



Consolidated Financial Results for the Year Ended December 31, 2020 [Japanese GAAP]

February 10, 2021

Company name: NittsuSystem Co., Ltd.

Stock exchange listing: Tokyo

Code number: 4013

URL: <https://www.nittsusystem.co.jp/>

Representative: Minoru Kamura

President

Contact: Shinichi Tanaka

Executive Officer

Phone: 052-249-9200

Scheduled date of Annual General Meeting of Shareholders: March 26, 2021

Scheduled date of commencing dividend payments: March 29, 2021

Scheduled date of filing annual securities report: March 29, 2021

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 (January 01, 2020 to December 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2020	3,432	7.7	562	22.4	511	11.2	329	(0.8)
December 31, 2019	3,188	16.1	459	42.0	459	42.0	332	40.2

(Note) Comprehensive income: Fiscal year ended December 31, 2020: ¥ 328 million [(0.9) %]
Fiscal year ended December 31, 2019: ¥ 331 million [40.1 %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2020	40.48	-	5.7	7.6	16.4
December 31, 2019	46.48	-	23.2	19.1	14.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2020: ¥ million
Fiscal year ended December 31, 2019: ¥ million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2020	10,984	9,896	90.1	949.76
December 31, 2019	2,540	1,587	62.5	222.18

(Reference) Equity: As of December 31, 2020: ¥ 9,896 million
As of December 31, 2019: ¥ 1,587 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2020	686	(96)	7,935	9,153
December 31, 2019	545	(285)	(108)	626

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2019	-	0.00	-	15.00	15.00	21	6.5	1.5
December 31, 2020	-	0.00	-	20.00	20.00	208	63.3	3.6
Fiscal year ending December 31, 2021 (Forecast)	-	0.00	-	17.00	17.00		30.9	

(Note) Breakdown of the year-end dividend for the fiscal year ended December 31, 2020 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2021 (January 01, 2021 to December 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended June 30, 2021	1,916	8.5	161	(53.4)	162	(53.2)	113	(50.4)	10.85
Full year	4,415	28.6	827	47.1	827	61.7	574	74.3	55.09

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

December 31, 2020:	10,420,000 shares
December 31, 2019:	7,145,000 shares

2) Total number of treasury shares at the end of the period:

December 31, 2020:	- shares
December 31, 2019:	- shares

3) Average number of shares during the period:

Fiscal Year ended December 31, 2020:	8,136,256 shares
Fiscal Year ended December 31, 2019:	7,145,000 shares

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2019	As of December 31,2020
Assets		
Current assets		
Cash and deposits	857,613	9,234,228
Notes and accounts receivable - trade	546,924	587,143
Inventories	90,957	67,688
Other	58,008	56,484
Allowance for doubtful accounts	(9)	-
Current assets	1,553,493	9,945,545
Non-current assets		
Property, plant and equipment		
Buildings and structures	120,778	124,971
Accumulated depreciation	(105,862)	(108,502)
Buildings and structures, net	14,916	16,468
Machinery, equipment and vehicles	21,443	21,443
Accumulated depreciation	(9,154)	(13,399)
Machinery, equipment and vehicles, net	12,288	8,043
Tools, furniture and fixtures	378,793	475,617
Accumulated depreciation	(232,483)	(292,396)
Tools, furniture and fixtures, net	146,310	183,221
Land	165,005	165,005
Property, plant and equipment	338,520	372,739
Intangible assets		
Software	243,081	118,970
Software in progress	135,184	261,938
Other	1,856	1,856
Intangible assets	380,122	382,766
Investments and other assets		
Investment securities	1,721	1,713
Deferred tax assets	65,014	65,013
Leasehold and guarantee deposits	163,655	180,344
Other	38,861	37,410
Allowance for doubtful accounts	(1,220)	(1,220)
Investments and other assets	268,032	283,262
Non-current assets	986,675	1,038,768
Assets	2,540,169	10,984,313

(Thousand yen)

	As of December 31,2019	As of December 31,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	56,454	71,397
Current portion of long-term borrowings	55,254	44,592
Accounts payable - other	111,817	98,996
Income taxes payable	81,400	181,915
Unearned revenue	215,733	224,721
Other	182,669	183,340
Current liabilities	703,329	804,964
Non-current liabilities		
Long-term borrowings	88,280	94,451
Provision for retirement benefits for directors (and other officers)	46,437	50,976
Retirement benefit liability	99,248	120,408
Asset retirement obligations	14,410	17,036
Other	1,000	-
Non-current liabilities	249,376	282,872
Liabilities	952,705	1,087,836
Net assets		
Shareholders' equity		
Share capital	98,400	4,099,300
Capital surplus	55,550	4,056,450
Retained earnings	1,430,359	1,738,240
Shareholders' equity	1,584,309	9,893,990
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(15)	(34)
Foreign currency translation adjustment	3,169	2,521
Valuation and translation adjustments	3,154	2,486
Net assets	1,587,463	9,896,477
Liabilities and net assets	2,540,169	10,984,313

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended December 31, 2019	For the fiscal year ended December 31, 2020
Net sales	3,188,571	3,432,574
Cost of sales	1,127,278	1,162,942
Gross profit	2,061,292	2,269,632
Selling, general and administrative expenses	1,601,959	1,707,344
Operating profit	459,333	562,287
Non-operating income		
Interest income	94	92
Surrender value of insurance policies	2,173	4,782
Other	539	69
Total non-operating income	2,808	4,944
Non-operating expenses		
Interest expenses	454	328
Share issuance costs	-	40,563
Going public expenses	-	12,133
Foreign exchange losses	1,630	2,397
Other	255	429
Total non-operating expenses	2,339	55,852
Ordinary profit	459,801	511,379
Extraordinary income		
Gain on sales of non-current assets	2,743	-
Total extraordinary income	2,743	-
Extraordinary losses		
Loss on retirement of non-current assets	237	-
Total extraordinary losses	237	-
Profit before income taxes	462,308	511,379
Income taxes - current	136,580	182,071
Income taxes - deferred	(6,346)	(8)
Total income taxes	130,233	182,063
Profit	332,074	329,315
Profit attributable to owners of parent	332,074	329,315

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended December 31,2019	For the fiscal year ended December 31,2020
Profit	332,074	329,315
Other comprehensive income		
Valuation difference on available-for-sale securities	11	(18)
Foreign currency translation adjustment	(335)	(648)
Total other comprehensive income	(324)	(667)
Comprehensive income	331,750	328,648
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	331,750	328,648

Consolidated Statements of Changes in Net Assets

For the fiscal year ended December 31,2019

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	98,400	55,550	1,119,720	1,273,670
Changes during period				
Issuance of new shares				-
Dividends of surplus			(21,435)	(21,435)
Profit attributable to owners of parent			332,074	332,074
Net changes in items other than shareholders' equity				
Total changes during period	-	-	310,639	310,639
Balance at end of period	98,400	55,550	1,430,359	1,584,309

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(27)	3,505	3,478	1,277,148
Changes during period				
Issuance of new shares				-
Dividends of surplus				(21,435)
Profit attributable to owners of parent				332,074
Net changes in items other than shareholders' equity	11	(335)	(324)	(324)
Total changes during period	11	(335)	(324)	310,315
Balance at end of period	(15)	3,169	3,154	1,587,463

For the fiscal year ended December 31,2020

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	98,400	55,550	1,430,359	1,584,309
Changes during period				
Issuance of new shares	4,000,900	4,000,900		8,001,800
Dividends of surplus			(21,435)	(21,435)
Profit attributable to owners of parent			329,315	329,315
Net changes in items other than shareholders' equity				
Total changes during period	4,000,900	4,000,900	307,880	8,309,680
Balance at end of period	4,099,300	4,056,450	1,738,240	9,893,990

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(15)	3,169	3,154	1,587,463
Changes during period				
Issuance of new shares				8,001,800
Dividends of surplus				(21,435)
Profit attributable to owners of parent				329,315
Net changes in items other than shareholders' equity	(18)	(648)	(667)	(667)
Total changes during period	(18)	(648)	(667)	8,309,013
Balance at end of period	(34)	2,521	2,486	9,896,477

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended December 31,2019	For the fiscal year ended December 31,2020
Cash flows from operating activities		
Profit before income taxes	462,308	511,379
Depreciation	251,470	194,301
Increase (decrease) in allowance for doubtful accounts	(131)	(9)
Interest and dividend income	(94)	(92)
Interest expenses	454	328
Share issuance costs	-	40,563
Loss (gain) on disposal of non-current assets	(2,743)	-
Loss on retirement of non-current assets	237	-
Decrease (increase) in trade receivables	(39,543)	(39,548)
Decrease (increase) in inventories	(20,192)	23,309
Increase (decrease) in trade payables	(39,219)	14,762
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5,272	4,538
Increase (decrease) in retirement benefit liability	15,077	21,160
Increase (decrease) in unearned revenue	14,315	8,987
Increase (decrease) in accounts payable - other, and accrued expenses	26,141	(18,929)
Increase (decrease) in accrued consumption taxes	12,280	24,464
Other, net	21,066	(16,747)
Subtotal	706,697	768,467
Interest and dividends received	92	89
Interest paid	(450)	(327)
Income taxes paid	(160,517)	(81,563)
Net cash provided by (used in) operating activities	545,821	686,666
Cash flows from investing activities		
Purchase of property, plant and equipment	(117,586)	(99,367)
Proceeds from sales of property, plant and equipment	3,510	-
Purchase of intangible assets	(125,765)	(130,146)
Decrease (increase) in time deposits	(33,607)	150,340
Other, net	(11,585)	(16,883)
Net cash provided by (used in) investing activities	(285,035)	(96,056)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	98,000
Repayments of long-term borrowings	(87,497)	(102,491)
Proceeds from issuance of shares	-	7,961,236
Dividends paid	(21,435)	(21,435)
Net cash provided by (used in) financing activities	(108,932)	7,935,310
Effect of exchange rate change on cash and cash equivalents	2,351	1,035
Net increase (decrease) in cash and cash equivalents	154,205	8,526,955
Cash and cash equivalents at beginning of period	472,258	626,463
Cash and cash equivalents at end of period	626,463	9,153,419