

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 7, 2019

Company name: NITTO KOHKI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6151 URL: <http://www.nitto-kohki.co.jp>
 Representative: Representative Director, President CEO Akinobu Ogata
 Inquiries: Executive Officer Kazunari Arai TEL 03-3755-1111
 Scheduled date to file Quarterly Securities Report: November 8, 2019
 Scheduled date to commence dividend payments: December 5, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2019	13,812	(5.2)	2,293	(21.1)	2,311	(22.5)	1,606	(24.7)
Six months ended September 30, 2018	14,567	4.9	2,908	6.3	2,980	7.3	2,131	9.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	76.02	—
Six months ended September 30, 2018	100.32	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	62,190	54,483	87.6	2,600.03
As of March 31, 2019	62,250	54,402	87.4	2,560.06

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	34.50	—	34.50	69.00
Year ending March 31, 2020	—	31.50	—	—	—
Year ending March 31, 2020 (Forecast)	—	—	—	31.50	63.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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
Full year	30,110	4.0	4,720	(14.0)	4,780	(11.0)	3,300	(9.4)	155.31

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2019	21,803,295 shares	As of March 31, 2019	21,803,295 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	851,241 shares	As of March 31, 2019	555,676 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	21,126,083 shares	Six months ended September 30, 2018	21,247,719 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	25,978	26,519
Notes and accounts receivable - trade	4,796	4,801
Electronically recorded monetary claims - operating	2,541	2,416
Securities	5,499	4,399
Merchandise and finished goods	3,253	3,552
Work in process	267	312
Raw materials and supplies	2,233	2,396
Other	367	493
Allowance for doubtful accounts	(2)	(2)
Total current assets	44,935	44,890
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,133	11,159
Accumulated depreciation	(5,635)	(5,791)
Buildings and structures, net	5,498	5,368
Machinery, equipment and vehicles	3,908	4,061
Accumulated depreciation	(2,788)	(2,948)
Machinery, equipment and vehicles, net	1,120	1,112
Tools, furniture and fixtures	6,898	7,080
Accumulated depreciation	(6,393)	(6,511)
Tools, furniture and fixtures, net	504	568
Land	3,682	3,706
Leased assets	1,726	1,921
Accumulated depreciation	(678)	(779)
Leased assets, net	1,048	1,142
Construction in progress	199	263
Total property, plant and equipment	12,054	12,162
Intangible assets		
Other	609	654
Total intangible assets	609	654
Investments and other assets		
Investment securities	3,180	2,968
Long-term loans receivable	55	50
Deferred tax assets	1,180	1,245
Other	250	235
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	4,650	4,484
Total non-current assets	17,314	17,300
Total assets	62,250	62,190

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	978	893
Lease obligations	198	250
Income taxes payable	418	797
Provision for bonuses	586	615
Provision for bonuses for directors (and other officers)	32	20
Other	1,698	1,212
Total current liabilities	3,912	3,789
Non-current liabilities		
Lease obligations	845	887
Retirement benefit liability	2,473	2,478
Provision for retirement benefits for directors (and other officers)	270	209
Asset retirement obligations	11	11
Other	333	331
Total non-current liabilities	3,934	3,918
Total liabilities	7,847	7,707
Net assets		
Shareholders' equity		
Share capital	1,850	1,850
Capital surplus	1,924	1,924
Retained earnings	50,844	51,717
Treasury shares	(918)	(1,546)
Total shareholders' equity	53,700	53,946
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	872	731
Foreign currency translation adjustment	(123)	(152)
Remeasurements of defined benefit plans	(54)	(48)
Total accumulated other comprehensive income	694	529
Non-controlling interests	7	7
Total net assets	54,402	54,483
Total liabilities and net assets	62,250	62,190

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	14,567	13,812
Cost of sales	7,011	6,712
Gross profit	7,555	7,100
Selling, general and administrative expenses		
Salaries and allowances	1,176	1,245
Provision for bonuses	355	353
Retirement benefit expenses	75	82
Provision for retirement benefits for directors (and other officers)	18	17
Promotion expenses	477	429
Research and development expenses	452	427
Other	2,091	2,250
Total selling, general and administrative expenses	4,647	4,806
Operating profit	2,908	2,293
Non-operating income		
Interest income	19	14
Dividend income	35	40
Foreign exchange gains	34	—
Rental income from buildings	16	16
Other	36	27
Total non-operating income	141	98
Non-operating expenses		
Sales discounts	52	51
Foreign exchange losses	—	24
Other	16	5
Total non-operating expenses	68	81
Ordinary profit	2,980	2,311
Extraordinary income		
Gain on sales of investment securities	—	30
Total extraordinary income	—	30
Profit before income taxes	2,980	2,342
Income taxes	848	735
Profit	2,131	1,606
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	2,131	1,606

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	2,131	1,606
Other comprehensive income		
Valuation difference on available-for-sale securities	50	(140)
Foreign currency translation adjustment	(377)	(29)
Remeasurements of defined benefit plans, net of tax	(2)	5
Total other comprehensive income	(330)	(164)
Comprehensive income	1,801	1,441
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,801	1,441
Comprehensive income attributable to non-controlling interests	(0)	0

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	2,980	2,342
Depreciation	587	640
Increase (decrease) in retirement benefit liability	19	12
Interest and dividend income	(54)	(55)
Loss (gain) on sales of investment securities	—	(30)
Decrease (increase) in trade receivables	(224)	120
Decrease (increase) in inventories	19	(548)
Increase (decrease) in trade payables	79	(88)
Increase (decrease) in accrued consumption taxes	86	(24)
Other, net	(400)	(586)
Subtotal	3,094	1,781
Interest and dividends received	65	66
Income taxes (paid) refund	(1,577)	(379)
Net cash provided by (used in) operating activities	1,581	1,468
Cash flows from investing activities		
Payments into time deposits	(12,840)	(14,135)
Proceeds from withdrawal of time deposits	14,267	14,348
Purchase of investment securities	(12)	(14)
Proceeds from sales of investment securities	—	53
Purchase of securities	(2,000)	(400)
Proceeds from redemption of securities	1,299	1,000
Purchase of property, plant and equipment	(486)	(500)
Purchase of intangible assets	(75)	(108)
Other, net	73	11
Net cash provided by (used in) investing activities	225	255
Cash flows from financing activities		
Purchase of treasury shares	(0)	(627)
Dividends paid	(870)	(733)
Repayments of lease obligations	(102)	(122)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(973)	(1,483)
Effect of exchange rate change on cash and cash equivalents	(94)	7
Net increase (decrease) in cash and cash equivalents	739	248
Cash and cash equivalents at beginning of period	14,889	13,835
Cash and cash equivalents at end of period	15,629	14,083