the previous fiscal year)

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020	300,149	(4.0)	6,974	(32.6)	10,155	(50.3)	(6,807)	—
FY2019	312,799	6.4	10,351	(17.0)	20,453	0.6	6,516	(52.8)

	Net income per share, Basic	Net income per share, Diluted
	Yen	Yen
FY2020	(28.73)	—
FY2019	27.49	26.46

Note: Diluted earnings per share for FY2020 are not presented because of the current net loss and no dilutive shares.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2020	338,273	155,289	45.9	659.60
FY2019	383,211	175,318	45.7	739.46

Reference: Shareholders' equity : FY2020 155,289 million yen FY2019 175,318 million yen

* This earnings report is out of the scope of Audit by Independent Auditor.

* Explanation about appropriate use of the financial results forecasts, and other noteworthy matters

The consolidated financial forecast for the fiscal year ending in March 2021 is currently undetermined because it is difficult to estimate the impacts of COVID-19 in a rational manner. The company will promptly announce the forecast when it becomes possible to disclose it.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2019 (As of 31 March, 2019)	FY2020 (As of 31 March, 2020)
Assets		
Current assets		
Cash and deposits	98,573	74,593
Notes and accounts receivable - trade	139,689	134,315
Merchandise and finished goods	19,959	20,236
Work in process	9,888	9,412
Raw materials and supplies	18,785	18,016
Partly-finished goods	6,058	7,119
Other	25,417	20,865
Allowance for doubtful accounts	(117)	(136)
Total current assets	318,254	284,423
Non-current assets		
Property, plant and equipment		
Buildings and structures	148,399	153,589
Accumulated depreciation	(95,447)	(97,106)
Buildings and structures, net	52,952	56,483
Machinery, equipment and vehicles	249,525	261,246
Accumulated depreciation	(196,022)	(200,100)
Machinery, equipment and vehicles, net	53,502	61,146
Land	31,006	31,149
Leased assets	1,373	1,427
Accumulated depreciation	(714)	(753)
Leased assets, net	658	674
Construction in progress	25,088	19,943
Other	73,319	77,904
Accumulated depreciation	(63,689)	(66,997)
Other, net	9,630	10,906
Total property, plant and equipment	172,839	180,302
Intangible assets	2,902	3,187
Investments and other assets		
Investment securities	55,214	42,853
Long-term loans receivable	3,995	2,760
Deferred tax assets	8,161	9,081
Net defined benefit asset	4,669	1,941
Other	7,936	9,117
Allowance for doubtful accounts	(775)	(1,052)
Total investments and other assets	79,201	64,701
Total non-current assets	254,944	248,192
Total assets	573,198	532,615

	(Unit: Millions of yen)	
	FY2019	FY2020
	(As of 31 March, 2019)	(As of 31 March, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	84,003	78,999
Electronically recorded obligations - operating	43,301	37,880
Short-term loans payable	18,418	20,363
Income taxes payable	2,933	3,038
Provision for directors' bonuses	269	236
Notes payable - facilities	7,308	3,380
Current portion of convertible bond-type bonds with subscription rights to shares	11,099	-
Other	43,899	35,000
Total current liabilities	211,234	178,899
Non-current liabilities		
Long-term loans payable	32,697	33,228
Lease obligations	537	547
Deferred tax liabilities	7,356	3,811
Net defined benefit liability	19,394	23,190
Provision for directors' retirement benefits	586	615
Provision for officers' retirement benefits	779	875
Other	4,550	4,893
Total non-current liabilities	65,902	67,162
Total liabilities	277,137	246,061
Net assets		
Shareholders' equity		
Capital stock	17,009	17,009
Capital surplus	19,579	19,579
Retained earnings	228,016	227,062
Treasury stock	(7,517)	(8,868)
Total shareholders' equity	257,087	254,782
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,349	14,642
Foreign currency translation adjustment	5,625	8,117
Remeasurements of defined benefit plans	(2,927)	(6,555)
Total accumulated other comprehensive income	24,047	16,205
Non-controlling interests	14,926	15,565
Total net assets	296,061	286,553
Total liabilities and net assets	573,198	532,615

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statements of Income)

(Unit: Millions of yen)

	FY2019 (For the year ended March 31, 2019)	FY2020 (For the year ended March 31, 2020)
Net sales	681,006	664,499
Cost of sales	608,053	596,787
Gross profit	72,953	67,712
Selling, general and administrative expenses	46,302	46,996
Operating income	26,650	20,715
Non-operating income		
Interest income	1,011	870
Dividend income	1,553	1,851
Share of profit of entities accounted for using equity method	1,103	983
Real estate rent	626	618
Foreign exchange gains	961	—
Other	1,565	1,998
Total non-operating income	6,821	6,323
Non-operating expenses		
Interest expenses	296	303
Foreign exchange losses	—	3,866
Other	1,718	1,602
Total non-operating expenses	2,014	5,772
Ordinary income	31,457	21,266
Extraordinary income		
Gain on sales of non-current assets	1,400	—
Total extraordinary income	1,400	—
Extraordinary losses		
Impairment loss	11,525	4,687
Loss on valuation of investment securities	449	467
Loss on valuation of shares of subsidiaries and associates	611	694
Loss of antitrust law	155	3,202
Total extraordinary losses	12,740	9,052
Profit before income taxes	20,116	12,213
Income taxes - current	10,287	6,258
Income taxes - deferred	1,033	87
Total income taxes	11,320	6,345
Profit	8,796	5,868
Profit attributable to non-controlling interests	1,691	1,256
Profit attributable to owners of parent	7,104	4,612

(Consolidated Statements of Comprehensive Income)

	(Unit: Millions of yen)	
	FY2019 (For the year ended March 31, 2019)	FY2020 (For the year ended March 31, 2020)
Profit	8,796	5,868
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,610)	(6,733)
Foreign currency translation adjustment	(2,072)	2,954
Remeasurements of defined benefit plans, net of tax	(2,212)	(3,719)
Share of other comprehensive income of entities accounted for using equity method	(174)	(388)
Total other comprehensive income	(11,069)	(7,887)
Comprehensive income	(2,273)	(2,019)
Comprehensive income attributable to:		
Owners of parent	(3,604)	(3,229)
Non-controlling interests	1,331	1,210

(3) Consolidated Statement of Changes in Net Assets
FY2019 (April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	17,009	19,579	229,163	(7,516)	258,235
Changes of items during period					
Dividends of surplus			(5,690)		(5,690)
Profit attributable to owners of parent			7,104		7,104
Change of scope of consolidation			(2,561)		(2,561)
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					—
Change in treasury shares of parent arising from transactions with non-controlling shareholders		0			0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	(1,147)	(0)	(1,147)
Balance at end of current period	17,009	19,579	228,016	(7,517)	257,087

	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 current period	27,935	7,355	(688)	34,601	14,811	307,648
Changes of items during period						
Dividends of surplus						(5,690)
Profit attributable to owners of parent						7,104
Change of scope of consolidation						(2,561)
Purchase of treasury stock						(0)
Disposal of treasury stock						—
Change in treasury shares of parent arising from transactions with non-controlling shareholders						0
Net changes of items other than shareholders' equity	(6,585)	(1,730)	(2,239)	(10,554)	115	(10,439)
Total changes of items during period	(6,585)	(1,730)	(2,239)	(10,554)	115	(11,587)
Balance at end of current period	21,349	5,625	(2,927)	24,047	14,926	296,061

FY2020 (April 1, 2019 to March 31, 2020)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	17,009	19,579	228,016	(7,517)	257,087
Changes of items during period					
Dividends of surplus			(5,690)		(5,690)
Profit attributable to owners of parent			4,612		4,612
Change of scope of consolidation			123		123
Purchase of treasury stock				(1,350)	(1,350)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	(954)	(1,350)	(2,304)
Balance at end of current period	17,009	19,579	227,062	(8,868)	254,782

	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 current period	21,349	5,625	(2,927)	24,047	14,926	296,061
Changes of items during period						
Dividends of surplus						(5,690)
Profit attributable to owners of parent						4,612
Change of scope of consolidation						123
Purchase of treasury stock						(1,350)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	(6,706)	2,492	(3,627)	(7,841)	638	(7,202)
Total changes of items during period	(6,706)	2,492	(3,627)	(7,841)	638	(9,507)
Balance at end of current period	14,642	8,117	(6,555)	16,205	15,565	286,553

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2019 (For the year ended March 31, 2019)	FY2020 (For the year ended March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	20,116	12,213
Depreciation	25,001	26,408
Impairment loss	11,525	4,687
Increase or decrease in net defined benefit asset and liability	(568)	507
Interest and dividend income	(2,564)	(2,722)
Interest expenses	296	303
Foreign exchange losses (gains)	(990)	3,135
Share of (profit) loss of entities accounted for using equity method	(1,103)	(983)
Loss (gain) on sales and retirement of property, plant and equipment	(1,169)	44
Decrease (increase) in notes and accounts receivable - trade	6,675	8,980
Decrease (increase) in inventories	(5,416)	348
Increase (decrease) in notes and accounts payable - trade	(3,713)	(13,604)
Other, net	128	819
Subtotal	48,217	40,139
Interest and dividend income received	2,584	3,206
Interest expenses paid	(286)	(302)
Income taxes paid	(13,720)	(6,421)
Net cash provided by (used in) operating activities	36,794	36,621
Cash flows from investing activities		
Decrease (increase) in time deposits	71	(95)
Purchase of property, plant and equipment	(36,995)	(46,691)
Proceeds from sales of property, plant and equipment	1,645	1,392
Purchase of intangible assets	(584)	(727)
Purchase of investment securities	(4,849)	(21)
Proceeds from sales of investment securities	0	22
Payments of loans receivable	(2,086)	(450)
Collection of loans receivable	620	596
Other, net	(120)	166
Net cash provided by (used in) investing activities	(42,299)	(45,809)

Cash flows from financing activities		
Proceeds from short-term loans payable	1,111	1,317
Repayments of short-term loans payable	(2,625)	(149)
Proceeds from long-term loans payable	25,000	18,600
Repayments of long-term loans payable	(10,972)	(16,133)
Proceeds from issuance of commercial papers	20,000	28,000
Redemption of commercial papers	(18,000)	(30,000)
Redemption of convertible bond-type bonds with subscription rights to shares	—	(10,646)
Purchase of treasury stock	—	(0)
Proceeds from sales of treasury stock	(0)	(1,350)
Repayments of lease obligations	(280)	(327)
Cash dividends paid	(5,690)	(5,690)
Dividends paid to non-controlling interests	(1,214)	(571)
Net cash provided by (used in) financing activities	7,327	(16,950)
Effect of exchange rate change on cash and cash equivalents	932	993
Net increase (decrease) in cash and cash equivalents	2,755	(25,145)
Cash and cash equivalents at beginning of period	95,007	98,403
Increase in cash and cash equivalents from newly consolidated subsidiary	640	844
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	212
Cash and cash equivalents at end of period	98,403	74,314