

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

August 10, 2021

Company name: Nittoseiko Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5957 URL <https://www.nittoseiko.co.jp/>
 Representative: President Masami Zaiki
 Inquiries: Director, Accounting & Finance Division Shinichi Matsumoto TEL (0773)42-3111
 Scheduled date to file Quarterly Securities Report: August 11, 2021
 Scheduled date to commence dividend payments: September 8, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

(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 June 30, 2021	20,252	27.5	1,881	245.4	2,010	233.0	1,231	273.6
Six months ended June 30, 2020	15,887	(4.6)	544	(59.0)	603	(56.9)	329	(63.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2021	33.41		-	
Six months ended June 30, 2020	8.96		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	49,912	31,543	56.6
As of December 31, 2020	46,222	29,858	58.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2020	-	4.00	-	4.50	8.50
Year ending December 31, 2021	-	7.50	-	-	-
Year ending December 31, 2021 (Forecast)	-	-	-	7.50	15.00

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	41,000	24.6	3,200	145.4	3,300	132.7	2,000	161.5	54.15

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2021
(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: No
- (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: No
- 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 June 30, 2021	39,985,017 shares	As of December 31, 2020	39,985,017 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	3,049,993 shares	As of December 31, 2020	3,166,909 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2021	36,875,211 shares	Six months ended June 30, 2020	36,799,106 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	9,287,052	10,836,964
Notes and accounts receivable - trade	8,027,676	9,036,331
Electronically recorded monetary claims - operating	2,515,482	3,031,995
Securities	–	251,011
Merchandise and finished goods	2,503,691	2,874,880
Work in process	2,181,590	2,305,643
Raw materials and supplies	2,231,370	2,338,905
Accounts receivable - other	724,253	676,195
Other	239,134	546,086
Allowance for doubtful accounts	(5,722)	(7,237)
Total current assets	27,704,529	31,890,777
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,618,797	4,052,720
Machinery, equipment and vehicles, net	2,334,199	2,634,070
Land	5,285,690	5,306,471
Construction in progress	1,208,096	466,074
Other, net	486,438	471,189
Total property, plant and equipment	12,933,221	12,930,526
Intangible assets		
Software	406,178	423,663
Goodwill	647,406	602,472
Customer related assets	80,675	72,325
Technology related assets	271,950	257,250
Other	15,690	10,590
Total intangible assets	1,421,900	1,366,301
Investments and other assets		
Investment securities	1,820,031	1,435,455
Deferred tax assets	828,006	738,492
Retirement benefit asset	884,154	910,016
Long-term time deposits	80,000	80,000
Other	551,433	562,233
Allowance for doubtful accounts	(1,000)	(1,000)
Total investments and other assets	4,162,626	3,725,198
Total non-current assets	18,517,748	18,022,025
Total assets	46,222,277	49,912,803

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,054,768	4,678,906
Electronically recorded obligations - operating	2,619,652	3,443,955
Short-term borrowings	2,847,302	2,676,959
Accounts payable - other	237,115	259,978
Income taxes payable	407,441	718,405
Provision for bonuses	182,064	272,173
Other	1,269,967	1,660,915
Total current liabilities	11,618,312	13,711,294
Non-current liabilities		
Long-term borrowings	897,501	940,877
Provision for directors' retirement benefits	83,992	90,092
Provision for share-based remuneration for directors (and other officers)	40,488	47,813
Deferred tax liabilities	437,701	406,417
Retirement benefit liability	2,681,596	2,614,553
Other	604,657	558,505
Total non-current liabilities	4,745,937	4,658,260
Total liabilities	16,364,250	18,369,554
Net assets		
Shareholders' equity		
Share capital	3,522,580	3,522,580
Capital surplus	2,637,467	2,674,360
Retained earnings	22,565,069	23,629,689
Treasury shares	(1,279,736)	(1,253,402)
Total shareholders' equity	27,445,380	28,573,227
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	86,514	118,076
Foreign currency translation adjustment	(597,824)	(384,623)
Remeasurements of defined benefit plans	(65,749)	(57,944)
Total accumulated other comprehensive income	(577,058)	(324,491)
Non-controlling interests	2,989,706	3,294,512
Total net assets	29,858,027	31,543,248
Total liabilities and net assets	46,222,277	49,912,803

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	15,887,461	20,252,533
Cost of sales	12,231,583	14,977,091
Gross profit	3,655,878	5,275,442
Selling, general and administrative expenses	3,111,080	3,393,620
Operating profit	544,797	1,881,822
Non-operating income		
Interest income	20,566	16,197
Dividend income	10,066	8,311
Rental income	46,967	46,557
Foreign exchange gains	–	22,744
Share of profit of entities accounted for using equity method	1,204	18,838
Other	116,045	95,370
Total non-operating income	194,850	208,021
Non-operating expenses		
Interest expenses	13,420	11,514
Rental costs	36,460	41,245
Foreign exchange losses	16,792	–
Loss on valuation of securities	48,533	–
Other	20,685	26,791
Total non-operating expenses	135,892	79,551
Ordinary profit	603,756	2,010,291
Extraordinary income		
Gain on sales of non-current assets	–	3,579
Gain on sales of investment securities	–	121,762
Total extraordinary income	–	125,341
Extraordinary losses		
Loss on disposal of non-current assets	1,970	3,857
Total extraordinary losses	1,970	3,857
Profit before income taxes	601,786	2,131,776
Income taxes - current	195,077	638,796
Income taxes - deferred	45,432	35,391
Total income taxes	240,510	674,187
Profit	361,275	1,457,588
Profit attributable to non-controlling interests	31,549	225,640
Profit attributable to owners of parent	329,726	1,231,947

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	361,275	1,457,588
Other comprehensive income		
Valuation difference on available-for-sale securities	(43,731)	34,439
Foreign currency translation adjustment	(199,272)	348,370
Remeasurements of defined benefit plans, net of tax	8,821	7,805
Share of other comprehensive income of entities accounted for using equity method	(583)	(716)
Total other comprehensive income	(234,765)	389,898
Comprehensive income	126,509	1,847,487
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	157,265	1,484,514
Comprehensive income attributable to non-controlling interests	(30,755)	362,972

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	601,786	2,131,776
Depreciation	556,304	624,703
Increase (decrease) in provision for bonuses	(18,491)	86,112
Increase (decrease) in retirement benefit liability	32,072	(58,428)
Decrease (increase) in retirement benefit asset	(96,431)	(29,303)
Interest and dividend income	(10,500)	(24,509)
Interest expenses	13,420	11,514
Share of loss (profit) of entities accounted for using equity method	(1,204)	(18,838)
Loss (gain) on sales of investment securities	–	(121,762)
Loss (gain) on disposal of non-current assets	1,970	3,857
Loss (gain) on sales of non-current assets	–	(3,579)
Decrease (increase) in trade receivables	2,521,302	(1,400,461)
Decrease (increase) in inventories	(96,230)	(552,955)
Increase (decrease) in trade payables	(960,573)	1,379,387
Increase (decrease) in accrued consumption taxes	(50,258)	74,367
Increase (decrease) in accrued expenses	254,507	386,081
Other, net	61,621	(277,540)
Subtotal	2,809,295	2,210,419
Interest and dividends received	11,686	26,326
Interest paid	(13,705)	(11,169)
Income taxes paid	(382,325)	(331,897)
Net cash provided by (used in) operating activities	2,424,951	1,893,678
Cash flows from investing activities		
Payments into time deposits	(260,376)	(341,131)
Proceeds from withdrawal of time deposits	318,130	312,533
Purchase of property, plant and equipment	(997,705)	(409,658)
Proceeds from sales of property, plant and equipment	–	5,606
Payments for retirement of property, plant and equipment	(1,970)	(4,942)
Purchase of investment securities	(2,710)	(2,634)
Proceeds from sales of investment securities	–	3,600
Proceeds from redemption of investment securities	100,000	200,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,986,378)	–
Other, net	(31,252)	(101,130)
Net cash provided by (used in) investing activities	(2,862,262)	(337,758)

	(Thousands of yen)	
	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(170,000)	(105,000)
Proceeds from long-term borrowings	233,700	122,550
Repayments of long-term borrowings	(272,098)	(144,517)
Proceeds from sales of treasury shares	9,938	263,946
Purchase of treasury shares	(25)	(66)
Dividends paid	(223,105)	(167,327)
Dividends paid to non-controlling interests	(87,075)	(97,959)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(21,600)
Other, net	(15,760)	(14,788)
Net cash provided by (used in) financing activities	(524,427)	(164,761)
Effect of exchange rate change on cash and cash equivalents	(46,245)	117,460
Net increase (decrease) in cash and cash equivalents	(1,007,983)	1,508,619
Cash and cash equivalents at beginning of period	9,012,114	8,299,433
Cash and cash equivalents at end of period	8,004,131	9,808,052

(Segment Information)**1. Six Months Ended June 30, 2020 (From January 1, 2020 to June 30, 2020)
Information concerning net sales and profit or loss by reporting segment**

(Thousands of yen)

	Reportable segments					Consolidated
	Fastener	Assembly Machine	Control System	Medical	Total	
Net sales						
Sales to external customers	11,229,892	3,116,455	1,530,156	10,957	15,887,461	15,887,461
Intersegment sales and transfers	—	—	—	—	—	—
Total	11,229,892	3,116,455	1,530,156	10,957	15,887,461	15,887,461
Segment profit (loss)	147,000	558,090	△160,387	94	544,797	544,797

Notes: Segment profit is adjusted for operating income reported in the consolidated statements of income.

**2. Six Months Ended June 30, 2021 (From January 1, 2021 to June 30, 2021)
Information concerning net sales and profit or loss by reporting segment**

(Thousands of yen)

	Reportable segments					Consolidated
	Fastener	Assembly Machine	Control System	Medical	Total	
Net sales						
Sales to external customers	13,985,695	3,690,509	2,552,616	23,711	20,252,533	20,252,533
Intersegment sales and transfers	—	—	—	—	—	—
Total	13,985,695	3,690,509	2,552,616	23,711	20,252,533	20,252,533
Segment profit (loss)	894,519	944,030	47,983	△4,712	1,881,822	1,881,822

Notes: Segment profit is adjusted for operating income reported in the consolidated statements of income.