

Consolidated Financial Results

For the Second Quarter of the Fiscal Year Ending March 31, 2021 (Japanese GAAP)



November 5, 2020

Tokyo Stock Exchanges in Japan

Company name : NHK SPRING CO., LTD.
 Code number : 5991
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Filing date of quarterly securities report : November 6, 2020
 Payment date of cash dividends : December 2, 2020
 Supplemental materials prepared for financial results : Yes
 Earnings announcement for financial results : Yes(Intended for securities analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated Results for the Second Quarter of Fiscal Year 2021 (April 1, 2020 through September 30, 2020)

(1) Consolidated Financial Results (Percentage indicates change from the same period of 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	%
FY2021 2nd quarter	236,254	(27.0)	(8,816)	—	(9,720)	—	(7,979)	—
FY2020 2nd quarter	323,712	(3.6)	6,058	(60.5)	5,411	(70.8)	(149)	—

Note: Comprehensive income : FY2021 2nd quarter (8,952) million yen (— %) FY2020 2nd quarter (865) million yen (— %)

	Net income per share, Basic	Net income per share, Diluted
	Yen	Yen
FY2021 2nd quarter	(34.08)	—
FY2020 2nd quarter	(0.63)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
FY2021 2nd quarter	526,603	274,817	49.3
FY2020	532,615	286,553	50.9

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

: FY2021 2nd quarter 259,589 million yen FY2020 270,988 million yen

2. Dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2020	—	12.00	—	5.00	17.00
FY2021	—	5.00	—	—	—
FY2021 (Forecast)	—	—	—	—	—

Notes 1. Revisions to the forecast of dividends since the latest announcement: Yes

2. Forecasts of year-end dividend for FY2021 are currently undecided.

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

(Percentage indicates change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share, Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	575,000	(13.5)	2,500	(87.9)	3,000	(85.9)	1,000	(78.3)	4.28

Note: Revisions to the forecast of consolidated results since the latest announcement: Yes

4. Others

- (1) Changes of significant subsidiaries in the second quarter of fiscal year 2021 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : No
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements
- [1] Changes due to revisions of accounting standards : No
 - [2] Changes due to other reasons : No
 - [3] Changes of estimation due to accounting issues : No
 - [4] Restatements : No

(4) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares	As of September 30, 2020	244,066,144 shares	As of March 31, 2020	244,066,144 shares
[2] Number of treasury stock	As of September 30, 2020	10,487,629 shares	As of March 31, 2020	8,637,279 shares
[3] Average number of shares	2nd quarter of FY2021	234,112,465 shares	2nd quarter of FY2020	237,090,995 shares

* This quarterly report is out of the scope of the quarterly review.

* Explanation about appropriate use of the financial results forecasts, and other noteworthy matters
Statements related to the future, including the forecast of financial results, were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.

Quarterly consolidated Financial Statements

(1) Quarterly consolidated Balance Sheets

(Unit: Millions of yen)

	FY2020 (As of 31 March, 2020)	FY2021 (As of 30 September, 2020)
Assets		
Current assets		
Cash and deposits	74,593	90,533
Notes and accounts receivable - trade	134,315	114,538
Merchandise and finished goods	20,236	18,037
Work in process	9,412	9,860
Raw materials and supplies	18,016	18,350
Partly-finished goods	7,119	7,609
Other	20,865	19,605
Allowance for doubtful accounts	(136)	(63)
Total current assets	284,423	278,473
Non-current assets		
Property, plant and equipment		
Buildings and structures	153,589	153,402
Accumulated depreciation	(97,106)	(98,392)
Buildings and structures, net	56,483	55,010
Machinery, equipment and vehicles	261,246	265,542
Accumulated depreciation	(200,100)	(202,603)
Machinery, equipment and vehicles, net	61,146	62,939
Land	31,149	29,428
Leased assets	1,427	1,491
Accumulated depreciation	(753)	(817)
Leased assets, net	674	673
Construction in progress	19,943	18,506
Other	77,904	78,501
Accumulated depreciation	(66,997)	(67,955)
Other, net	10,906	10,546
Total property, plant and equipment	180,302	177,104
Intangible assets	3,187	3,019
Investments and other assets		
Investment securities	42,853	44,385
Long-term loans receivable	2,760	2,493
Deferred tax assets	9,081	9,945
Net defined benefit asset	1,941	2,386
Other	9,117	10,053
Allowance for doubtful accounts	(1,052)	(1,259)
Total investments and other assets	64,701	68,005
Total non-current assets	248,192	248,129
Total assets	532,615	526,603

(Unit: Millions of yen)

	FY2020 (As of 31 March, 2020)	FY2021 (As of 30 September, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	78,999	65,803
Electronically recorded obligations - operating	37,880	24,926
Short-term loans payable	20,363	63,480
Income taxes payable	3,038	2,019
Provision for directors' bonuses	236	149
Notes payable - facilities	3,380	2,242
Other	35,000	32,790
Total current liabilities	178,899	191,413
Non-current liabilities		
Long-term loans payable	33,228	27,302
Lease obligations	547	559
Deferred tax liabilities	3,811	2,870
Net defined benefit liability	23,190	23,308
Provision for directors' retirement benefits	615	575
Provision for officers' retirement benefits	875	951
Other	4,893	4,803
Total non-current liabilities	67,162	60,371
Total liabilities	246,061	251,785
Net assets		
Shareholders' equity		
Capital stock	17,009	17,009
Capital surplus	19,579	19,579
Retained earnings	227,062	217,905
Treasury stock	(8,868)	(10,209)
Total shareholders' equity	254,782	244,285
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,642	16,322
Foreign currency translation adjustment	8,117	5,201
Remeasurements of defined benefit plans	(6,555)	(6,220)
Total accumulated other comprehensive income	16,205	15,303
Non-controlling interests	15,565	15,228
Total net assets	286,553	274,817
Total liabilities and net assets	532,615	526,603

(2) Quarterly consolidated Statement of Comprehensive Income
(Quarterly consolidated Statements of Income)
(Six Months Ended September 30, 2020)

(Unit: Millions of yen)

	FY2020 (6 months ended September 30, 2019)	FY2021 (6 months ended September 30, 2020)
Net sales	323,712	236,254
Cost of sales	294,306	223,068
Gross profit	29,406	13,185
Selling, general and administrative expenses	23,347	22,002
Operating profit (loss)	6,058	(8,816)
Non-operating income		
Interest income	461	304
Dividend income	864	685
Subsidy income	10	1,025
Other	1,453	1,351
Total non-operating income	2,789	3,366
Non-operating expenses		
Interest expenses	148	181
Share of loss of entities accounted for using equity method	—	90
Shutdown losses	—	297
Foreign exchange losses	2,555	1,659
Other	732	2,041
Total non-operating expenses	3,436	4,270
Ordinary profit (loss)	5,411	(9,720)
Extraordinary losses		
Loss of antitrust law	3,134	—
Total extraordinary losses	3,134	—
Profit (Loss) before income taxes	2,276	(9,720)
Income taxes - current	1,918	(1,926)
Profit (Loss)	358	(7,793)
Profit attributable to non-controlling interests	508	185
Loss attributable to owners of parent	(149)	(7,979)

(Consolidated Statements of Comprehensive Income)
(Six Months Ended September 30, 2020)

	(Unit: Millions of yen)	
	FY2020 (6 months ended September 30, 2019)	FY2021 (6 months ended September 30, 2020)
Profit(Loss)	358	(7,793)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,596)	1,686
Foreign currency translation adjustment	461	(2,845)
Remeasurements of defined benefit plans, net of tax	148	349
Share of other comprehensive income of entities accounted for using equity method	(238)	(349)
Total other comprehensive income	(1,224)	(1,158)
Comprehensive income	(865)	(8,952)
Comprehensive income attributable to:		
Owners of parent	(1,332)	(8,881)
Non-controlling interests	466	(71)

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2020 (6 months ended September 30, 2019)	FY2021 (6 months ended September 30, 2020)
Cash flows from operating activities		
Profit before income taxes	2,276	(9,720)
Depreciation	12,343	13,007
Provision for loss on anti-monopoly act	3,134	—
Increase or decrease in net defined benefit asset and liability	(1,505)	466
Interest and dividend income	(1,325)	(989)
Interest expenses	148	181
Foreign exchange losses (gains)	904	(472)
Share of (profit) loss of entities accounted for using equity method	(404)	90
Loss (gain) on sales and retirement of property, plant and equipment	87	(95)
Decrease (increase) in notes and accounts receivable - trade	16,527	17,610
Decrease (increase) in inventories	1,064	160
Increase (decrease) in notes and accounts payable - trade	(14,349)	(24,984)
Other, net	2,811	4,893
Subtotal	21,712	148
Interest and dividend income received	1,666	1,268
Interest expenses paid	(172)	(167)
Income taxes paid	(2,991)	(1,772)
Net cash provided by (used in) operating activities	20,215	(522)
Cash flows from investing activities		
Purchase of property, plant and equipment	(27,796)	(14,941)
Proceeds from sales of property, plant and equipment	126	1,939
Purchase of intangible assets	(157)	(113)
Purchase of investment securities	(10)	(14)
Payments of loans receivable	(174)	(807)
Collection of loans receivable	117	188
Other, net	48	92
Net cash provided by (used in) investing activities	(27,846)	(13,656)

Cash flows from financing activities		
Proceeds from short-term loans payable	1,180	42,000
Repayments of short-term loans payable	(47)	(1,571)
Proceeds from long-term loans payable	11,500	5,000
Repayments of long-term loans payable	(9,567)	(8,246)
Proceeds from issuance of commercial papers	16,000	8,000
Redemption of commercial papers	(14,000)	(12,000)
Redemption of convertible bond-type bonds with subscription rights to shares	(10,646)	—
Purchase of treasury stock	(0)	(1,340)
Proceeds from sales of treasury stock	—	0
Repayments of lease obligations	(203)	(219)
Cash dividends paid	(2,845)	(1,177)
Dividends paid to non-controlling interests	(318)	(260)
Net cash provided by (used in) financing activities	(8,947)	30,184
Effect of exchange rate change on cash and cash equivalents	372	(31)
Net increase (decrease) in cash and cash equivalents	(16,205)	15,973
Cash and cash equivalents at beginning of period	98,407	74,314
Increase in cash and cash equivalents resulting from subsidiaries newly included in consolidation	844	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	212	—
Cash and cash equivalents at end of period	83,259	90,288