

For the Fiscal Year Ended March 31, 2021

Annual Select[®] 2021

NISSEI PLASTIC INDUSTRIAL CO., LTD.

2110 Minamijo, Sakaki-machi, Hanishina-gun, Nagano-ken, Japan

(Securities Code: 6293)

+81-268-82-3000

Corporate Profile

NISSEI's research has been dedicated to the development of injection molding machines and its technologies under the following management philosophy: "As a global company, NISSEI will enrich communities through plastics." We are passionate about enriching the world with the fruits of our sophisticated plastic technologies that help all nations and industries.

The company was originally founded in 1947 to conduct business in the plastic molding industry, and in 1957 it began the manufacture and sale of injection molding machines, as NISSEI PLASTIC INDUSTRIAL CO., LTD. (the "Company"). Our injection molding machines are manufactured using proprietary technology that endows them with superior energy-saving performance, as well as environmentally friendly characteristics. They are currently used in more than 80 countries around the world, including the United States, Europe, Mexico, China, and Southeast Asia.

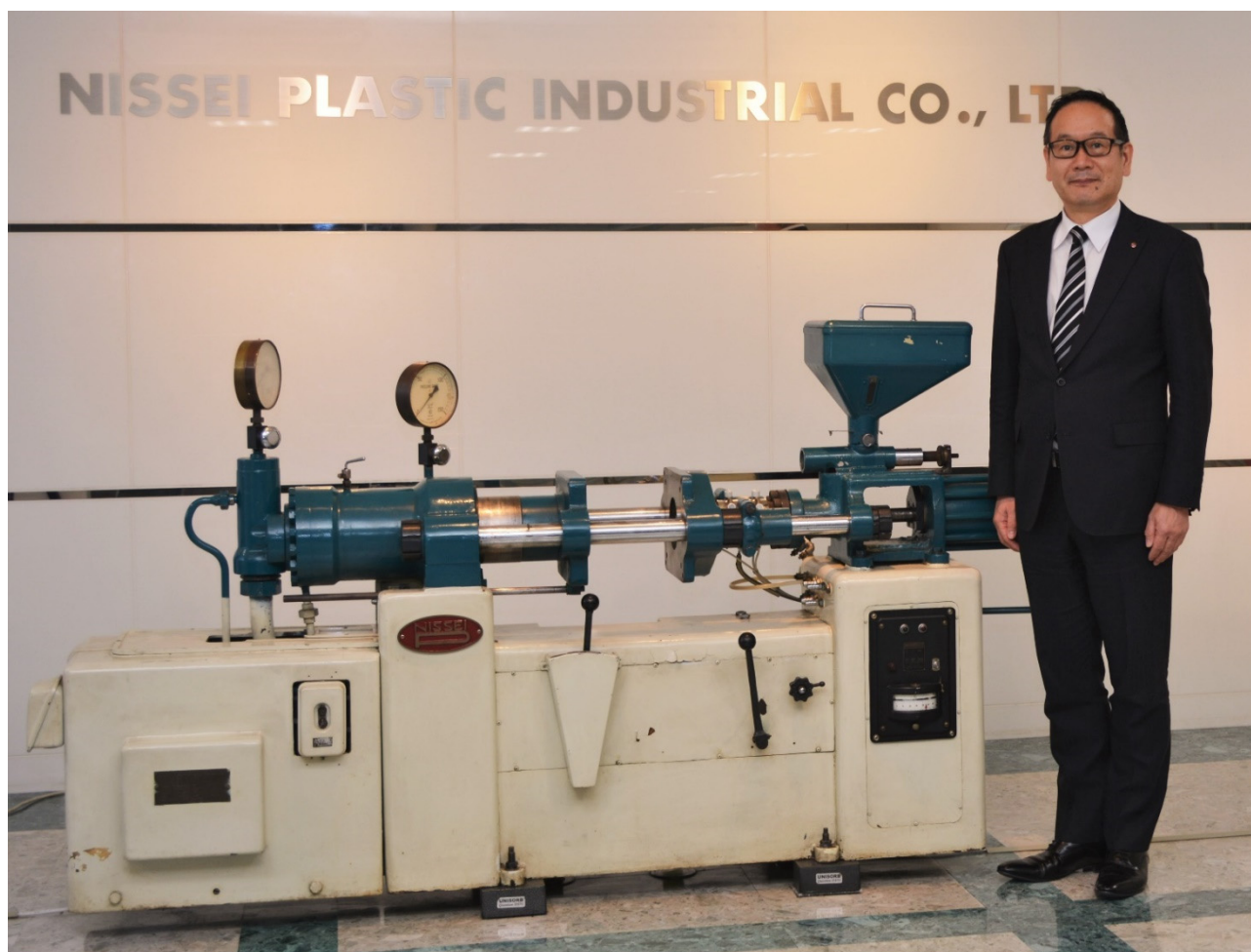
In the 74 years since it was founded, the Company group (the "Group") has shipped more than 140,000 units of its injection molding machines, and "NISSEI" brand injection molding equipment has earned an outstanding reputation in the automotive and medical industries, in addition to various other sectors.

I. Summary of Selected Financial Data (Consolidated)

	61 st term Fiscal year ended March 31, 2017	62 nd term Fiscal year ended March 31, 2018	63 rd term Fiscal year ended March 31, 2019	64 th term Fiscal year ended March 31, 2020	65 th term Fiscal year ended March 31, 2021
Net sales (Millions of yen)	36,730	42,321	44,065	38,801	41,604
Ordinary profit (Millions of yen)	2,025	3,354	3,593	1,130	1,070
Profit attributable to owners of parent (Millions of yen)	1,467	1,476	2,589	644	598
Comprehensive income (Millions of yen)	1,417	1,760	2,368	381	716
Net assets (Millions of yen)	30,523	31,857	33,860	33,501	33,851
Total assets (Millions of yen)	53,749	56,476	56,841	63,255	64,364
Net assets per share (Yen)	1,521.53	1,586.63	1,685.13	1,681.06	1,717.73
Basic earnings per share (Yen)	73.45	73.85	129.56	32.30	30.71
Diluted earnings per share (Yen)	72.63	72.89	127.69	31.77	30.15
Equity-to-asset ratio (%)	56.6	56.2	59.3	52.3	52.0
Rate of return on equity (ROE) (%)	4.9	4.8	7.9	1.9	1.8
Price-earnings ratio (PER) (Times)	16.1	19.6	7.0	28.6	33.3
Net cash provided by (used in) operating activities (Millions of yen)	3,251	6,278	2,607	(5,044)	4,693
Net cash provided by (used in) investing activities (Millions of yen)	(1,581)	(3,043)	(1,596)	(1,238)	(540)
Net cash provided by (used in) financing activities (Millions of yen)	(490)	(1,660)	(1,186)	2,081	1,831
Cash and cash equivalents at end of period (Millions of yen)	10,857	12,436	12,201	7,932	14,119
Number of employees [Separately, average number of temporary workers] (Persons)	899 [75]	970 [99]	1,020 [107]	1,330 [119]	1,306 [112]

- Notes:
1. Net sales do not include consumption taxes.
 2. The number of employees indicates the number of personnel actually working in the Group (excluding those who have been seconded to organizations outside the Group). The number of temporary workers is not included in this figure, but is given in parentheses as an average number for the year.
 3. Temporary workers include dispatched workers, temporary contract employees, and part-timers.
 4. The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant ASBJ guidances effective from the beginning of the 63rd term, and the key management indices for the 62nd term are those after retrospectively applying the accounting standard and relevant ASBJ guidances.

II. Top Message



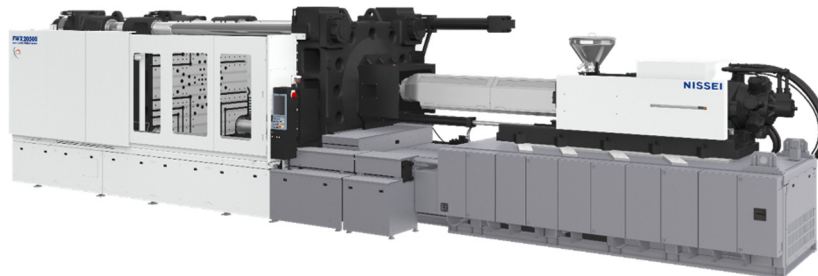
Hozumi Yoda, President and Representative Director

In the 74 years since the founding of the Company, concepts of manufacturing have constantly changed and shifted with the times, and the meaning of the Company's approach to management, as well as its outcomes, have always been questioned. The engineering division has taken a unique approach to applying the principles of molding, while the sales division has engaged customers both locally and around the world. At the same time, the production division has overcome challenging problems to ramp up mass-production at factories in Japan and overseas. Finally, our injection molding machines have enabled products to be manufactured at high speed and in large quantities while using less energy, leading to lower costs for both logistics and the item itself. The result is that we have facilitated the movement to market of a variety of materials, including foodstuffs and medicines, thus acting as a force to improve the lifestyles of people struggling with poverty and disease around the world.

However, at a time when modern society is pursuing the enrichment of living standards in a material sense, we as a company have arrived at the point where we must transform our social mission from "achieving a society characterized by low costs, convenience, comfort," to "achieving a society filled with genuine caring and prosperity." Our mission has become one of realizing an approach to manufacturing that protects the planet's ecosystems, with the need to address environmental problems such as that of marine pollution caused by microplastics, and enables them to be handed on to the next generation in a healthy state. We will work to achieve manufacturing methods that achieve a balance between the convenience offered by plastic and harmonious coexistence with the environment, such as by recycling plastics, or proposing new injection molding techniques that utilize biodegradable resins.

III. Description of Business

The Group (the Company and its subsidiaries) is a specialist manufacturer whose core business consists of the manufacture and sale of injection molding machines and related products (peripherals, parts, molds, etc.), and is also engaged in business activities related to these areas.



The details of the Group's business, the positioning of the Company and its subsidiaries in relation to this business, and the relationship to the various segments are as follows.

1. Japan

In addition to our mainstay products of injection molding machines, we manufacture or procure peripherals, parts and molds, etc., and sell them to customers in Japan or to overseas sales subsidiaries.

2. Europe and America

Injection molding machines are manufactured at consolidated subsidiary NISSEI AMERICA, INC. Injection molding machines, peripherals, parts, and molds, etc. are sold mainly through NISSEI AMERICA, INC. and consolidated subsidiary NISSEI MEXICO, S.A. DE C.V.

In addition, consolidated subsidiary NEGRI BOSSI S.P.A. manufactures and sales injection molding machines and peripherals, etc. under its own brand.

3. Asia

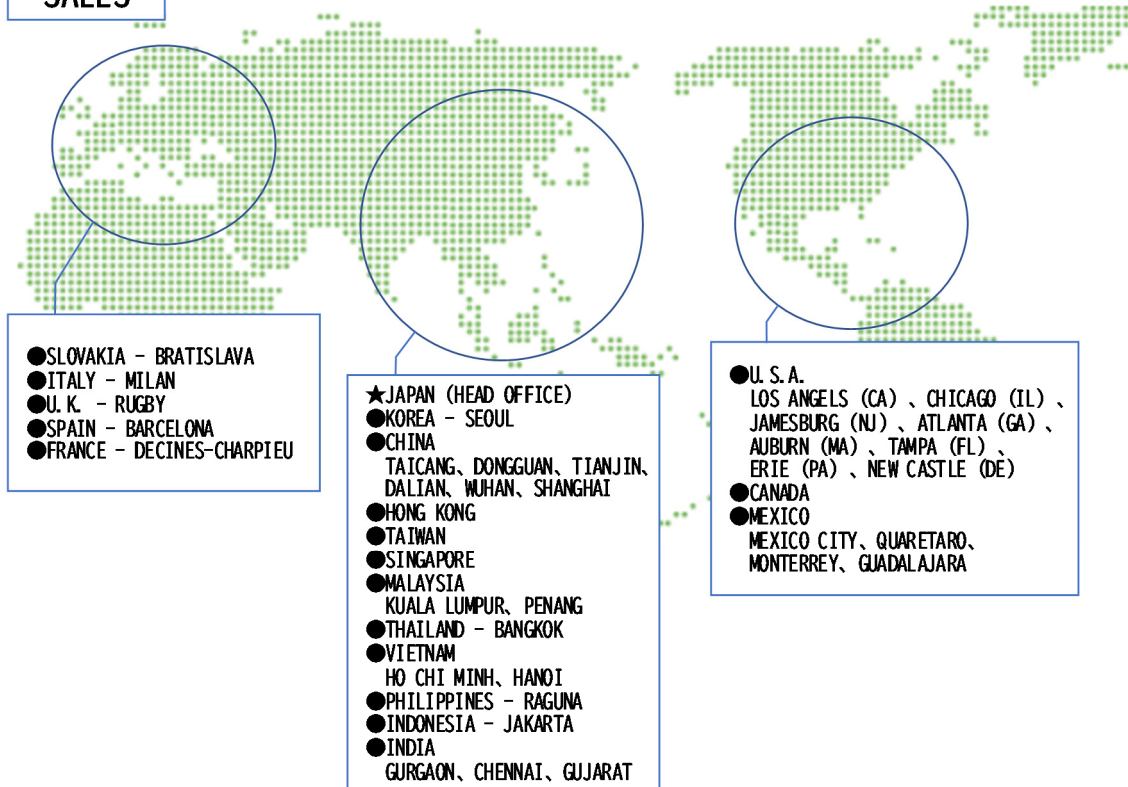
Injection molding machines are manufactured at consolidated subsidiaries NISSEI PLASTIC MACHINERY (TAICANG) CO., LTD., and NISSEI PLASTIC MACHINERY (THAILAND) CO., LTD.

In addition, sales of injection molding machines, peripherals, parts, and molds, etc. are conducted mainly through consolidated subsidiaries NISSEI PLASTIC SINGAPORE PTE LTD., NISSEI (MALAYSIA) SDN. BHD., TAIWAN NISSEI MACHINERY CORPORATION, NISSEI PLASTIC (HONG KONG) LTD., NISSEI PLASTIC (THAILAND) CO., LTD., NISSEI PLASTIC (SHANGHAI) CO., LTD., and NISSEI PLASTIC (TAICANG) CO., LTD.

Note: Statement under III.Description of Business is based on information as of August 31, 2021.

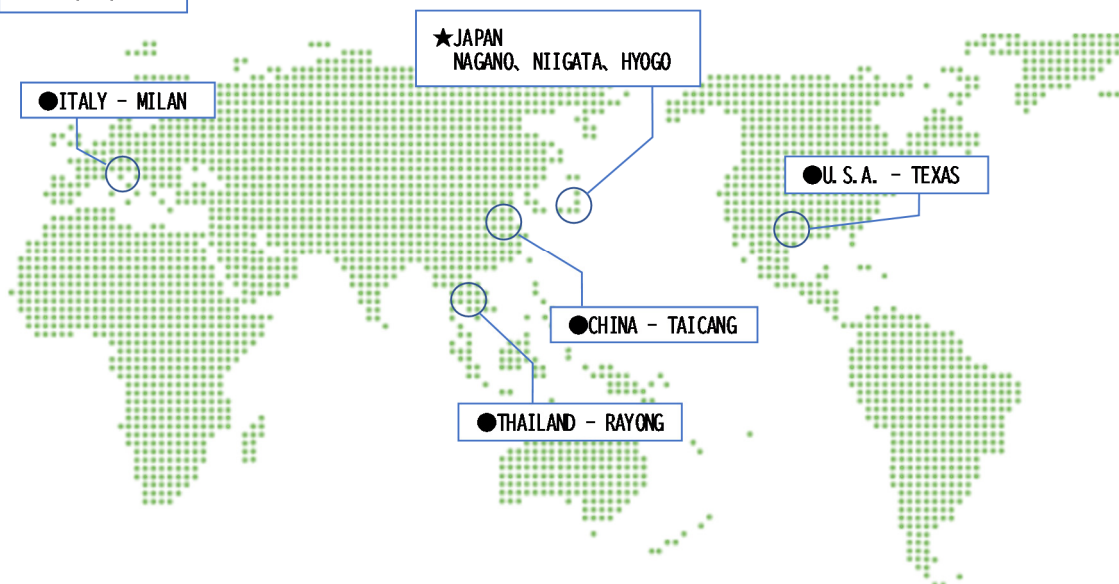
GLOBAL NETWORK

SALES



GLOBAL NETWORK

FACTORY



IV. Management Plan and Business Report

(1) Management plan

In April 2019, based on the policies set out below, the Group drew up its Third Medium-Term Management Plan under the slogan of “Developing global management further, working to address the global environment, and creating a framework to achieve ‘Future Design 2026,’” setting targets of consolidated net sales of ¥50.0 billion and consolidated operating profit of ¥4.0 billion by the fiscal year ending March 31, 2023.

1. To develop further global management

With markets changing on a global scale, we seek to enhance our environmental management, expand worldwide as a high-profitability company, and strengthen our potential for self-driven growth.

2. To aggressively expand into global markets for sales enhancement

In addition to providing greater satisfaction to customers through a shift to proposal-based marketing based on strengthening our sales capabilities and adopting new market strategies, we will respond to the growing trends of borderless transactions and IoT, and expand aggressively into global markets. We will systematically introduce products that embody both the ideas of the SDGs and the principles of molding.

3. To enhance the global production network

As well as increasing the capacity of our production system, which is based on our five global manufacturing bases, we will enhance our production engineering capabilities and our quality assurance systems, strengthen our global procurement structure, and promote internal production to further reduce costs.

4. To reinforce the global risk management network

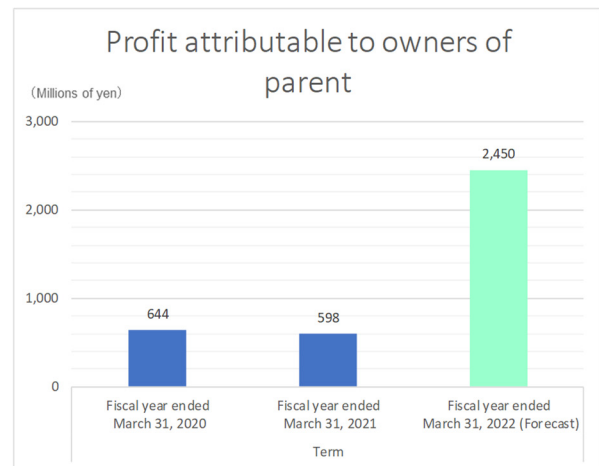
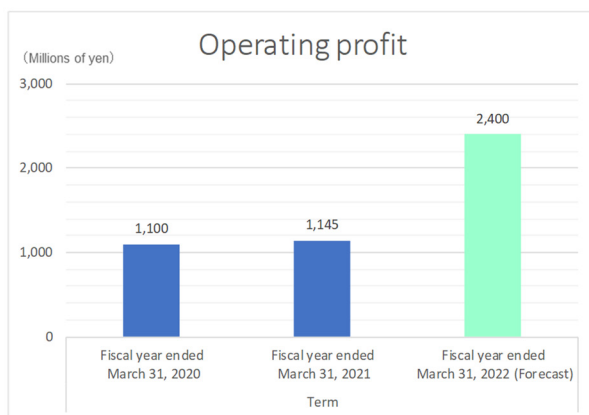
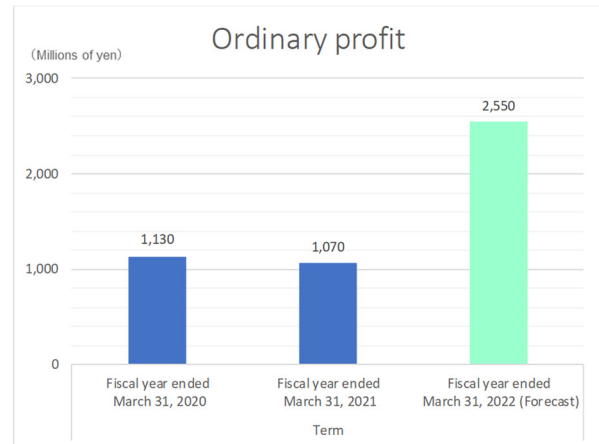
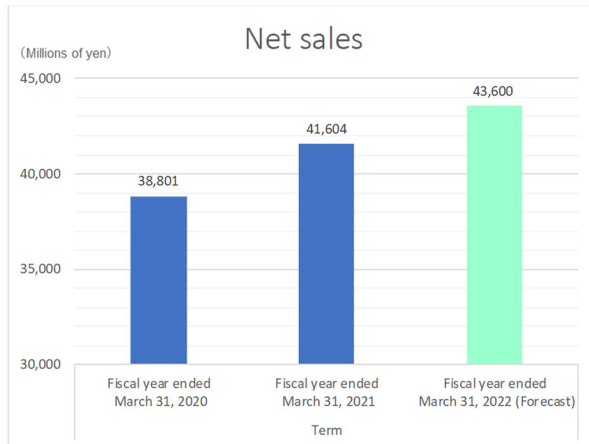
In addition to reinforcing our manufacturing, sales, and financial strategies in a way that takes into account the legal risk of each country, we will strengthen management structures in accordance with local corporate governance, BCP and other issues, and work to develop human resources capable of operating at a global level.

(2) Business report

The global spread of COVID-19 depressed economic activities in the first half of the fiscal year ended March 31, 2021, but these resumed in the second half and business conditions began a trend of moderate recovery. Together with the incorporation of the NEGRI BOSSI S.P.A. group to a consolidated subsidiary, this resulted in net sales of ¥41,604 million (up 7.2% year on year) for the fiscal year under review.

In terms of profits, due to a gentle recovery in demand for the injection molding machines that are our mainstay products, operating profit was ¥1,145 million (up 4.1% year on year), ordinary profit was ¥1,070 million (down 5.3% year on year), and profit attributable to owners of parent was ¥598 million (down 7.1% year on year).

Note: Statement under IV. Management Plan and Business Report is based on information as of August 31, 2021.



V. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	7,937	14,124
Notes and accounts receivable - trade	11,518	10,639
Electronically recorded monetary claims - operating	533	534
Merchandise and finished goods	7,396	6,547
Work in process	5,191	4,348
Raw materials and supplies	9,174	8,525
Accounts receivable - other	2,354	1,463
Income taxes receivable	210	—
Other	1,507	1,120
Allowance for doubtful accounts	(416)	(472)
Total current assets	45,407	46,832
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,461	14,578
Accumulated depreciation	(8,186)	(8,479)
Buildings and structures, net	6,274	6,098
Machinery, equipment and vehicles	5,520	5,847
Accumulated depreciation	(3,833)	(4,158)
Machinery, equipment and vehicles, net	1,686	1,688
Tools, furniture and fixtures	3,633	3,673
Accumulated depreciation	(3,242)	(3,361)
Tools, furniture and fixtures, net	390	311
Land	4,484	4,462
Leased assets	723	698
Accumulated depreciation	(542)	(528)
Leased assets, net	180	170
Construction in progress	438	274
Total property, plant and equipment	13,454	13,006
Intangible assets		
Leased assets	6	12
Other	629	661
Total intangible assets	636	674
Investments and other assets		
Investment securities	1,423	1,826
Deferred tax assets	2,055	1,760
Retirement benefit asset	62	49
Other	219	216
Allowance for doubtful accounts	(3)	(1)
Total investments and other assets	3,757	3,851
Total non-current assets	17,848	17,531
Total assets	63,255	64,364

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,030	10,640
Short-term borrowings	2,645	3,310
Current portion of long-term borrowings	1,114	1,563
Lease obligations	637	972
Income taxes payable	—	53
Provision for bonuses	185	79
Provision for product warranties	203	171
Other	2,672	4,227
Total current liabilities	21,488	21,017
Non-current liabilities		
Long-term borrowings	4,345	5,931
Lease obligations	343	190
Deferred tax liabilities	10	7
Retirement benefit liability	3,366	3,173
Long-term accounts payable - other	112	110
Other	87	81
Total non-current liabilities	8,265	9,494
Total liabilities	29,753	30,512
Net assets		
Shareholders' equity		
Share capital	5,362	5,362
Capital surplus	5,477	5,394
Retained earnings	23,460	23,863
Treasury shares	(1,348)	(1,538)
Total shareholders' equity	32,952	33,081
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	333	632
Deferred gains or losses on hedges	—	1
Foreign currency translation adjustment	(178)	(262)
Remeasurements of defined benefit plans	4	48
Total accumulated other comprehensive income	159	420
Share acquisition rights	221	239
Non-controlling interests	167	110
Total net assets	33,501	33,851
Total liabilities and net assets	63,255	64,364

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

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	38,801	41,604
Cost of sales	28,563	29,384
Gross profit	10,237	12,219
Selling, general and administrative expenses	9,136	11,073
Operating profit	1,100	1,145
Non-operating income		
Interest income	18	43
Dividend income	137	123
Purchase discounts	42	21
Rental income	30	30
Commission income	20	20
Electricity sale income	26	24
Other	74	152
Total non-operating income	351	416
Non-operating expenses		
Interest expenses	8	200
Foreign exchange losses	281	103
Electricity sale expenses	9	7
Loss on cancellation of leases	–	148
Other	22	30
Total non-operating expenses	321	490
Ordinary profit	1,130	1,070
Extraordinary income		
Gain on bargain purchase	63	–
Total extraordinary income	63	–
Extraordinary losses		
Loss on valuation of investment securities	40	–
Total extraordinary losses	40	–
Profit before income taxes	1,154	1,070
Income taxes - current	407	425
Income taxes - deferred	101	191
Total income taxes	509	617
Profit	644	453
Loss attributable to non-controlling interests	–	(145)
Profit attributable to owners of parent	644	598

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	644	453
Other comprehensive income		
Valuation difference on available-for-sale securities	(177)	298
Deferred gains or losses on hedges	—	2
Foreign currency translation adjustment	(61)	(82)
Remeasurements of defined benefit plans, net of tax	(24)	44
Total other comprehensive income	(263)	263
Comprehensive income	381	716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	381	859
Comprehensive income attributable to non-controlling interests	—	(142)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,154	1,070
Depreciation	998	1,121
Gain on bargain purchase	(63)	—
Loss (gain) on valuation of investment securities	40	—
Increase (decrease) in allowance for doubtful accounts	(57)	39
Increase (decrease) in provision for bonuses	(25)	(105)
Increase (decrease) in retirement benefit liability	(61)	(135)
Interest and dividend income	(156)	(167)
Interest expenses	8	200
Decrease (increase) in trade receivables	2,440	2,069
Decrease (increase) in inventories	(3,541)	2,454
Decrease (increase) in consumption taxes refund receivable	(72)	535
Decrease (increase) in accounts receivable - other	(266)	10
Increase (decrease) in trade payables	(4,102)	(2,831)
Increase (decrease) in accounts payable - other	(276)	61
Other, net	(147)	585
Subtotal	(4,131)	4,909
Interest and dividends received	156	173
Interest paid	(8)	(207)
Income taxes paid	(1,061)	(181)
Net cash provided by (used in) operating activities	(5,044)	4,693
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,459)	(309)
Proceeds from sale of property, plant and equipment	0	—
Purchase of intangible assets	(248)	(231)
Purchase of investment securities	(0)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	469	—
Net cash provided by (used in) investing activities	(1,238)	(540)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	480	442
Proceeds from long-term borrowings	3,200	3,651
Repayments of long-term borrowings	(597)	(1,799)
Dividends paid	(699)	(196)
Purchase of treasury shares	(252)	(199)
Repayments of finance lease obligations	(49)	(66)
Net cash provided by (used in) financing activities	2,081	1,831
Effect of exchange rate change on cash and cash equivalents	(67)	202
Net increase (decrease) in cash and cash equivalents	(4,268)	6,186
Cash and cash equivalents at beginning of period	12,201	7,932
Cash and cash equivalents at end of period	7,932	14,119

VI. Initiatives for the global environment

Development of molding technology for Polylactic Acid (PLA) resin

The Group is conducting research and development into injection molding technology that utilizes polylactic acid (PLA) resin, a biodegradable resin and plant-derived plastic (bioplastic) that is not dependent on fossil resources.

PLA resin is a material that can be composted after use to allow it to be broken down and returned to nature by microorganisms, causing it to biodegrade before it reaches the sea. It is thus expected to provide a solution for the problems of marine plastic waste and microplastics. It is also attracting attention as a “carbon-neutral” material, because it is ultimately broken down by microorganisms into carbon dioxide and water, with the carbon dioxide that is emitted into the atmosphere being absorbed by plants that use it in photosynthesis to synthesize starch compounds that form its raw materials.



Left: Champagne glass molded from PLA resin



Right: Champagne glass being broken down

Installation of solar power panels, measures to reduce energy consumption

By installing solar power panels on the roof of its head office factory and actively utilizing renewable energy, the Group is implementing initiatives to mitigate its impact on the global environment. In addition to the head office factory, panels have also been installed at NISSEI AMERICA, INC., NISSEI PLASTIC MACHINERY (THAILAND) CO., LTD., and NEGRI BOSSI S.P.A.

Additional steps to reduce the environmental impact are being taken in the form of increased insulation at the head office, and the conversion to highly efficient air-conditioning and energy-efficient LED illumination, which reduce annual energy consumption.

VII. Corporate Data

Basic Information (as of March 31, 2021)

Trade name:	NISSEI PLASTIC INDUSTRIAL CO., LTD.
Established:	October 1947
Listed market:	The First Section of Tokyo Stock Exchange and Nagoya Stock Exchange (Securities Code: 6293)
Listed:	March 2001
Business year:	From April 1 to March 31
Capital stock:	¥5,362 million
Number of employees:	1,306 persons (Consolidated)
Head office:	2110 Minamijo, Sakaki-machi, Hanishina-gun, Nagano-ken, Japan
Telephone:	+81-268-82-3000
Consolidated subsidiaries:	NISSEI AMERICA, INC. NISSEI PLASTIC SINGAPORE PTE LTD NISSEI (MALAYSIA) SDN.BHD. TAIWAN NISSEI MACHINERY CORPORATION NISSEI MEXICO, S. A. DE C.V. NISSEI PLASTIC (HONG KONG) LTD. NISSEI PLASTIC (THAILAND) CO., LTD. NISSEI PLASTIC (SHANGHAI) CO., LTD. NISSEI PLASTIC (TAICANG) CO., LTD. NISSEI PLASTIC MACHINERY (TAICANG) CO., LTD. NISSEI PLASTIC MACHINERY (THAILAND) CO., LTD. NISSEI PLASTIC MACHINERY AMERICA INC. NEGRI BOSSI S.P.A. NISSEI TECHNICA CO., LTD. NISSEI METAL WORKS CO., LTD. NISSEI HOMMA MACHINERY CO., LTD. Eight other companies

Directors and Audit & Supervisory Board Members (as of June 25, 2021)

President and Representative Director	Hozumi Yoda
Managing Director	Kiyoto Takizawa
Managing Director	Hiroshi Miyashita
Director	Kazuo Usui
Director	Hiroshi Shimizu
Director	Takahiro Kobayashi
Director and Advisor	Hidetoshi Ogiwara
Director*	Yosuke Taira
Director*	Katsuhiko Hara
Corporate Auditor (Standing)	Motoaki Kadosawa
Corporate Auditor**	Kazuyuki Narusawa
Corporate Auditor**	Haruko Nishida

* Outside Director ** Outside Corporate Auditor

Stock Status (as of March 31, 2021)

Total number of authorized shares:	54,000,000 shares
Total number of issued shares:	22,272,000 shares
Number of shareholders:	11,237

Major shareholders (Top 10)

Name	Number of shares held (Thousands)	Shareholding ratio (excluding treasury shares) (%)
Aoki Agency Ltd.	1,889	9.69
NOMURA PB NOMINEES TK1 LIMITED (Standing Proxy: Nomura Securities Co., Ltd.)	1,563	8.02
NISSEI PLASTIC INDUSTRIAL Trading-Partner Shareholding Association	1,373	7.04
The Hachijuni Bank, Ltd.	966	4.95
The Master Trust Bank of Japan, Ltd. (Trust account)	853	4.37
Hozumi Yoda	719	3.69
Custody Bank of Japan, Ltd. (Trust account)	410	2.10
Yota Maeda	388	1.99
NISSEI PLASTIC INDUSTRIAL CO., LTD. Employee Shareholding Association	370	1.90
Mitsubishi UFJ Trust and Banking Corporation	346	1.77

(Note) A change report dated February 1, 2021, was submitted by Tower Investment Management Co., Ltd. in relation to a large shareholding report for shares held as of January 29, 2021. We had been unable to ascertain the actual number of shares held as of March 31, 2021, and thus the list of major shareholders does not include this information. The details of said change report are as follows.

Large volume holder:	Tower Investment Management Co., Ltd.
Address:	2F, Noyori Building, 1-2-18 Shibadaimon, Minato-ku, Tokyo, Japan
Number of share certificates, etc. held:	1,518,500 shares
Number of share certificates, etc. held as a percentage of total shares outstanding:	6.82%

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