

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

August 8, 2022

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 10, 2022
 Scheduled date to commence dividend payments: September 8, 2022
 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, 2022 (from January 1, 2022 to June 30, 2022)

(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, 2022	20,890	3.1	1,221	△35.1	1,459	△27.4	833	△32.4
Six months ended June 30, 2021	20,252	27.5	1,881	245.4	2,010	233.0	1,231	273.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2022	22.56	—
Six months ended June 30, 2021	33.41	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	52,854	34,089	57.4
As of December 31, 2021	50,924	32,702	57.4

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, 2021	—	7.50	—	8.50	16.00
Year ending December 31, 2022	—	8.00	—	—	—
Year ending December 31, 2022 (Forecast)	—	—	—	8.00	16.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	42,500	4.9	3,400	4.6	3,500	0.3	2,200	0.0	59.54

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2022
(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: 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 June 30, 2022	39,985,017 shares	As of December 31, 2021	39,985,017 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	3,032,301 shares	As of December 31, 2021	3,051,981 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, 2022	36,934,680 shares	Six months ended June 30, 2021	36,875,211 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	11,415,551	9,612,857
Notes and accounts receivable - trade	8,577,471	9,445,590
Electronically recorded monetary claims - operating	3,506,977	3,368,231
Securities	391,926	140,666
Merchandise and finished goods	3,162,404	4,227,718
Work in process	2,189,604	2,793,033
Raw materials and supplies	2,574,345	2,901,101
Accounts receivable - other	646,769	622,926
Other	187,987	264,120
Allowance for doubtful accounts	(6,820)	(7,774)
Total current assets	32,646,217	33,368,471
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,992,679	4,436,777
Machinery, equipment and vehicles, net	2,808,414	3,028,838
Land	5,330,524	5,652,005
Construction in progress	484,064	607,819
Other, net	476,330	487,085
Total property, plant and equipment	13,092,013	14,212,526
Intangible assets		
Software	387,061	368,118
Goodwill	557,538	514,505
Customer related assets	63,975	55,625
Technology related assets	242,550	227,850
Other	30,237	28,630
Total intangible assets	1,281,362	1,194,729
Investments and other assets		
Investment securities	1,425,150	1,536,895
Deferred tax assets	669,565	589,796
Retirement benefit asset	1,161,762	1,229,277
Long-term time deposits	80,000	80,000
Other	568,947	644,019
Allowance for doubtful accounts	(1,000)	(1,000)
Total investments and other assets	3,904,425	4,078,988
Total non-current assets	18,277,801	19,486,244
Total assets	50,924,018	52,854,715

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,421,022	4,491,541
Electronically recorded obligations - operating	3,648,408	4,269,607
Short-term borrowings	2,610,540	2,597,402
Accounts payable - other	298,624	284,754
Income taxes payable	866,491	496,066
Provision for bonuses	213,525	296,420
Other	1,616,682	1,868,055
Total current liabilities	13,675,295	14,303,848
Non-current liabilities		
Long-term borrowings	758,233	726,631
Provision for directors' retirement benefits	96,755	186,141
Provision for share-based remuneration for directors (and other officers)	55,213	53,087
Deferred tax liabilities	409,695	392,109
Retirement benefit liability	2,685,480	2,550,368
Other	541,205	553,341
Total non-current liabilities	4,546,584	4,461,679
Total liabilities	18,221,880	18,765,528
Net assets		
Shareholders' equity		
Share capital	3,522,580	3,522,580
Capital surplus	2,674,370	2,674,370
Retained earnings	24,319,204	24,836,275
Treasury shares	(1,254,713)	(1,245,411)
Total shareholders' equity	29,261,441	29,787,814
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	100,776	84,135
Foreign currency translation adjustment	(196,858)	368,463
Remeasurements of defined benefit plans	86,075	77,437
Total accumulated other comprehensive income	(10,006)	530,036
Non-controlling interests	3,450,703	3,771,336
Total net assets	32,702,138	34,089,187
Total liabilities and net assets	50,924,018	52,854,715

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, 2021	Six months ended June 30, 2022
Net sales	20,252,533	20,890,418
Cost of sales	14,977,091	15,936,949
Gross profit	5,275,442	4,953,468
Selling, general and administrative expenses	3,393,620	3,732,065
Operating profit	1,881,822	1,221,403
Non-operating income		
Interest income	16,197	12,242
Dividend income	8,311	8,058
Rental income	46,557	44,070
Foreign exchange gains	22,744	123,215
Share of profit of entities accounted for using equity method	18,838	22,582
Other	95,370	136,012
Total non-operating income	208,021	346,183
Non-operating expenses		
Interest expenses	11,514	10,771
Rental costs	41,245	32,863
Other	26,791	63,970
Total non-operating expenses	79,551	107,604
Ordinary profit	2,010,291	1,459,981
Extraordinary income		
Gain on sales of non-current assets	3,579	4,706
Gain on sales of investment securities	121,762	3,508
Total extraordinary income	125,341	8,215
Extraordinary losses		
Loss on disposal of non-current assets	3,857	18,798
Total extraordinary losses	3,857	18,798
Profit before income taxes	2,131,776	1,449,398
Income taxes - current	638,796	440,499
Income taxes - deferred	35,391	28,974
Total income taxes	674,187	469,473
Profit	1,457,588	979,924
Profit attributable to non-controlling interests	225,640	146,795
Profit attributable to owners of parent	1,231,947	833,128

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	1,457,588	979,924
Other comprehensive income		
Valuation difference on available-for-sale securities	34,439	(10,294)
Foreign currency translation adjustment	348,370	855,155
Remeasurements of defined benefit plans, net of tax	7,805	(8,637)
Share of other comprehensive income of entities accounted for using equity method	(716)	(5,294)
Total other comprehensive income	389,898	830,928
Comprehensive income	1,847,487	1,810,852
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,484,514	1,373,171
Comprehensive income attributable to non-controlling interests	362,972	437,680

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,131,776	1,449,398
Depreciation	624,703	692,647
Increase (decrease) in provision for bonuses	86,112	74,705
Increase (decrease) in retirement benefit liability	(58,428)	(159,989)
Decrease (increase) in retirement benefit asset	(29,303)	(63,706)
Interest and dividend income	(24,509)	(20,301)
Interest expenses	11,514	10,771
Share of loss (profit) of entities accounted for using equity method	(18,838)	(22,582)
Loss (gain) on sales of investment securities	(121,762)	(3,508)
Loss (gain) on disposal of non-current assets	3,857	18,798
Loss (gain) on sales of non-current assets	(3,579)	(4,706)
Decrease (increase) in trade receivables	(1,400,461)	417,036
Decrease (increase) in inventories	(552,955)	(1,076,063)
Increase (decrease) in trade payables	1,379,387	(298,246)
Increase (decrease) in accrued consumption taxes	74,367	(210,942)
Increase (decrease) in accrued expenses	386,081	488,122
Other, net	(277,540)	(104,941)
Subtotal	2,210,419	1,186,490
Interest and dividends received	26,326	20,870
Interest paid	(11,169)	(10,482)
Income taxes paid	(331,897)	(896,652)
Net cash provided by (used in) operating activities	1,893,678	300,226
Cash flows from investing activities		
Payments into time deposits	(341,131)	(484,533)
Proceeds from withdrawal of time deposits	312,533	729,299
Purchase of property, plant and equipment	(409,658)	(504,882)
Proceeds from sales of property, plant and equipment	5,606	5,497
Payments for retirement of property, plant and equipment	(4,942)	(18,798)
Purchase of investment securities	(2,634)	(102,724)
Proceeds from sales of investment securities	3,600	5,160
Proceeds from redemption of investment securities	200,000	250,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,351,790)
Other, net	(101,130)	(44,606)
Net cash provided by (used in) investing activities	(337,758)	(1,517,379)

	(Thousands of yen)	
	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(105,000)	42,000
Proceeds from long-term borrowings	122,550	—
Repayments of long-term borrowings	(144,517)	(266,952)
Proceeds from sales of treasury shares	263,946	10,422
Purchase of treasury shares	(66)	(91)
Dividends paid	(167,327)	(316,057)
Dividends paid to non-controlling interests	(97,959)	(117,048)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(21,600)	—
Other, net	(14,788)	(13,408)
Net cash provided by (used in) financing activities	(164,761)	(661,135)
Effect of exchange rate change on cash and cash equivalents	117,460	219,173
Net increase (decrease) in cash and cash equivalents	1,508,619	(1,659,115)
Cash and cash equivalents at beginning of period	8,299,433	10,435,701
Cash and cash equivalents at end of period	9,808,052	8,776,586

(Segment Information)**1. 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.

**2. 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)	624,294	571,108	73,903	△47,901	1,221,403	1,221,403

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