

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2024 (Based on Japanese GAAP)

August 8, 2024

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 9, 2024
 Scheduled date to commence dividend payments: September 9, 2024
 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, 2024 (from January 1, 2024 to June 30, 2024)

(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, 2024	22,394	△0.2	1,494	15.1	1,610	9.0	1,007	20.8
Six months ended June 30, 2023	22,447	7.5	1,298	25.9	1,476	16.2	833	△16.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	27.56	—
Six months ended June 30, 2023	22.57	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	54,702	37,871	61.3
As of December 31, 2023	53,344	36,402	60.7

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, 2023	—	9.00	—	9.00	18.00
Year ending December 31, 2024	—	9.50			
Year ending December 31, 2024 (Forecast)			—	9.50	19.00

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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	48,200	7.7	3,300	26.2	3,500	23.4	2,100	21.1	57.46

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2024
 (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, 2024	39,985,017 shares	As of December 31, 2023	39,985,017 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	3,438,335 shares	As of December 31, 2023	3,438,383 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, 2024	36,546,329 shares	Six months ended June 30, 2023	36,950,225 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	8,849,940	9,615,992
Notes and accounts receivable - trade	8,722,766	8,276,894
Electronically recorded monetary claims - operating	4,071,362	4,637,250
Securities	—	150,436
Merchandise and finished goods	4,729,069	5,000,735
Work in process	3,184,409	3,421,290
Raw materials and supplies	3,110,265	3,013,468
Accounts receivable - other	622,622	569,021
Other	535,239	610,623
Allowance for doubtful accounts	(2,725)	(2,758)
Total current assets	33,822,950	35,292,954
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,075,488	4,092,236
Machinery, equipment and vehicles, net	3,105,785	3,190,959
Land	5,671,521	5,732,279
Construction in progress	756,533	683,318
Other, net	520,656	526,548
Total property, plant and equipment	14,129,985	14,225,342
Intangible assets		
Software	361,332	345,667
Goodwill	392,569	361,164
Customer related assets	36,875	33,925
Technology related assets	183,750	169,050
Other	25,227	30,427
Total intangible assets	999,754	940,234
Investments and other assets		
Investment securities	1,161,896	1,094,376
Deferred tax assets	663,219	567,624
Retirement benefit asset	1,968,354	1,968,354
Other	599,077	614,697
Allowance for doubtful accounts	(1,000)	(1,000)
Total investments and other assets	4,391,547	4,244,052
Total non-current assets	19,521,287	19,409,630
Total assets	53,344,237	54,702,584

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,333,229	4,359,043
Electronically recorded obligations - operating	4,282,701	4,115,330
Short-term borrowings	1,574,380	1,530,730
Accounts payable - other	323,614	383,869
Income taxes payable	558,472	531,966
Provision for bonuses	263,123	318,140
Other	1,565,761	1,843,005
Total current liabilities	12,901,282	13,082,085
Non-current liabilities		
Long-term borrowings	358,469	311,161
Provision for directors' retirement benefits	159,236	138,720
Provision for share-based remuneration for directors (and other officers)	93,303	108,770
Deferred tax liabilities	584,378	584,075
Retirement benefit liability	1,869,882	1,769,495
Other	974,885	836,934
Total non-current liabilities	4,040,155	3,749,157
Total liabilities	16,941,438	16,831,242
Net assets		
Shareholders' equity		
Share capital	3,522,580	3,522,580
Capital surplus	2,767,848	2,767,848
Retained earnings	26,632,568	27,304,421
Treasury shares	(1,562,112)	(1,562,056)
Total shareholders' equity	31,360,884	32,032,793
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	114,013	159,604
Foreign currency translation adjustment	456,875	909,826
Remeasurements of defined benefit plans	472,214	456,219
Total accumulated other comprehensive income	1,043,103	1,525,651
Non-controlling interests	3,998,810	4,312,896
Total net assets	36,402,799	37,871,341
Total liabilities and net assets	53,344,237	54,702,584

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, 2023	Six months ended June 30, 2024
Net sales	22,447,807	22,394,844
Cost of sales	17,330,357	17,036,224
Gross profit	5,117,449	5,358,619
Selling, general and administrative expenses	3,818,652	3,864,146
Operating profit	1,298,796	1,494,473
Non-operating income		
Interest income	14,773	17,970
Dividend income	7,863	5,488
Rental income	45,954	43,715
Foreign exchange gains	100,878	77,672
Share of profit of entities accounted for using equity method	32,835	3,441
Other	90,297	67,101
Total non-operating income	292,602	215,388
Non-operating expenses		
Interest expenses	9,939	8,760
Rental costs	34,885	41,673
Other	70,053	49,358
Total non-operating expenses	114,879	99,792
Ordinary profit	1,476,520	1,610,069
Extraordinary income		
Gain on sales of non-current assets	3,177	6,911
Gain on sales of investment securities	91	—
Gain on revision of retirement benefit plan	36,357	—
Total extraordinary income	39,625	6,911
Extraordinary losses		
Loss on disposal of non-current assets	21,146	19,669
Total extraordinary losses	21,146	19,669
Profit before income taxes	1,494,999	1,597,311
Income taxes - current	425,229	409,096
Income taxes - deferred	94,640	72,033
Total income taxes	519,870	481,130
Profit	975,129	1,116,180
Profit attributable to non-controlling interests	141,295	109,055
Profit attributable to owners of parent	833,833	1,007,125

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	975,129	1,116,180
Other comprehensive income		
Valuation difference on available-for-sale securities	75,233	52,824
Foreign currency translation adjustment	605,298	700,561
Remeasurements of defined benefit plans, net of tax	(11,948)	(15,995)
Share of other comprehensive income of entities accounted for using equity method	934	(690)
Total other comprehensive income	669,518	736,700
Comprehensive income	1,644,648	1,852,880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,354,658	1,489,672
Comprehensive income attributable to non-controlling interests	289,989	363,208

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,494,999	1,597,311
Depreciation	757,416	684,886
Increase (decrease) in provision for bonuses	60,028	49,514
Increase (decrease) in retirement benefit liability	(55,503)	(124,469)
Decrease (increase) in retirement benefit asset	(52,025)	—
Interest and dividend income	(22,636)	(23,458)
Interest expenses	9,939	8,760
Share of loss (profit) of entities accounted for using equity method	(32,835)	(3,441)
Loss (gain) on sales of investment securities	(91)	—
Loss (gain) on disposal of non-current assets	21,146	19,669
Loss (gain) on sales of non-current assets	(3,177)	(6,911)
Decrease (increase) in trade receivables	1,360,668	71,397
Decrease (increase) in inventories	(692,977)	(252,098)
Increase (decrease) in trade payables	(118,663)	(254,610)
Increase (decrease) in accrued consumption taxes	(6,555)	37,034
Increase (decrease) in accrued expenses	335,973	367,399
Other, net	60,602	(111,251)
Subtotal	3,116,308	2,059,732
Interest and dividends received	23,443	24,227
Interest paid	(12,091)	(8,610)
Income taxes paid	(755,840)	(447,236)
Net cash provided by (used in) operating activities	2,371,820	1,628,113
Cash flows from investing activities		
Payments into time deposits	(244,164)	(214,585)
Proceeds from withdrawal of time deposits	294,908	58,868
Purchase of property, plant and equipment	(522,972)	(590,933)
Proceeds from sales of property, plant and equipment	3,177	14,835
Payments for retirement of property, plant and equipment	(21,146)	(19,669)
Purchase of investment securities	(2,811)	(103,085)
Proceeds from sales of investment securities	198	—
Proceeds from redemption of investment securities	—	100,000
Other, net	(46,523)	(52,631)
Net cash provided by (used in) investing activities	(539,333)	(807,202)

	(Thousands of yen)	
	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(515,000)	—
Repayments of long-term borrowings	(150,084)	(90,958)
Proceeds from sales of treasury shares	286,230	1,200
Purchase of treasury shares	(286,286)	(19)
Dividends paid	(297,462)	(335,272)
Dividends paid to non-controlling interests	(130,829)	(49,122)
Other, net	(12,036)	(8,801)
Net cash provided by (used in) financing activities	(1,105,469)	(482,974)
Effect of exchange rate change on cash and cash equivalents	(170,487)	219,242
Net increase (decrease) in cash and cash equivalents	556,529	557,179
Cash and cash equivalents at beginning of period	8,305,927	8,027,144
Cash and cash equivalents at end of period	8,862,456	8,584,323

(Segment Information)**1. 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.

2. Six Months Ended June 30, 2024 (From January 1, 2024 to June 30, 2024)**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	16,038,348	3,138,500	3,212,179	5,815	22,394,844	22,394,844
Intersegment sales and transfers	—	—	—	—	—	—
Total	16,038,348	3,138,500	3,212,179	5,815	22,394,844	22,394,844
Segment profit (loss)	690,516	539,170	328,318	△63,532	1,494,473	1,494,473

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