

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 10, 2023

Company name: Nittoseiko Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5957 URL <https://www.nittoseiko.co.jp/>
 Representative: President Makoto Araga
 Inquiries: Director,Accounting & Finance Division Shinichi Matsumoto TEL (0773)42-3111
 Scheduled date to file Quarterly Securities Report: August 10, 2023
 Scheduled date to commence dividend payments: September 8, 2023
 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, 2023 (from January 1, 2023 to June 30, 2023)

(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, 2023	22,447	7.5	1,298	25.9	1,476	16.2	833	△16.3
Six months ended June 30, 2022	20,890	3.1	1,032	△45.2	1,270	△36.8	996	△19.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	22.57	—
Six months ended June 30, 2022	26.97	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	53,370	35,717	59.6
As of December 31, 2022	53,408	34,501	57.6

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 December 31, 2022	—	8.00	—	8.00	16.00
Year ending December 31, 2023	—	9.00	—	—	—
Year ending December 31, 2023 (Forecast)	—	—	—	9.00	18.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	46,500	5.6	3,500	19.4	3,700	14.4	2,200	20.3	59.54

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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, 2023	39,985,017 shares	As of December 31, 2022	39,985,017 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	3,036,260 shares	As of December 31, 2022	3,034,386 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, 2023	36,950,225 shares	Six months ended June 30, 2022	36,934,680 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	9,098,940	9,618,434
Notes and accounts receivable - trade	9,890,226	9,262,658
Electronically recorded monetary claims - operating	4,096,689	3,552,532
Merchandise and finished goods	4,359,638	4,689,396
Work in process	2,835,323	3,008,862
Raw materials and supplies	2,886,760	3,218,761
Accounts receivable - other	873,875	512,107
Other	307,505	314,107
Allowance for doubtful accounts	(6,458)	(6,444)
Total current assets	34,342,500	34,170,416
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,240,912	4,229,686
Machinery, equipment and vehicles, net	3,007,907	3,277,096
Land	5,608,449	5,674,346
Construction in progress	712,956	501,196
Other, net	515,733	529,516
Total property, plant and equipment	14,085,959	14,211,843
Intangible assets		
Software	408,588	375,085
Goodwill	467,671	424,822
Customer related assets	47,275	39,825
Technology related assets	213,150	198,450
Other	9,985	9,985
Total intangible assets	1,146,669	1,048,168
Investments and other assets		
Investment securities	1,168,756	1,312,735
Deferred tax assets	678,324	581,626
Retirement benefit asset	1,350,119	1,407,413
Other	636,857	639,019
Allowance for doubtful accounts	(1,000)	(1,000)
Total investments and other assets	3,833,058	3,939,793
Total non-current assets	19,065,687	19,199,805
Total assets	53,408,188	53,370,221

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,468,705	4,616,922
Electronically recorded obligations - operating	4,546,412	4,345,700
Short-term borrowings	2,436,836	1,851,930
Accounts payable - other	529,316	290,919
Income taxes payable	758,998	438,142
Provision for bonuses	263,798	329,873
Other	1,597,245	1,758,309
Total current liabilities	14,601,312	13,631,797
Non-current liabilities		
Long-term borrowings	559,973	479,795
Provision for directors' retirement benefits	193,762	198,447
Provision for share-based remuneration for directors (and other officers)	62,237	77,806
Deferred tax liabilities	395,051	426,795
Retirement benefit liability	2,585,929	1,842,160
Other	507,925	996,143
Total non-current liabilities	4,304,880	4,021,148
Total liabilities	18,906,193	17,652,946
Net assets		
Shareholders' equity		
Share capital	3,522,580	3,522,580
Capital surplus	2,674,370	2,767,848
Retained earnings	25,534,331	26,070,702
Treasury shares	(1,246,518)	(1,341,072)
Total shareholders' equity	30,484,763	31,020,058
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60,050	133,157
Foreign currency translation adjustment	81,013	540,679
Remeasurements of defined benefit plans	131,562	119,614
Total accumulated other comprehensive income	272,627	793,451
Non-controlling interests	3,744,604	3,903,764
Total net assets	34,501,994	35,717,275
Total liabilities and net assets	53,408,188	53,370,221

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, 2022	Six months ended June 30, 2023
Net sales	20,890,418	22,447,807
Cost of sales	16,126,336	17,330,357
Gross profit	4,764,081	5,117,449
Selling, general and administrative expenses	3,732,065	3,818,652
Operating profit	1,032,016	1,298,796
Non-operating income		
Interest income	12,242	14,773
Dividend income	8,058	7,863
Rental income	44,070	45,954
Foreign exchange gains	123,215	100,878
Share of profit of entities accounted for using equity method	22,582	32,835
Other	136,012	90,297
Total non-operating income	346,183	292,602
Non-operating expenses		
Interest expenses	10,771	9,939
Rental costs	32,863	34,885
Other	63,970	70,053
Total non-operating expenses	107,604	114,879
Ordinary profit	1,270,594	1,476,520
Extraordinary income		
Gain on sales of non-current assets	4,706	3,177
Gain on sales of investment securities	3,508	91
Gain on bargain purchase	352,455	—
Gain on revision of retirement benefit plan	—	36,357
Total extraordinary income	360,670	39,625
Extraordinary losses		
Loss on disposal of non-current assets	18,798	21,146
Total extraordinary losses	18,798	21,146
Profit before income taxes	1,612,466	1,494,999
Income taxes - current	440,499	425,229
Income taxes - deferred	28,974	94,640
Total income taxes	469,473	519,870
Profit	1,142,992	975,129
Profit attributable to non-controlling interests	146,795	141,295
Profit attributable to owners of parent	996,196	833,833

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	1,142,992	975,129
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,294)	75,233
Foreign currency translation adjustment	855,155	605,298
Remeasurements of defined benefit plans, net of tax	(8,637)	(11,948)
Share of other comprehensive income of entities accounted for using equity method	(5,294)	934
Total other comprehensive income	830,928	669,518
Comprehensive income	1,973,920	1,644,648
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,536,239	1,354,658
Comprehensive income attributable to non-controlling interests	437,680	289,989

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,612,466	1,494,999
Depreciation	705,208	757,416
Increase (decrease) in provision for bonuses	74,705	60,028
Increase (decrease) in retirement benefit liability	(159,989)	(55,503)
Decrease (increase) in retirement benefit asset	(63,706)	(52,025)
Interest and dividend income	(20,301)	(22,636)
Interest expenses	10,771	9,939
Share of loss (profit) of entities accounted for using equity method	(22,582)	(32,835)
Gain on bargain purchase	(352,455)	—
Loss (gain) on sales of investment securities	(3,508)	(91)
Loss (gain) on disposal of non-current assets	18,798	21,146
Loss (gain) on sales of non-current assets	(4,706)	(3,177)
Decrease (increase) in trade receivables	417,036	1,360,668
Decrease (increase) in inventories	(899,237)	(692,977)
Increase (decrease) in trade payables	(298,246)	(118,663)
Increase (decrease) in accrued consumption taxes	(210,942)	(6,555)
Increase (decrease) in accrued expenses	488,122	335,973
Other, net	(104,941)	60,602
Subtotal	1,186,490	3,116,308
Interest and dividends received	20,870	23,443
Interest paid	(10,482)	(12,091)
Income taxes paid	(896,652)	(755,840)
Net cash provided by (used in) operating activities	300,226	2,371,820
Cash flows from investing activities		
Payments into time deposits	(484,533)	(244,164)
Proceeds from withdrawal of time deposits	729,299	294,908
Purchase of property, plant and equipment	(504,882)	(522,972)
Proceeds from sales of property, plant and equipment	5,497	3,177
Payments for retirement of property, plant and equipment	(18,798)	(21,146)
Purchase of investment securities	(102,724)	(2,811)
Proceeds from sales of investment securities	5,160	198
Proceeds from redemption of investment securities	250,000	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,351,790)	—
Other, net	(44,606)	(46,523)
Net cash provided by (used in) investing activities	(1,517,379)	(539,333)

	(Thousands of yen)	
	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	42,000	(515,000)
Repayments of long-term borrowings	(266,952)	(150,084)
Proceeds from sales of treasury shares	10,422	286,230
Purchase of treasury shares	(91)	(286,286)
Dividends paid	(316,057)	(297,462)
Dividends paid to non-controlling interests	(117,048)	(130,829)
Other, net	(13,408)	(12,036)
Net cash provided by (used in) financing activities	(661,135)	(1,105,469)
Effect of exchange rate change on cash and cash equivalents	219,173	(170,487)
Net increase (decrease) in cash and cash equivalents	(1,659,115)	556,529
Cash and cash equivalents at beginning of period	10,435,701	8,305,927
Cash and cash equivalents at end of period	8,776,586	8,862,456

(Segment Information)**1. Six Months Ended June 30, 2022 (From January 1, 2022 to June 30, 2022)**
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	15,226,475	3,070,614	2,588,715	4,612	20,890,418	20,890,418
Intersegment sales and transfers	—	—	—	—	—	—
Total	15,226,475	3,070,614	2,588,715	4,612	20,890,418	20,890,418
Segment profit (loss)	434,906	571,108	73,903	△47,901	1,032,016	1,032,016

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

2. Six Months Ended June 30, 2023 (From January 1, 2023 to June 30, 2023)
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	16,260,737	3,453,338	2,720,683	13,048	22,447,807	22,447,807
Intersegment sales and transfers	—	—	—	—	—	—
Total	16,260,737	3,453,338	2,720,683	13,048	22,447,807	22,447,807
Segment profit (loss)	800,289	481,263	69,908	△52,664	1,298,796	1,298,796

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